
Social Welfare Expenditures, Fiscal Year 1978

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In fiscal year 1978, social welfare expenditures under public laws reached \$394.5 billion, a 9.1-percent increase over the previous year. When adjusted for price and population changes, the total was only 2.5 percent higher in "real" terms. Per capita real expenditures rose by 1 percent in 1978, compared with an increase of 2 percent in 1977. For the second successive year, social welfare expenditures declined as a proportion of the gross national product (GNP), falling from 20.4 percent in 1976 to 19.7 percent in 1977 and to 19.3 percent in 1978. With private social welfare expenditures included, total social welfare expenditures in 1978 rose to \$548.9 billion, a figure that represented 26.9 percent of the GNP.

Preliminary estimates show that \$394.5 billion was spent for social welfare purposes under public programs in fiscal year 1978—an amount that represents nearly 60 percent of all government expenditures during that period. The increase over the total for fiscal year 1977 amounted to \$32.9 billion or 9.1 percent, approximately the same rate of growth as in the previous year. The annual rise in social welfare spending peaked in 1975 with a 21.2-percent increase, which was nearly double the growth rate in 1974. Since 1975, the annual growth rate for such expenditures has declined considerably.

Public social welfare expenditures are defined in this series as the cash benefits, services, and administrative costs for all programs operating under public law that are of direct benefit to individuals and families. Included are programs providing for income maintenance through social insurance and public aid, and those providing public support of health, education, housing, and other welfare services.

In terms of constant dollars, spending for social welfare purposes in fiscal year 1978 was \$9.5 billion, or 2.5 percent higher than in 1977. Per capita "real" expenditures rose by 1 percent in 1978, compared with a real increase of 2 percent in 1977.

In 1978 the American economy was again plagued with a high (9.0 percent) rate of inflation, and growth in Federal spending was restricted as an anti-inflation measure. Social welfare expenditures rose at a slower rate than that for the overall economy and accounted for a smaller proportion of the gross national product (GNP) than in fiscal year 1977.

Social welfare expenditures represented 19.3 percent of the GNP in fiscal year 1978, compared with 19.7 percent in the previous year. This was the second successive year that public spending for social welfare purposes declined as a proportion of the GNP, a decline visible in expenditures at all levels of government.

With private expenditures included, total outlays for social welfare purposes amounted to \$548.9 billion in fiscal year 1978. Private social welfare expenditures, as defined here, represent direct consumer expenditures for medical care and education, expenditures under 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. The \$548.9 billion total was 26.9 percent of the GNP.

Public expenditures accounted for 70.4 percent of all social welfare expenditures and continued to provide more than four-fifths of the funds for income maintenance, education, and welfare. The largest share of private social welfare expenditures—about two-thirds—went for health purposes. The Federal Government continued to be the major source of public funds for social welfare purposes; it provided slightly more than three-fifths of the total funds, with the remainder coming from State and local governments.

Expenditures in Fiscal Year 1978

The 9-percent increase in social welfare expenditures from 1977 to 1978 resulted from continued increases in expenditures for all major program categories. Annual growth rates in expenditures ranged from 4 percent for

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veterans' programs to nearly 14 percent for "other social welfare," as shown below.

Program	Percentage increase		
	1976	1977	1978
All social welfare	14.5	8.9	9.1
Social insurance (including Medicare)...	18.4	10.5	8.8
Education	8.5	7.6	7.2
Public aid (including Medicaid)	17.9	10.2	12.7
Health and medical programs	8.4	6.0	12.6
Veterans' programs	11.7	.1	3.8
Other social welfare	16.0	12.0	13.6
All health and medical care	15.1	14.1	13.3

Social insurance programs, which make up the largest single component in the series, rose to \$175.1 billion in 1978 and accounted for 43 percent of the \$32.9 billion increase in public social welfare expenditures for the year (table 1). Most of the increase in social insurance expenditures occurred in the old-age, survivors, disability, and health insurance (OASDHI) program. Total spending under this program rose \$12.0 billion, or 11 percent, and reached \$117.4 billion in 1978.

Cash benefits paid under the old-age, survivors, and disability insurance program increased by 10 percent in 1978. This rise reflected the addition of 700,000 beneficiaries to the program in 1978 and the effect of the automatic cost-of-living increases in benefit payments that became effective in June 1977 and June 1978. Medicare benefits, which accounted for about one-fifth of the total OASDHI payments in fiscal year 1978, increased at a faster rate than did the cash benefit payments—17 percent.

Payments under unemployment insurance and employment service programs declined for the second successive year, falling 18 percent to \$12.6 billion in 1978. This decrease may be partly attributed to the continuing improvement in the unemployment rate since its peak—8.5 percent—was registered in 1975. In 1978 the annual unemployment rate was down to 6.0 percent.

Public expenditures for education during the year totaled \$101.2 billion and accounted for \$6.8 billion, or 21 percent, of the total annual increase in social welfare expenditures. Nearly three-fourths of the \$6.8 billion increase was for the operation of elementary and secondary schools. Expenditures for higher education grew at a slower rate than did those for elementary and secondary schools and accounted for about one-seventh of the increase. The remainder was attributable to spending for vocational and adult education.

Expenditures for public aid totaled \$59.6 billion and were responsible for \$6.7 billion, or 20 percent, of the total increase in fiscal year 1978. About one-third of the increased spending (\$2.3 billion) was for payments under income-tested public assistance programs; more than half the public assistance payments were for vendor medical assistance under Medicaid. The largest portion of the increase in public aid programs—three-fifths, or \$4.0 billion—

represented spending in "other" public aid programs. The bulk of other public aid involved temporary employment assistance under the emergency and general relief programs and employment and training assistance under the economic opportunity and manpower programs. These programs all showed substantial increases in 1978 over the previous year.

Outlays for health and medical programs totaled \$23.0 billion in 1978 and were responsible for \$2.6 billion, or less than one-tenth, of the total increase in social welfare expenditures. Payments for hospital and medical care, the largest single component in this category, accounted for \$0.9 billion, or about one-third, of the increase. Expenditures for "other public health activities" accounted for \$0.8 billion. An increase of \$0.6 billion, roughly one-fifth of the total increase in this category, was attributable to spending for medical research.

The remaining \$2.6 billion in increased expenditures for 1978 was distributed among veterans' programs (\$0.7 billion), housing (\$0.9 billion), and "other social welfare" (\$1.0 billion). The larger expenditures for veterans' programs stemmed primarily from cost-of-living increases for income maintenance and increased payments for health and medical care. Outlays for veterans' educational benefits declined for the second successive year, largely because of declining enrollment under the Veterans' Educational Assistance Act. Nearly 85 percent of the increase in housing expenditures was for assistance to lower-income families (Section 8 program). Child nutrition, the largest single component under "other social welfare," was responsible for \$244.0 million, or one-fourth, of the increase in that category.

Measures of Growth

For nearly three decades the Social Security Administration has observed the increasing magnitude of public expenditures for social welfare purposes. It has noted the rapid growth in social insurance and public aid programs during the 1960's and 1970's resulting from the enactment of legislation for new social programs and the liberalization or expansion of existing programs. Some measures of this growth are discussed below.

Aggregate Expenditures

As shown in chart 1, total public spending for social welfare purposes was \$23.5 billion in 1950. At that time, veterans' programs accounted for the largest proportion of the total—29 percent. Expenditures for education were second largest (28 percent), followed by spending for social insurance (21 percent). By 1960, social welfare expenditures had more than doubled, reaching \$52.3 billion, and the distribution of these expenditures by category showed a picture quite different from that of 10 years earlier. Social insurance payments led with 37 percent of the total, followed by education (34 percent) and veterans' programs (11

Table 1.—Social welfare expenditures under public programs, selected fiscal years, 1950–78¹

[In millions]

Program	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ²
	Total expenditures									
Total	\$23,508.4	\$32,640.0	\$52,293.3	\$77,175.3	\$145,855.7	\$239,396.7	\$290,064.0	\$331,997.8	\$361,552.9	\$394,462.4
Social insurance	4,946.6	9,834.9	19,306.7	28,122.8	54,691.2	99,001.5	123,013.1	145,591.3	160,866.9	175,101.1
Old-age, survivors, disability, and health insurance ³	784.1	4,436.3	11,032.3	16,997.5	36,835.4	66,286.6	78,429.9	90,440.7	105,410.1	117,432.9
Health insurance (Medicare) ⁴					7,149.2	11,347.5	14,781.4	17,777.4	21,543.0	25,204.0
Railroad retirement ³	306.4	556.0	934.7	1,128.1	1,609.9	2,692.6	3,085.1	3,499.6	3,818.6	4,019.8
Public employee retirement ⁵	817.9	1,388.5	2,569.9	4,528.5	8,658.7	16,677.5	20,118.6	23,441.4	26,495.9	29,929.1
Unemployment insurance and employment service ⁶	2,190.1	2,080.6	2,829.6	3,002.6	3,819.5	6,661.6	13,835.9	19,585.2	15,448.8	12,599.8
Railroad unemployment insurance	119.6	158.7	215.2	76.7	38.5	25.6	41.6	148.2	107.3	135.7
Railroad temporary disability insurance	31.1	54.2	68.5	46.5	61.1	31.5	32.9	78.6	81.8	71.8
State temporary disability insurance ⁷	72.1	217.5	347.9	483.5	717.7	915.4	990.0	1,022.1	1,042.2	1,102.9
Hospital and medical benefits ⁸	2.2	20.0	40.2	50.9	62.6	70.7	72.9	75.5	75.7	74.8
Workers' compensation ⁹	625.1	943.0	1,308.5	1,859.4	2,950.4	5,710.7	6,479.2	7,375.5	8,462.2	9,809.1
Hospital and medical benefits ⁸	193.0	315.0	420.0	580.0	985.0	1,610.0	1,875.0	2,205.0	2,560.0	2,970.0
Public aid	2,496.2	3,003.0	4,101.1	6,283.4	16,487.8	31,520.3	40,706.1	47,985.3	52,894.7	59,620.2
Public assistance ¹⁰	2,490.2	2,941.1	4,041.7	5,874.9	14,433.5	23,827.4	26,758.2	30,489.2	34,714.2	36,983.8
Vendor medical payments ¹¹	51.3	211.9	492.7	1,367.1	5,212.8	10,371.9	12,984.2	15,616.0	18,179.0	20,095.0
Social services ¹¹					712.6	2,155.0	2,622.4	2,799.5	3,216.8	3,687.6
Supplemental security income ¹²						2,831.4	6,091.6	6,539.8	6,818.9	7,193.7
Food stamps				35.6	577.0	2,838.9	4,693.9	5,700.0	5,472.0	5,590.0
Other ¹³	6.0	61.9	59.4	373.0	1,477.3	2,022.6	3,162.4	5,256.3	5,889.6	9,852.7
Health and medical programs ¹⁴	2,063.5	3,103.1	4,463.8	6,246.4	9,906.8	14,953.1	17,787.7	19,273.1	20,438.1	23,003.7
Hospital and medical care	1,222.3	2,042.4	2,853.3	3,452.3	5,313.4	8,034.2	9,490.4	9,573.7	10,033.4	10,950.6
Civilian programs	886.1	1,297.6	1,973.2	2,515.5	3,553.8	5,293.2	6,405.4	6,459.8	6,650.0	7,379.0
Defense Department ¹⁵	336.2	744.8	880.1	936.8	1,759.6	2,741.0	3,085.0	3,113.9	3,383.4	3,571.6
Maternal and child health programs ¹⁶	29.8	92.9	141.3	227.3	431.4	493.4	545.5	592.9	627.0	663.5
Medical research ⁸		2	6	4.3						
Medical research	69.2	132.8	448.9	1,165.2	1,635.4	2,222.0	2,599.0	3,233.0	3,313.0	3,903.0
School health (education agencies) ¹⁷	30.6	65.9	101.0	142.2	246.6	325.2	350.8	376.2	414.0	467.0
Other public health activities	350.8	383.7	401.2	671.0	1,348.0	2,531.3	2,953.0	3,473.0	4,050.0	4,868.0
Medical-facilities construction	360.8	385.4	518.1	588.3	932.1	1,347.0	1,849.0	2,017.8	1,995.7	2,151.6
Defense Department	1.1	33.0	40.0	31.1	52.5	86.0	96.0	230.0	301.0	267.0
Other	359.8	352.4	478.1	557.2	879.6	1,261.0	1,753.0	1,787.8	1,694.7	1,884.6
Veterans' programs	6,865.7	4,833.5	5,479.2	6,031.0	9,078.0	14,112.4	17,018.8	19,005.3	19,015.3	19,742.4
Pensions and compensation ¹⁸	2,092.1	2,689.7	3,402.7	4,141.4	5,393.8	6,777.4	7,578.5	8,279.7	9,081.9	9,676.5
Health and medical programs	748.0	761.1	954.0	1,228.7	1,784.0	2,983.6	3,516.7	4,108.2	4,670.6	5,235.9
Hospital and medical care	582.8	721.5	879.4	1,114.8	1,651.4	2,786.6	3,287.1	3,802.0	4,321.2	4,854.0
Hospital construction	161.5	34.1	59.6	77.0	70.9	118.9	136.7	212.2	245.4	269.9
Medical and prosthetic research	3.7	5.6	15.1	36.9	61.8	78.0	93.0	94.0	104.0	112.0
Education	2,691.6	706.1	409.6	40.9	1,018.5	3,206.9	4,433.8	5,350.6	3,925.5	3,405.6
Life insurance ¹⁹	475.7	490.2	494.1	434.3	502.3	538.5	556.1	564.3	607.2	614.3
Welfare and other	858.3	186.5	218.8	185.8	379.4	606.1	933.7	702.4	730.1	810.1
Education ²⁰	6,674.1	11,157.2	17,626.2	28,107.9	50,845.5	70,533.9	80,833.4	87,720.5	94,420.8	101,187.9
Elementary and secondary	5,596.2	9,734.3	15,109.0	22,357.7	38,632.3	52,459.2	59,744.9	63,225.7	68,682.6	73,694.4
Construction ^{8,21}	1,019.4	2,231.9	2,661.8	3,261.8	4,659.1	4,979.0	5,746.0	5,920.1	6,326.1	6,423.0
Higher	914.7	1,214.4	2,190.7	4,826.4	9,907.1	13,955.8	16,384.1	18,741.8	20,055.2	21,014.4
Construction ⁸	310.3	198.6	357.9	1,081.4	1,566.9	1,386.4	1,512.7	1,557.7	1,438.9	1,506.7
Vocational and adult ²¹	160.8	204.9	298.0	853.9	2,144.4	3,880.4	4,441.3	5,504.9	5,338.0	6,050.4
Housing	14.6	89.3	176.8	318.1	701.2	2,554.0	3,172.3	3,370.8	4,358.1	5,224.6
Public housing	14.5	74.7	143.5	234.5	459.9	1,233.1	1,456.4	1,716.0	2,763.5	3,626.0
Other1	14.6	33.2	83.6	241.3	1,320.9	1,715.9	1,654.8	1,594.6	1,598.6
Other social welfare	447.7	619.0	1,139.4	2,065.7	4,145.2	6,721.5	7,532.6	9,051.5	9,559.0	10,582.5
Vocational rehabilitation ²²	30.0	42.4	96.3	210.5	703.8	967.5	1,036.4	1,189.7	1,251.9	1,295.9
Medical services ²³	7.4	9.1	17.7	34.2	133.8	185.2	217.7	219.0	245.0	259.0
Medical research ²³3	6.6	22.4	29.6					
Institutional care ²⁴	145.5	195.3	420.5	789.5	201.7	284.8	296.1	322.1	359.7	421.9
Child nutrition ²⁵	160.2	239.6	398.7	617.4	896.0	2,025.8	2,517.6	2,806.3	3,263.9	3,507.9
Child welfare ²⁶	104.9	135.1	211.5	354.3	585.3	510.0	597.0	752.6	810.0	800.0
Special OEO and ACTION programs ²⁷				51.7	752.8	766.7	638.3	572.1	748.7	881.4
Social welfare, not elsewhere classified ²⁸	7.1	6.5	12.4	42.3	1,005.6	2,166.7	2,447.2	3,408.7	3,124.8	3,675.4

See footnotes at end of table.

percent). Expenditures for social welfare continued to increase at a rapid pace throughout the 1960's and nearly tripled by 1970. Combined expenditures for social insur-

ance and education continued to account for more than 70 percent of total expenditures in that year. In 1978, outlays for social insurance programs accounted for the largest

Table 1.—Social welfare expenditures under public programs, selected fiscal years, 1950–78¹—Continued

[In millions]

Program	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ²
	From Federal funds									
Total	\$10,541.1	\$14,622.9	\$24,956.7	\$37,711.7	\$77,337.2	\$137,191.1	\$167,469.8	\$197,355.0	\$218,514.4	\$240,452.8
Social insurance	2,103.0	6,385.0	14,307.2	21,806.6	45,245.6	82,832.3	99,715.0	119,593.8	134,744.4	147,323.5
Old-age, survivors, disability, and health insurance ³	784.1	4,436.3	11,032.3	16,997.5	36,835.4	66,286.6	78,429.9	90,440.7	105,410.1	117,432.9
Health insurance (Medicare) ⁴					7,149.2	11,347.5	14,781.4	17,777.4	21,543.0	25,204.0
Railroad retirement ³	306.4	556.0	934.7	1,128.1	1,609.9	2,692.6	3,085.1	3,499.6	3,818.6	4,019.8
Public employee retirement ⁵	507.9	808.5	1,519.9	2,780.5	5,516.7	10,785.0	13,338.9	15,664.3	17,833.3	20,144.7
Unemployment insurance and employment service ⁶	328.6	320.8	473.5	699.8	1,036.1	1,721.8	3,429.2	8,250.7	5,939.1	3,769.6
Railroad unemployment insurance	119.6	158.7	215.2	76.7	38.5	25.6	41.6	148.2	107.3	135.7
Railroad temporary disability insurance	31.1	54.2	68.5	46.5	61.1	31.5	32.9	78.6	81.8	71.8
Worker's compensation ⁹	25.1	50.5	63.1	77.6	147.9	1,289.2	1,357.4	1,511.7	1,554.2	1,749.0
Hospital and medical benefits ⁸	5.2	6.9	9.0	11.3	20.7	36.1	50.2	66.3	73.0	108.7
Public aid	1,103.2	1,504.2	2,116.9	3,593.9	9,648.6	20,387.7	27,204.6	32,527.3	35,399.3	40,979.0
Public assistance ¹⁰	1,097.2	1,442.3	2,057.5	3,185.4	7,594.3	13,307.2	14,546.7	16,528.6	18,764.8	19,962.9
Vendor medical payments ¹¹		23.3	199.8	555.0	2,607.1	5,833.2	7,056.7	8,896.5	9,713.0	10,638.0
Social services ¹¹					522.0	1,562.9	1,962.6	2,111.2	2,461.2	2,765.7
Supplemental security income ¹²						2,219.0	4,801.6	5,042.4	5,272.9	5,573.4
Food stamps				35.6	577.0	2,838.9	4,693.9	5,700.0	5,472.0	5,590.0
Other ¹³	6.0	61.9	59.4	373.0	1,477.3	2,022.6	3,162.4	5,256.3	5,889.6	9,852.7
Health and medical programs ¹⁴	603.5	1,150.3	1,737.1	2,780.6	4,775.2	7,144.6	8,546.8	9,863.3	10,066.7	11,451.7
Hospital and medical care	382.6	811.5	983.5	1,074.7	2,045.4	3,576.9	4,280.3	4,619.1	4,863.0	5,462.6
Civilian programs	46.4	66.7	103.4	137.9	285.8	835.9	1,195.3	1,505.2	1,479.6	1,891.0
Defense Department ¹⁵	336.2	744.8	880.1	936.8	1,759.6	2,741.0	3,085.0	3,113.9	3,383.4	3,571.6
Maternal and child health programs ¹⁶	20.1	23.7	35.3	73.4	196.0	234.7	276.5	305.9	317.0	332.5
Medical research ⁸2	.6	4.3						
Medical research	69.2	132.8	425.9	1,110.2	1,485.4	2,000.0	2,360.0	2,987.5	3,036.0	3,597.0
Other public health activities	63.8	65.0	57.3	222.9	590.3	959.0	1,141.0	1,277.0	1,207.0	1,211.0
Medical-facilities construction	67.8	117.4	235.1	299.3	458.1	374.0	489.0	673.8	643.7	848.6
Defense Department	1.1	33.0	40.0	31.1	52.5	86.0	96.0	230.0	301.0	267.0
Other	66.8	84.4	195.1	268.2	405.6	288.0	393.0	443.8	342.7	581.6
Veterans' programs	6,386.2	4,771.9	5,367.3	6,010.6	8,951.5	13,873.8	16,569.7	18,843.4	18,860.6	19,568.7
Pensions and compensation ¹⁸	2,092.1	2,689.7	3,402.7	4,141.4	5,393.8	6,777.4	7,578.5	8,279.7	9,081.9	9,676.5
Health and medical programs	748.0	761.1	954.0	1,228.7	1,784.0	2,983.6	3,516.7	4,108.2	4,670.6	5,235.9
Hospital and medical care	582.8	721.5	879.4	1,114.8	1,651.4	2,786.6	3,287.1	3,802.0	4,321.2	4,854.0
Hospital construction	161.5	34.1	59.6	77.0	70.9	118.9	136.7	212.2	245.4	269.9
Medical and prosthetic research	3.7	5.6	15.1	36.9	61.8	78.0	93.0	94.0	104.0	112.0
Education	2,691.6	706.1	409.6	40.9	1,018.5	3,206.8	4,433.8	5,350.6	3,925.5	3,405.6
Life insurance ¹⁹	475.7	490.2	494.1	434.3	502.3	538.5	556.1	564.3	607.2	614.3
Welfare and other	378.8	124.9	106.9	165.4	252.9	367.6	484.6	540.6	575.4	636.4
Education ²⁰	156.7	485.1	867.9	2,469.8	5,875.8	7,041.5	8,629.4	9,023.2	9,972.8	10,371.0
Elementary and secondary	47.1	309.2	441.9	776.8	2,956.8	3,710.0	4,562.5	4,305.3	4,830.2	5,081.8
Construction ^{8, 21}	5.2	139.9	70.6	77.0	35.9	22.4	20.9	23.4	15.6	20.4
Higher	48.5	101.8	293.1	1,217.0	2,154.6	2,178.2	2,863.6	3,572.0	3,888.5	3,890.5
Construction ⁸	5.7	5.1	1.2	324.0	466.3	213.7	273.9	265.7	184.8	155.1
Vocational and adult ²¹	58.7	70.5	104.5	406.2	602.6	914.8	940.2	897.9	909.1	970.0
Housing	14.6	74.7	143.5	238.2	581.6	2,009.1	2,540.7	2,906.0	4,005.5	4,887.2
Public housing	14.5	74.7	143.5	234.5	459.9	1,233.1	1,456.4	1,716.0	2,763.5	3,626.0
Other1			3.6	121.7	776.0	1,084.3	1,190.0	1,242.0	1,261.2
Other social welfare	174.0	251.7	416.7	812.0	2,258.9	3,902.1	4,263.6	4,598.0	5,465.1	5,871.7
Vocational rehabilitation ²²	21.0	27.1	64.3	143.3	567.4	792.7	814.0	936.7	973.2	1,005.5
Medical services ²³	5.1	5.7	11.2	21.2	107.0	154.0	174.2	175.8	196.5	207.9
Medical research ²³3	6.6	22.4	29.6					
Institutional care ²⁴	20.5	40.3	20.5	34.5	22.5	24.8	20.3	16.7	18.0	20.0
Child nutrition ²⁵	121.2	170.7	306.1	503.7	710.9	1,613.8	2,064.0	2,316.3	2,753.9	2,962.9
Child welfare ²⁶	4.2	7.1	13.4	36.5	44.7	47.4	49.8	52.5	56.5	56.5
Special OEO and ACTION programs ²⁷				51.7	752.8	766.7	638.3	572.1	748.7	881.4
Social welfare, not elsewhere classified ²⁸	7.1	6.5	12.4	42.3	160.6	656.7	677.2	703.7	914.8	945.4

See footnotes at end of table.

proportion of total expenditures—44 percent—partly because of automatic cost-of-living increases under the social security program. The proportion of total expenditures devoted to education dropped to 26 percent and spending for public aid rose to 15 percent.

A review of aggregate expenditures reveals only one dimension of the growth in government spending for social welfare programs. A more accurate picture of program growth emerges when the effects of population growth and price changes are removed. The data in table 2, for example,

Table 1.—Social welfare expenditures under public programs, selected fiscal years, 1950–78¹—Continued

[In millions]

Program	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ²
	From State and local funds ²⁹									
Total	\$12,967.3	\$18,017.1	\$27,336.6	\$39,463.5	\$68,518.5	\$102,205.6	\$122,594.2	\$134,642.8	\$143,038.5	\$154,009.5
Social insurance	2,843.6	3,449.9	4,999.4	6,316.2	9,445.6	16,169.1	23,298.1	25,997.5	26,122.5	27,777.5
Public employee retirement ⁵	310.0	580.0	1,050.0	1,748.0	3,142.0	5,892.5	6,779.7	7,777.1	8,662.6	9,784.4
Unemployment insurance and employment service ⁶	1,861.5	1,759.9	2,356.1	2,302.8	2,783.4	4,939.7	10,406.7	11,334.5	9,509.7	8,830.1
State temporary disability insurance ⁷	72.1	217.5	347.9	483.5	717.7	915.4	990.0	1,022.1	1,042.2	1,102.9
Hospital and medical benefits ⁸	2.2	20.0	40.2	50.9	62.6	70.7	72.9	75.5	75.7	74.8
Workers' compensation ⁹	600.0	892.5	1,245.4	1,781.8	2,802.5	4,421.5	5,121.7	5,863.8	6,908.0	8,060.1
Hospital and medical benefits ⁸	187.8	308.1	411.0	568.7	964.3	1,573.9	1,824.8	2,138.7	2,487.0	2,861.3
Public aid	1,393.0	1,498.8	1,984.2	2,689.5	6,839.2	11,132.7	13,501.5	15,458.0	17,495.4	18,641.2
Public assistance ¹⁰	1,393.0	1,498.8	1,984.2	2,689.5	6,839.2	10,520.2	12,211.5	13,960.6	15,949.4	17,020.9
Vendor medical payments ¹¹	51.3	188.6	292.9	812.1	2,605.6	4,538.7	5,927.8	6,719.5	8,466.0	9,457.0
Social services ¹¹					190.6	592.2	659.8	688.2	755.6	921.9
Supplemental security income ¹²						612.5	1,290.0	1,497.4	1,546.0	1,620.3
Health and medical programs ¹⁴	1,460.0	1,952.8	2,726.8	3,465.8	5,131.6	7,808.5	9,240.9	9,409.8	10,371.4	11,552.0
Hospital and medical care	839.7	1,230.9	1,869.8	2,377.6	3,268.0	4,457.3	5,210.1	4,954.6	5,170.4	5,488.0
Maternal and child health programs ¹⁶	9.7	69.2	106.1	153.9	235.3	258.7	269.0	275.0	315.0	331.0
Medical research			23.0	55.0	150.0	222.0	239.0	252.0	277.0	306.0
School health (educational agencies) ¹⁷	30.6	65.9	101.0	142.2	246.6	325.2	350.8	376.2	414.0	467.0
Other public health activities	287.0	318.8	343.9	448.1	757.7	1,572.3	1,812.0	2,196.0	2,843.0	3,657.0
Medical-facilities construction	293.0	268.0	283.0	289.0	474.0	973.0	1,360.0	1,344.0	1,352.0	1,303.0
Veterans' programs	479.5	61.6	111.9	20.4	126.5	238.6	449.1	161.9	154.7	173.7
Education	6,517.5	10,672.1	16,758.3	25,638.1	44,969.7	63,492.4	72,204.0	78,697.3	84,448.0	90,816.9
Elementary and secondary	5,549.1	9,425.1	14,667.1	21,580.0	35,675.5	48,749.2	55,182.3	58,920.4	63,852.4	68,612.6
Construction ^{8, 21}	1,014.2	2,091.9	2,591.2	3,190.0	4,623.2	4,956.5	5,725.1	5,896.7	6,220.5	6,402.5
Higher	866.3	1,112.6	1,897.7	3,609.4	7,752.4	11,777.6	13,520.6	15,169.9	16,166.7	17,123.9
Construction ⁸	304.6	193.4	356.7	757.4	1,100.6	1,172.6	1,238.8	1,292.0	1,254.1	1,351.6
Vocational and adult ²¹	102.1	134.4	193.5	447.7	1,541.8	2,965.6	3,501.1	4,607.0	4,428.9	5,080.4
Housing		14.6	33.2	80.0	119.6	544.9	631.0	464.8	352.6	337.4
Other social welfare	273.7	367.3	722.8	1,253.6	1,886.3	2,819.4	3,269.0	4,453.5	4,093.9	4,710.8
Vocational rehabilitation ²²	9.0	15.3	32.1	67.1	136.3	174.8	222.4	253.0	278.7	290.4
Medical services ²³	2.3	3.5	6.6	13.0	26.8	31.2	43.5	43.2	48.5	51.1
Institutional care	125.0	155.0	400.0	755.0	179.3	260.0	275.8	305.4	341.7	401.9
Child nutrition ²⁵	39.0	69.0	92.6	113.7	185.1	412.0	453.6	490.0	510.0	545.0
Child welfare ²⁶	100.7	128.0	198.1	317.8	540.7	462.6	547.2	700.1	753.5	743.5
Social welfare, not elsewhere classified ²⁸					845.0	1,510.0	1,770.0	2,705.0	2,210.0	2,730.0

¹ Expenditures from Federal, State, and local revenues (general and special) and trust funds and other expenditures under public law; includes capital outlay and administrative expenditures unless otherwise noted. Includes some payments abroad. Until 1977, fiscal years for the Federal Government, most States, and some localities ended June 30. Federal fiscal years subsequently ended Sept. 30.

² Preliminary estimates.

³ Excludes financial interchange between OASDHI and railroad retirement.

⁴ Included in total directly above; includes administration.

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

⁶ Includes unemployment compensation under State programs, programs for Federal employees and ex-servicemen, trade adjustment and cash training allowances, and payments under extended, emergency, disaster, and special unemployment insurance programs.

⁷ Cash and medical benefits in 5 areas. Includes private plans where applicable and State costs of administering State plans and supervising private plans. Administrative expenses of all private plans and all data for Hawaii not available.

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

⁹ Cash and medical benefits paid under Federal and State laws by private insurance carriers, State funds, and self-insurers. Includes Alaska and Hawaii beginning 1960. Administrative cost of private carriers and self-insurers not available. Starting 1970, Federal expenditures include "black lung" benefit programs administered by Social Security Administration and by Department of Labor.

¹⁰ Represents categorical cash and medical payment programs under the Social Security Act and (from State and local funds) general assistance. Starting 1969, includes work incentive activities.

¹¹ Included in total for public assistance above; vendor medical payments include administrative expenses of medical assistance (Medicaid) program.

¹² Benefits began January 1974; fiscal year 1973 data represent administrative expenses only.

¹³ Work relief, other emergency aid, surplus food for the needy, repatriate and refugee assistance, temporary and emergency employment assistance, and work-experience training programs under the Economic Opportunity Act and the Comprehensive Employment and Training Act. See footnote 27.

¹⁴ Excludes State and local expenditures for domiciliary care in institutions other than mental or tuberculosis and services in connection with OASDHI, State temporary disability insurance, workers' compensation, public assistance, vocational rehabilitation, and veterans' and antipoverty programs (included in total expenditures for these programs).

¹⁵ Includes medical care for military dependent families.

¹⁶ Includes services for crippled children.

¹⁷ Starting 1975, data not separable from expenditures under "education."

¹⁸ Includes burial awards. Starting 1965, includes special allowances for survivors of veterans who did not qualify under OASDHI. Starting 1974, subsistence payments to disabled veterans undergoing training shifted from veterans' pensions and compensation to veterans' education subgroup. Starting 1973, includes clothing allowances.

¹⁹ Excludes the Servicemen's Group Life Insurance program.

²⁰ Federal expenditures for administrative costs (Office of Education) and research included in total only.

²¹ Construction for vocational and adult education included with elementary-secondary school construction.

²² Starting 1974, excludes administrative expenses.

²³ Medical services and research included in total.

²⁴ Federal expenditures represent primarily surplus food for institutions.

²⁵ Surplus food for schools and programs under National School Lunch and Child Nutrition Acts. State and local funds represent direct appropriations.

Footnotes continued on page 8.

Table 2.—Total and per capita social welfare expenditures under public programs in the United States, in actual and 1978 prices, selected fiscal years, 1950–78

Fiscal year	Total social welfare expenditures ¹ (in millions)	Total ²	Social insurance	Public aid	Health and medical programs	Veterans programs	Education	Other social welfare	All health and medical care ³
	Current prices								
1950	\$23,420.8	\$152.56	\$32.19	\$16.26	\$13.44	\$44.18	\$43.47	\$2.92	19.97
1955	32,511.8	194.66	58.71	17.98	18.58	28.46	66.68	3.71	26.47
1960	52,106.3	285.42	105.35	22.46	24.45	29.52	96.43	6.24	35.03
1965	76,928.6	391.15	142.29	31.95	31.76	30.30	142.73	10.50	48.48
1970	145,483.9	701.27	262.47	79.48	47.75	43.27	244.94	19.98	121.65
1974	238,666.9	1,111.19	458.48	146.75	69.62	65.07	328.09	31.29	193.27
1975	289,348.5	1,335.95	565.49	187.94	82.13	77.89	373.07	34.78	234.94
1976	331,121.0	1,518.70	665.13	220.09	88.09	86.23	402.18	41.52	266.77
1977	360,645.0	1,642.24	729.52	240.86	92.82	85.86	429.80	43.53	306.84
1978	393,187.7	1,775.23	787.35	269.18	102.24	89.14	456.69	47.78	344.04
	Constant (1978) prices	Per capita social welfare expenditures in constant prices ⁵							
1950	\$62,124.1	\$404.67	\$85.38	\$43.13	\$35.65	\$117.19	\$115.30	\$7.74	\$52.97
1955	75,258.8	450.60	135.90	41.62	43.01	65.88	154.35	8.59	61.27
1960	108,104.4	592.16	218.57	46.60	50.73	61.24	200.06	12.95	72.68
1965	148,798.1	756.58	275.22	61.80	61.43	58.61	276.07	20.31	93.77
1970	236,944.5	1,142.13	427.48	129.45	77.77	70.47	398.92	32.54	198.13
1974	318,647.4	1,483.56	612.12	195.93	92.95	86.88	438.04	41.78	258.04
1975	349,033.2	1,611.52	682.14	226.71	99.07	93.96	450.02	41.95	283.40
1976	376,273.9	1,725.80	755.83	250.10	100.10	97.99	457.02	47.18	303.15
1977	383,664.9	1,747.06	776.09	256.23	98.74	91.34	457.23	46.31	326.42
1978	393,187.7	1,775.23	787.35	269.18	102.24	89.14	456.69	47.78	344.04
Percentage change for 1978 expenditures (current prices) from—									
1950	+1,579	+1,064	+2,346	+1,555	+661	+102	+951	+1,536	+1,623
1955	+1,109	+812	+1,240	+1,397	+450	+213	+585	+1,188	+1,200
1960	+655	+522	+647	+1,098	+318	+202	+374	+666	+882
1965	+411	+354	+453	+742	+222	+194	+220	+355	+610
1970	+170	+153	+200	+239	+114	+106	+86	+139	+183
1974	+65	+60	+72	+83	+47	+37	+39	+53	+78
1975	+36	+33	+39	+43	+24	+14	+22	+37	+46
1976	+19	+17	+18	+22	+16	+3	+14	+15	+29
1977	+9	+8	+8	+12	+10	+4	+6	+10	+12
Percentage change for 1978 expenditures (constant prices) from—									
1950	+533	+339	+822	+524	+187	-24	+296	+517	+550
1955	+422	+294	+479	+547	+138	+35	+196	+456	+462
1960	+264	+200	+260	+478	+102	+46	+128	+269	+373
1965	+164	+135	+186	+336	+66	+52	+65	+135	+267
1970	+66	+55	+84	+108	+31	+26	+14	+47	+74
1974	+23	+20	+29	+37	+10	+3	+4	+14	+33
1975	+13	+10	+15	+19	+3	-5	+2	+14	+21
1976	+4	+3	+4	+8	+2	-9	0	+1	+13
1977	+2	+1	+1	+5	+4	-3	0	+3	+5

¹ Excludes expenditures within foreign countries for education, veterans' payments, and OASDHI and civil-service retirement benefits; see table 1 for data including these expenditures.

² Includes housing, not shown separately.

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

⁴ Based on January 1 Bureau of the Census data for total U.S. population, including Armed Forces and Federal civilian employees and their dependents overseas, and the civilian population of territories and possessions.

⁵ Prices based on implicit price deflators for personal consumption expenditures prepared for the national income accounts by the Bureau of Economic Analysis, Department of Commerce (1978 = 100): 1950, 37.7; 1955, 43.2; 1960, 48.2; 1965, 51.7; 1970, 61.4; 1974, 74.9; 1975, 82.9; 1976, 88.0; 1977, 94.0.

Footnotes to table 1 (Continued from page 7).

²⁶ Represents primarily child welfare services under the Social Security Act. Starting 1969, excludes administrative expenses.

²⁷ Includes domestic programs consolidated in fiscal year 1972 under ACTION (former VISTA and other domestic volunteer programs) and special OEO programs such as community action and migrant workers consolidated in fiscal year 1974 under Community Services Administration. Other OEO programs listed in appropriate subsection under public aid and education.

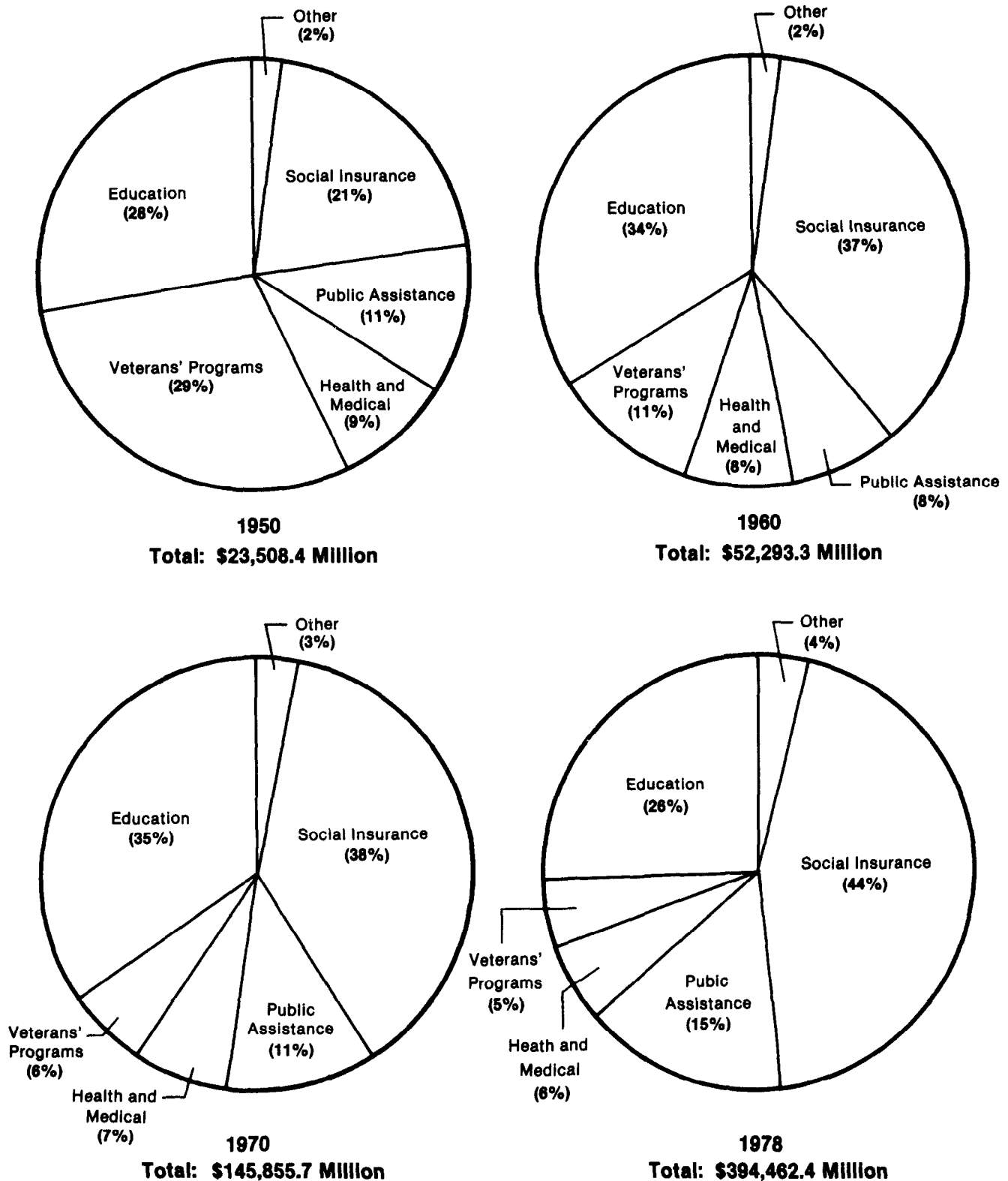
²⁸ Federal expenditures include administrative and related expenses of the Secretary of Health, Education, and Welfare and of the Social and Rehabilitation Service; Indian welfare and guidance; aging and juvenile delinquency activities; and certain manpower and human development activities. State and local

expenditures include amounts for antipoverty and manpower programs, day care, child placement and adoption services, foster care, legal assistance, care of transients, and other unspecified welfare services; before 1970, these amounts included with institutional care.

²⁹ Except as otherwise noted (see footnotes 7 and 9).

Source: Data taken or estimated from Treasury reports, **Federal Budgets**, Census of Governments, and reports of Federal and State administrative agencies. For detailed description of programs and for single-year historical data, see **Social Welfare Expenditures Under Public Programs in the United States, 1929-66** (Research Report No. 25).

Chart 1.—Selected categories of expenditures as a percent of total social welfare expenditures under public programs, selected fiscal years, 1950–78



show that the 9.1-percent increase in social welfare expenditures reported for fiscal year 1978 is reduced to a 1-percent "real" growth rate after adjustments are made for population growth and price changes (as measured by the implicit

price deflators for personal consumption expenditures in the national income accounts).

The table also shows adjusted figures for each major category in the social welfare expenditure series. After

adjustments are made for population and price changes, it can be seen that per capita expenditures for social insurance programs registered the greatest real growth, rising from \$85 in fiscal year 1950 to \$787 in fiscal year 1978, an increase of 822 percent. During that same period, expenditures for veterans' programs actually declined in real terms.

Relationship to Gross National Product

Another measure of the use of government funds for social welfare purposes is the relationship of these expenditures to the GNP. Fiscal year 1978 marked the second successive year that social welfare expenditures declined as a proportion of the GNP. In fiscal year 1976, these expenditures reached a high of 20.4 percent of the GNP; they fell to 19.7 percent in 1977 and to 19.3 percent in 1978 (table 3). This decline can be traced in part to the reduction in the annual rate of increase in social welfare expenditures that began in 1976 and to the relatively larger annual rates of growth in the GNP during 1977 and 1978.

In 1977, expenditures under each of the major social welfare categories declined as a percentage of the GNP; in 1978, only two categories—social insurance and education—were responsible for the overall decline. The percentage drop in social insurance is attributable to the fact that outlays for unemployment insurance and employment service continued to fall for the second consecutive year. In addition, outlays for another component of the social insurance category, railroad temporary disability insurance, showed a fairly substantial decline in 1978. Though expenditures for education increased on an absolute-dollar basis, the rate of increase was less than that experienced in 1977, which led to a slight dip in the proportion of the national output spent in 1978 for that purpose.

The historical relationship between outlays for social welfare under public programs and the GNP is shown in chart 2. In 1950, social welfare expenditures amounted to

8.9 percent of the GNP. Over the next 5 years the proportion dropped slightly, largely because of a decline in the share of expenditures devoted to veterans' programs and public aid. In the 1960's, steady increases were recorded in the ratio of social welfare spending to the GNP. By 1970, this proportion had reached 15.2 percent, with two categories—social insurance and education—accounting for the largest gains. All the major social welfare expenditure categories except education increased in proportion to the national output through fiscal year 1976, when the overall share peaked at 20.4 percent.

In fiscal year 1978 the Federal share of public spending for social welfare purposes continued to rise, accounting for 60.9 percent of all such expenditures (table 4). Federal outlays reached \$240.5 billion in that period. No attempt has been made to include general revenue sharing funds in the Federal component of social welfare expenditures. These funds show up as they are spent, in the gross expenditures of the States and localities for specific social welfare purposes. The effect of this procedure is to understate the Federal share of social welfare spending and to overstate the State-local share. This allocation, however, has had little or no effect on aggregate social welfare spending by all levels of government.

Three of the major social welfare expenditure categories showed increased Federal participation in 1978—social insurance, public aid, and housing. In the remaining categories, Federal participation showed slight declines. The more rapid rise in Federal participation since 1965 is evident in chart 2.

In 1950, social welfare expenditures from public funds accounted for 37.4 percent of all government spending (table 5). Twenty years later, the proportion had reached nearly one-half—48.2 percent. Throughout the first part of the 1970's, expenditures for social welfare purposes continued to account for an increasing share of total government expenditures, reaching a high point of 60.2 percent in fiscal year 1976. During the next 2 years, a slight reduction

Table 3.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1950–78

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product									Total health and medical expenditures as percent of GNP ²
		Total ¹			Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	
		Total	Federal	State-local							
1950	\$264.8	8.9	4.0	4.9	1.9	0.9	0.8	2.6	2.5	0.2	1.2
1955	379.7	8.6	3.9	4.7	2.6	.8	.8	1.3	2.9	.2	1.2
1960	498.3	10.5	5.0	5.5	3.9	.8	.9	1.1	3.5	.2	1.3
1965	658.0	11.7	5.7	6.0	4.3	1.0	.9	.9	4.3	.3	1.4
1970	960.2	15.2	8.1	7.1	5.7	1.7	1.0	.9	5.3	.4	2.6
1974	1,361.2	17.6	10.1	7.5	7.3	2.3	1.1	1.0	5.2	.5	3.0
1975	1,452.3	19.9	11.5	8.4	8.5	2.8	1.2	1.2	5.6	.5	3.5
1976	1,625.4	20.4	12.1	8.3	9.0	3.0	1.2	1.2	5.4	.6	3.6
1977	1,836.5	19.7	11.9	7.8	8.8	2.9	1.1	1.0	5.1	.5	3.7
1978 ³	2,043.4	19.3	11.8	7.5	8.6	2.9	1.1	1.0	5.0	.5	3.7

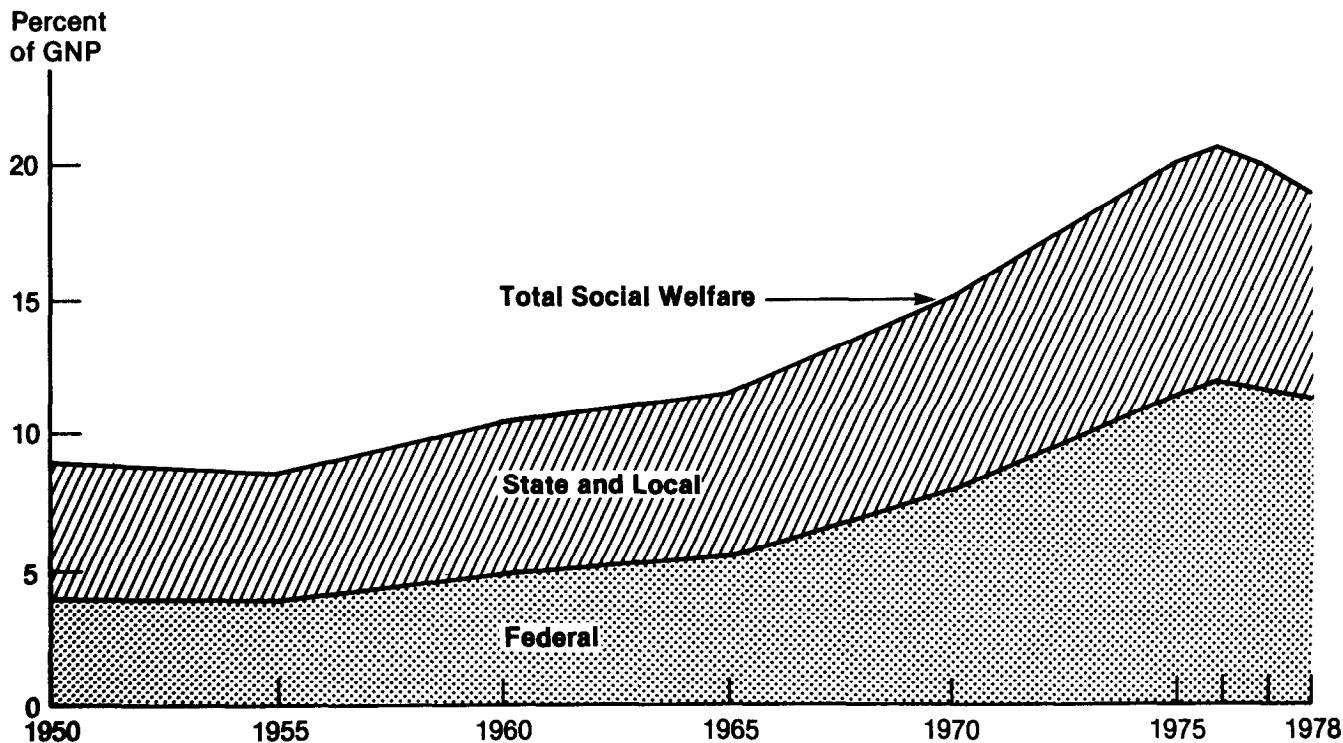
¹ Includes housing, not shown separately.

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

and antipoverty programs.

³ Preliminary estimates.

Chart 2.—Social welfare expenditures under public programs as a percent of the gross national product, fiscal years 1950–78



occurred, as social welfare spending dropped to 59.5 percent of the total in 1977 and to 58.1 percent in 1978. Though the downturn reflected a smaller proportion of social welfare spending at all levels of government, the reduction was greater at the State and local level than at the Federal level.

Government expenditures, as defined here, include outlays from social welfare trust funds—mostly social insurance funds built up through earmarked contributions from insured persons and their employers—as well as regular budgetary outlays from general revenues. In fiscal year 1978, 41 percent of all social welfare outlays were made from trust funds. This proportion has been increasing slowly but steadily for many years. In 1950, it was 18 percent; by 1955, it had risen to 28 percent, largely reflecting the creation of the Disability Insurance Trust Fund to pay monthly cash benefits to disabled-worker beneficiaries and their dependents. In the mid-1960's, two new major trust

funds were set up for the Medicare program—the Hospital Insurance Trust Fund and the Supplementary Medical Insurance Trust Fund. These funds were established to pay part of the cost of inpatient hospital care and physicians' services. They helped boost the proportion of social welfare expenditures from trust funds to 35 percent by 1970 and to 41 percent by 1978.

Non-trust-fund expenditures—sometimes termed “discretionary” expenditures because they do not generally involve the type of fixed obligation to payees contained in trust-funded programs—often give a somewhat better picture of the extent to which government resources are committed to social welfare purposes. Table 5 shows that the proportion of “discretionary” expenditures devoted to social welfare rose from 34.8 percent in 1950 to 49.2 percent in 1976. This proportion dropped slightly to 47.6 percent in 1977 and fell again to 46.0 percent in 1978. Non-trust-fund

Table 4.—Social welfare expenditures under public programs: Federal funds as percent of total, selected fiscal years, 1950–78

Program	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ¹
Total	44.8	44.8	47.7	48.9	53.0	57.3	58.4	59.5	60.4	60.9
Social insurance	42.5	64.9	74.1	77.5	82.7	83.7	81.1	82.1	83.8	84.1
Public aid	44.2	50.1	51.6	57.2	58.5	64.7	66.8	67.8	66.9	68.7
Health and medical programs	29.2	37.1	38.9	44.5	48.2	47.8	49.0	52.3	49.1	49.0
Veterans' programs	93.0	98.7	98.0	99.7	98.6	98.3	97.4	99.1	99.2	99.1
Education	2.3	4.3	4.9	8.8	11.6	9.9	11.0	10.3	10.6	10.2
Housing	100.0	83.7	81.2	74.9	82.9	78.7	78.7	86.2	91.9	93.5
Other social welfare	38.9	40.7	36.6	39.3	54.5	58.1	56.6	50.8	57.2	55.5
All health and medical care ²	44.4	44.1	45.6	48.5	65.4	66.2	67.1	69.1	68.6	68.9

¹ Preliminary estimates.

² Combines “health and medical programs” with medical service provided in

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

Table 5.—Social Welfare expenditures from public funds¹ as percent of government expenditures for all purposes, by type of fund, selected fiscal years, 1950–78

Item	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ²
All social welfare expenditures from public funds:										
Total, as percent of all government expenditures	37.4	32.7	38.4	42.2	48.2	56.5	57.9	60.2	59.5	58.1
Federal, as percent of all Federal Government expenditures	26.2	22.3	28.1	32.6	40.1	52.3	54.0	57.1	56.3	55.3
State and local, as percent of all State and local government expenditures ³	59.2	55.3	60.1	60.4	64.0	64.1	65.0	66.0	65.9	63.6
Social welfare trust-fund expenditures:										
Total, as percent of all government expenditures	6.8	9.1	13.2	14.3	17.0	21.7	22.9	23.6	24.4	23.9
Federal, as percent of all Federal Government expenditures	4.5	9.1	15.2	17.7	22.0	29.1	29.2	30.2	31.2	31.1
State and local, as percent of all State and local government expenditures ³	11.2	8.9	9.1	7.8	7.1	8.5	11.4	11.4	10.4	9.7
Social welfare non-trust-fund expenditures:										
Total, as percent of total non-trust-fund expenditures	34.8	26.2	29.9	38.3	38.3	45.9	46.5	49.2	47.6	46.0
Federal, as percent of Federal Government non-trust-fund expenditures:										
All programs	24.7	14.7	15.9	18.9	23.9	34.6	36.6	40.3	37.9	36.6
Public aid	3.1	2.6	2.9	4.0	6.6	11.6	13.0	14.1	13.8	14.3
State and local, as percent of State and local government non-trust-fund expenditures: ³										
All programs	54.1	50.9	56.2	57.1	61.2	60.8	60.5	61.6	61.9	59.7
Education	35.5	38.9	44.1	46.0	49.1	47.6	46.5	47.8	48.0	46.1
Public aid	7.7	5.6	5.2	4.8	7.4	8.3	9.1	9.4	10.0	9.5

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

² Preliminary estimates.

³ From own sources, excluding Federal grants.

expenditures for social welfare at the State and local level amounted to 54.1 percent of all State and local non-trust-fund expenditures in 1950. The proportion was 61.2 percent in 1970 and has shown little change since that time. In 1978, it was 59.7 percent.

Public and Private Expenditures

Preliminary estimates for fiscal year 1978 show that for the second consecutive year public social welfare expenditures rose at a slower pace than did private spending, reversing a trend that began in 1966. As noted earlier, public social welfare expenditures rose 9.1 percent from 1977 to 1978, compared with a 13.1-percent rise for private expenditures. Private health expenditures, which represented two-thirds of all private social welfare expenditures, showed the largest increase—14 percent. In the public sector, expenditures for “welfare and other services” showed the largest increase—22 percent.

Health

Table 6 shows that total public and private expenditures for health and medical care rose to \$187.0 billion in fiscal year 1978—an increase of \$22.5 billion, or 13.7 percent, over the figure for 1977. This rise represents a slower annual rate of growth in health care expenditures than in the previous year. The proportion of total health care spending provided by private sources in 1978 was 59 percent, compared with 41 percent provided by the public sector. These percentages are about the same as those for the previous year and interrupt the trend of a slow but steady shifting of

health care spending from the private sector to the public sector that has been observed since Medicare began paying benefits in the mid-1960's.

In 1965, 25 percent of total health care expenditures were met by payments from the public sector. By 1976, public spending had reached a high of 42 percent of the total and private spending dropped to 58 percent. Approximately one-third of public sector health spending in fiscal year 1978 was for aged and disabled Medicare beneficiaries. The \$25.2 billion spent under that program represented a 17-percent increase over the figure for 1977. After Medicare, the second largest single component of public spending for health care was “public assistance (vendor medical payments),” which consisted primarily of Medicaid payments. Payments in this category, which amounted to \$20.1 billion, accounted for 26 percent of the total and were 11 percent higher than in 1977.

The GNP rose less during fiscal year 1978 (11 percent) than did health care expenditures (14 percent). As a result, combined public and private health expenditures as a proportion of the Nation's output of all goods and services continued to rise, reaching a new high of 9.2 percent in 1978. The medical component of the consumer price index rose 9.6 percent, compared with a 9.0-percent rise for all items in the consumer market basket.

In fiscal year 1978 the Federal Government spent more than twice as much for health care than did State and local governments—\$52.5 billion, compared with \$23.7 billion (table 7). The ratio of Federal to State and local outlays for health care in fiscal year 1966, before the impact of Medicare and Medicaid was felt, was about 50-50. Since that time the Federal Government has been responsible for a contin-

Table 6.—Health and medical care: Expenditures from public and private sources, selected fiscal years, 1950–78

[In millions]

Type of expenditure	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ¹
Total	\$12,027.3	\$17,329.6	\$25,856.2	\$38,892.3	\$69,201.1	\$106,056.6	\$123,568.7	\$139,727.7	\$164,507.1	\$186,975.9
Public expenditures	3,065.3	4,420.6	6,395.2	9,535.3	25,391.1	41,521.9	51,235.7	58,950.7	67,264.1	76,197.9
Health and medical services	2,470.2	3,862.3	5,346.3	7,641.2	22,661.4	37,756.0	46,558.0	53,710.7	62,053.1	70,405.9
OASDHI (Medicare)					7,149.2	11,347.5	14,781.4	17,777.4	21,543.0	25,204.0
Temporary disability insurance (medical benefits) ²	2.2	20.0	40.2	50.9	62.6	70.7	72.9	75.5	75.7	74.8
Workers' compensation (medical benefits) ²	193.0	315.0	420.0	580.0	985.0	1,610.0	1,875.0	2,205.0	2,560.0	2,970.0
Public assistance (vendor medical payments)	51.3	211.9	492.7	1,367.1	5,212.8	10,371.9	12,984.2	15,616.0	18,179.0	20,095.0
General hospital and medical care	886.1	1,297.6	1,973.2	2,515.5	3,553.8	5,293.2	6,405.4	6,459.8	6,650.0	7,379.0
Defense Department hospital and medical care (Armed Forces)	336.2	744.8	820.1	858.5	1,495.9	2,267.0	2,518.0	2,601.1	2,770.4	2,961.6
Military dependents' medical care			60.1	78.3	263.7	474.4	567.0	512.8	613.0	610.0
Maternal and child health programs	29.8	92.7	140.7	223.0	431.4	493.4	545.5	592.9	632.0	663.5
School health (educational agencies)	30.6	65.9	101.0	142.2	246.6	325.2	350.8	376.2	414.0	467.0
Other public health activities	350.8	383.7	401.2	671.0	1,348.0	2,531.3	2,953.0	3,473.0	4,050.0	4,868.0
Veterans' hospital and medical care	582.8	721.5	879.4	1,114.8	1,651.4	2,786.6	3,287.1	3,802.0	4,321.0	4,854.0
Medical vocational rehabilitation	7.4	9.1	17.7	34.2	133.8	185.2	217.7	219.0	245.0	259.0
OEO health and medical care				5.6	127.3	(³)	(³)	(³)	(³)	(³)
Medical research	72.9	138.9	471.2	1,228.8	1,726.8	2,300.0	2,692.0	3,244.0	3,313.0	3,894.0
Medical-facilities construction	522.3	419.4	577.7	665.3	1,003.0	1,465.9	1,985.7	1,996.0	1,898.0	1,898.0
Defense Department	1.1	33.0	40.0	31.1	52.5	86.0	96.0	230.0	301.0	267.0
Veterans Administration	161.5	34.0	59.6	77.0	70.9	118.9	136.7	212.2	245.4	269.9
Other	359.8	352.4	478.1	557.2	879.6	1,261.0	1,753.0	1,553.8	1,351.6	1,361.1
Private expenditures	8,962.0	12,909.0	19,461.0	29,357.0	43,810.0	64,534.7	72,333.0	80,777.0	97,243.0	110,778.0
Health and medical services	8,710.0	12,529.0	18,816.0	28,028.0	41,329.0	61,309.6	69,053.0	77,400.0	93,732.0	107,278.0
Medical research	37.0	55.0	121.0	157.0	193.0	227.0	264.0	267.0	273.0	291.0
Medical-facilities construction	215.0	325.0	524.0	1,172.0	2,288.0	2,998.1	3,016.0	3,110.0	3,237.0	3,209.0
Total expenditures as percent of gross national product	4.5	4.6	5.2	5.9	7.2	7.8	8.5	8.6	9.0	9.2
Public expenditures as percent of total expenditures	25.5	25.5	24.7	24.5	36.7	39.1	41.5	42.2	40.9	40.8

¹ Preliminary estimates.

² Includes medical benefits paid under public law by private insurance carriers

and self-insurers.

³ Included with "other public health activities."

ually increasing rate of public spending for health care.

Some duplication in the amounts designated for Medicare and Medicaid should be noted. Medical vendor (Medicaid) expenditures under the public assistance (PA) program include the premiums paid into Medicare's Supplementary Medical Insurance (SMI) Trust Fund to provide coverage for public assistance and supplemental security income (SSI) recipients. To the extent that these premium payments are subsequently used as reimbursement for SMI services, they are counted again under Medicare expenditures. The total SMI premiums paid by States to "buy-in" for Medicare coverage of their PA and SSI recipients are as follows:

Fiscal year	Amount of SMI premiums (in millions)
1967	\$32.1
1968	53.0
1969	75.8
1970	97.2
1971	131.5
1972	137.9
1973	149.3
1974	171.0
1975	213.1
1976	245.5
1977	259.4
1978	284.7

Education

In fiscal year 1978, combined expenditures from public and private funds for education rose to \$124.1 billion, 6.8 percent higher than the level in 1977 (table 8). About 84 percent, or \$104.6 billion, of the total expenditure for education was from the public sector; \$19.5 billion, or 16 percent, came from private expenditures. This ratio has remained fairly stable over the past 25 years, varying only by a percentage point or two.

Public expenditures for education (including veterans' education benefits) were 6.4 percent higher in 1978 than in 1977, and private expenditures were 9.1 percent higher. Fiscal year 1978 is the third consecutive year in which private expenditures for education have shown a greater percentage increase than have public expenditures.

Public expenditures for higher education increased each year during the 1970's but their growth was subject to considerable fluctuation from year to year. Expenditures for fiscal year 1970 showed a 24-percent increase over those for 1969; in 1972 the increase was only 9 percent over the total for the previous year. Although public expenditures for higher education showed another substantial increase—18 percent—from 1974 to 1975, smaller increases were registered over the next 3 years, including a low of 5 percent in

Table 7.—Health and medical care: Expenditures from public sources, by source of funds, selected fiscal years, 1950–78

[In millions]

Type of expenditure	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ¹
Federal expenditures										
Total	\$1,361.8	\$1,947.6	\$2,917.6	\$4,624.7	\$16,600.2	\$27,498.9	\$34,125.8	\$40,564.0	\$46,094.4	\$52,512.4
Health and medical services	1,059.6	1,657.3	2,174.8	3,074.6	14,494.4	24,928.1	31,047.1	36,920.0	42,512.0	48,329.4
OASDHI (Medicare)					7,149.2	11,347.5	14,781.4	17,777.4	21,543.0	25,204.0
Workers' compensation (medical benefits)	5.2	6.9	9.0	11.3	20.7	36.1	50.2	66.3	73.0	108.7
Public assistance (vendor medical payments)		23.3	199.8	555.0	2,607.1	5,833.2	7,056.4	8,896.5	9,713.0	10,638.0
General hospital and medical care	46.4	66.7	103.4	137.9	285.8	835.9	1,195.3	1,505.2	1,479.6	1,891.0
Defense Department hospital and medical care (Armed Forces)	336.2	744.8	820.1	858.5	1,495.9	2,267.0	2,518.0	2,601.1	2,770.4	2,961.6
Military dependents' medical care			60.0	78.3	263.7	474.0	567.0	512.8	613.0	610.0
Maternal and child health services	20.1	23.5	34.7	69.1	196.0	234.7	276.5	305.9	317.0	332.5
Other public health activities	63.8	65.0	57.3	222.9	590.3	959.0	1,141.0	1,277.0	1,207.0	1,211.0
Veterans' hospital and medical care	582.8	721.5	879.4	1,114.8	1,651.4	2,786.6	3,287.1	3,802.0	4,321.0	4,854.0
Medical vocational rehabilitation	5.1	5.7	11.2	21.2	107.0	154.0	174.2	175.8	196.5	207.9
OEO health and medical care ²				5.6	127.3					
Medical research	72.9	138.9	448.2	1,173.8	1,576.8	2,078.0	2,453.0	2,992.0	3,036.0	3,588.0
Medical-facilities construction	229.3	151.4	294.7	376.3	529.0	492.9	625.7	652.0	546.4	595.0
Defense Department	1.1	33.0	40.0	31.1	52.5	86.0	96.0	230.0	301.0	267.0
Veterans Administration	161.5	34.1	59.6	77.0	70.9	118.9	136.7	212.2	245.4	269.9
Other	66.8	84.4	195.1	268.2	405.6	288.0	393.0	209.8		58.1
State and local expenditures										
Total	\$1,703.6	\$2,472.9	\$3,477.5	\$4,910.5	\$8,790.9	\$14,023.0	\$17,109.9	\$18,386.7	\$21,169.7	\$23,685.5
Health and medical services	1,410.6	2,204.9	3,171.5	4,566.5	8,166.9	12,828.0	15,510.9	16,790.7	19,541.1	22,076.5
Temporary disability insurance (medical benefits) ³	2.2	20.0	40.2	50.9	62.6	70.7	72.9	75.5	75.7	74.8
Workers' compensation (medical benefits) ³	187.8	308.1	411.0	568.7	964.3	1,573.9	1,824.8	2,138.7	2,487.0	2,861.3
Public assistance (vendor medical payments)	51.3	188.6	292.9	812.1	2,605.6	4,538.7	5,927.8	6,719.5	8,466.0	9,457.0
General hospital and medical care	839.7	1,230.9	1,869.8	2,377.6	3,268.0	4,457.3	5,210.1	4,954.6	5,170.4	5,488.0
Maternal and child health services	9.7	69.2	106.1	153.9	235.3	258.7	269.0	287.0	315.0	331.0
School health (educational agencies) ⁴	30.6	65.9	101.0	142.2	246.6	325.2	350.8	376.2	414.0	467.0
Other public health activities	287.0	318.8	343.9	448.1	757.7	1,572.3	1,812.0	2,196.0	2,843.0	3,657.0
Medical vocational rehabilitation	2.3	3.5	6.6	13.0	26.8	31.2	43.5	43.2	48.5	51.1
Medical research			23.0	55.0	150.0	222.0	239.0	252.0	277.0	306.0
Medical-facilities construction	293.0	268.0	283.0	289.0	474.0	973.0	1,360.0	1,344.0	1,351.6	1,303.0

¹ Preliminary estimates.

² Starting 1974, included with "other public health activities."

³ Includes medical benefits paid under public law by private insurance carriers

and self-insurers.

⁴ Starting 1975, data not separable from expenditures under "education" category in table 1.

fiscal year 1978. Private expenditures for higher education have also shown smaller rates of growth in the 1970's. In 1970 the rate of increase was 14 percent; by 1978, it was 9 percent.

Expenditures for veterans' education fell to about 3 percent of total public expenditures for education in 1978. This decline, which moved into its second consecutive year, was caused primarily by a drop in the number of veterans and active duty personnel enrolled for educational benefits.

The public sector accounts for a much larger proportion of the total spending for elementary and secondary education than for higher education. In fiscal year 1978, the respective proportions were 92 percent and 60 percent.

Cash Transfer Payments

Cash transfer payments in the public sector include those made under retirement, disability, and unemployment insur-

ance programs as well as those made under the public assistance and supplemental security income (SSI) programs. In the private sector, such transfers represent payments under private employee-benefit plans. In fiscal year 1978, total cash payments to individuals under public and private programs amounted to \$202.6 billion, an increase of about 8 percent over the 1977 level (table 9).

Fiscal year 1978 was the third consecutive year in which the annual rate of growth in cash transfer payments declined. Payments of \$148.1 billion in 1975 represented a record 22-percent increase over the total for the previous year. This large rise is traceable to the fact that the 1975 figures reflect the first full year of payments under the SSI program, which paid benefits for only half of fiscal year 1974. SSI payments in the last 6 months of fiscal 1974 were \$2.5 billion, compared with \$5.6 billion for all of 1975. In 1975, income-tested payments under SSI and public assist-

Table 8.—Education: Expenditures from public and private sources, selected fiscal years, 1950–78

[Amounts in millions]

Program	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ¹
Total	\$10,981	\$14,206	\$21,781	\$34,129	\$61,746	\$87,172	\$100,313	\$109,477	\$116,222	\$124,094
Public expenditures for education	9,366	11,863	18,036	28,149	51,863	73,740	85,618	93,072	98,346	104,594
Current operations ²	8,036	9,433	15,016	23,800	45,637	67,375	78,613	85,594	90,671	96,664
Elementary and secondary	4,577	7,502	12,447	19,091	33,973	47,480	54,604	57,306	62,446	67,271
Higher	604	1,016	1,833	3,745	8,340	12,569	14,871	17,184	18,616	19,508
Veterans	2,692	706	410	41	1,018	3,207	4,434	5,351	3,926	3,406
Vocational and adult	161	205	298	854	2,144	3,880	4,441	5,505	5,338	6,050
Construction	1,330	2,431	3,020	4,348	6,226	6,365	7,005	7,478	7,675	7,930
Elementary and secondary	1,019	2,232	2,662	3,267	4,659	4,979	5,492	5,920	6,236	6,423
Higher	310	199	358	1,081	1,567	1,386	1,513	1,558	1,439	1,507
Private expenditures for education ³	1,615	2,343	3,745	5,980	9,883	13,432	14,695	16,405	17,876	19,500
Current operations	1,333	1,845	3,200	5,264	8,936	12,686	14,083	15,790	17,215	18,804
Elementary and secondary	471	719	1,300	2,045	2,815	3,845	4,472	4,971	5,391	5,928
Higher	862	1,126	1,900	3,219	6,121	8,841	9,611	10,819	11,824	12,876
Construction	282	498	545	716	947	746	612	615	661	696
Public expenditures as percent of expenditures for specified purposes:										
Total	85.3	83.5	82.8	82.5	84.0	84.6	85.4	85.0	84.6	84.3
Current operations	85.8	83.6	82.4	81.9	83.6	84.2	84.8	84.4	84.0	83.7
Elementary and secondary	90.7	91.3	90.5	90.3	92.3	92.5	92.4	92.0	92.1	91.9
Other	80.0	63.1	57.2	59.0	65.3	69.0	71.2	72.2	70.2	69.2
Higher	41.2	47.4	49.1	53.8	57.7	58.7	60.7	61.4	61.2	60.2
Construction	82.5	83.0	84.7	85.9	86.8	89.5	92.0	92.4	92.1	91.9

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

ance programs totaled \$15.1 billion, or 11.9 percent of all public cash transfer payments. By 1978, such payments had grown to \$18.0 billion and represented 10.5 percent of the public total. The decline in the percentage was caused by a slow growth in public assistance payments in relation to other categories such as social insurance and veterans' programs.

The slower growth rate for cash transfer payments in both the public and private sectors is indicative of other forces in the economy that affect income-maintenance programs, such as unemployment insurance. As noted earlier, unemployment insurance benefits (including those for railroad workers) dropped from \$19.6 billion in 1976 to \$15.4 billion in 1977 and to \$12.6 billion in 1978. This decrease in

expenditures resulted, in part, from a lowering of the unemployment rate, which peaked in 1975 at 8.5 percent and dropped to 6.0 percent by 1978.

Of the \$202.6 billion in cash payments made in 1978 under income-maintenance programs, \$171.2 billion, or 84.5 percent, was financed by the public sector; the remaining \$31.4 billion or 15.5 percent, came from private employee-benefit plans. The public/private ratio has fluctuated very little since 1970, when the public share dropped to 83.4 percent. From the early 1950's, when the ratio was 90:10, to 1970, a gradual decline occurred in the proportion of money spent for income maintenance by the public sector. This decline can be traced in part to an expansion of all types of private employee-benefit plans initiated at that

Table 9.—Cash transfer payments (excluding administration): Expenditures from public and private sources, selected fiscal years, 1950–78

[Amounts in millions]

Source of funds	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ¹
Total cash transfer payments	\$10,112	\$16,609	\$28,708	\$40,858	\$70,070	\$121,812	\$148,054	\$172,484	\$188,318	\$202,583
Public	9,147	14,714	25,173	34,883	58,410	103,087	126,424	147,879	160,518	171,183
Social insurance ²	4,447	9,118	18,151	26,439	44,814	83,443	103,280	122,154	132,973	142,993
Veterans' programs ³	2,423	3,094	3,810	4,526	5,849	7,257	8,073	8,771	9,602	10,199
Public assistance and supplemental security income	2,277	2,502	3,212	3,918	7,746	12,387	15,071	16,954	17,943	17,991
Private employee benefits ⁴	965	1,895	3,535	5,975	11,660	18,725	21,630	24,605	27,800	31,400
Public as percent of total	90.5	88.6	87.7	85.4	83.4	84.6	85.4	85.7	85.2	84.5

¹ Preliminary estimates.² Includes cash benefits paid under workers' compensation and temporary disability insurance laws by private insurance carriers and self-insurers.³ Veterans' pensions and compensation and life insurance.⁴ Under private pension plans; group life (including government civilian

employee programs), accidental death and dismemberment, and cash 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.

Table 10.—Public and private expenditures for social welfare purposes, selected fiscal years, 1950-78

Type of expenditure	1950	1955	1960	1965	1970	1974	1975	1976	1977	1978 ¹
All expenditures (in millions)										
Total, net ²	\$35,395	\$49,957	\$78,743	\$117,792	\$209,330	\$332,143	\$393,546	\$447,597	\$497,675	\$548,856
Public	23,508	32,640	52,293	77,175	145,856	239,397	290,064	331,998	361,553	394,462
Private	12,227	17,997	27,829	42,687	67,353	99,592	111,658	125,187	146,769	165,978
Income maintenance	10,723	17,304	29,827	42,550	72,473	126,412	153,032	177,613	194,400	209,206
Public ³	9,758	15,409	26,292	36,575	60,813	107,687	131,402	153,008	166,600	177,806
Private	965	1,895	3,535	5,975	11,660	18,725	21,630	24,605	27,800	31,400
Health	12,027	17,330	25,856	38,892	69,201	106,057	123,569	139,728	164,507	186,976
Public	3,065	4,421	6,395	9,535	25,391	41,522	51,236	58,951	67,264	76,198
Private	8,962	12,909	19,461	29,357	43,810	64,535	72,333	80,777	97,243	110,778
Education	10,981	14,206	21,781	34,129	61,746	87,172	99,961	109,477	116,222	124,094
Public	9,366	11,863	18,036	28,149	51,863	73,740	85,266	93,072	98,346	104,594
Private	1,615	2,343	3,745	5,980	9,883	13,432	14,695	16,405	17,876	19,500
Welfare and other services	2,004	1,793	2,658	4,291	9,789	19,348	25,160	30,367	33,193	40,164
Public ⁴	1,319	947	1,570	2,916	7,789	16,448	22,160	26,967	29,343	35,864
Private	685	850	1,088	1,375	2,000	2,900	3,000	3,400	3,850	4,300
Public expenditures as percent of expenditures for specified purposes										
Total ⁵	65.8	64.5	65.3	64.4	68.4	70.6	72.2	72.6	71.1	70.4
Income maintenance	91.0	89.0	88.1	86.0	83.9	85.2	85.9	86.1	85.7	85.2
Health	25.5	25.5	24.7	24.5	36.7	39.2	41.5	42.2	40.9	40.8
Education	85.3	83.5	82.8	82.5	84.0	84.6	85.3	85.0	84.6	84.3
Welfare and other services	65.8	52.7	59.1	68.0	79.6	85.0	88.1	88.8	88.4	89.3
All expenditures as percent of gross national product										
Total, net ²	13.4	13.2	15.8	17.9	21.8	24.4	27.1	27.5	27.1	26.9
Income maintenance	4.0	4.6	6.0	6.5	7.5	9.3	10.5	10.9	10.6	10.2
Health	4.5	4.6	5.2	5.9	7.2	7.8	8.5	8.6	9.0	9.2
Education	4.1	3.7	4.4	5.2	6.4	6.4	6.9	6.7	6.3	6.1
Welfare and other services	.8	.5	.5	.7	1.0	1.4	1.7	1.9	1.8	2.0

¹ Preliminary data.

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

³ Includes cash benefits and administrative costs under social insurance, public assistance, supplemental security income, and veterans' and emergency

employment programs. Excludes cost of medical services provided in conjunction with these programs and for other welfare programs.

⁴ Includes food stamps, surplus food for the needy and for institutions, child nutrition, institutional care, child welfare, economic opportunity and manpower programs, veterans' welfare services, vocational rehabilitation, and housing.

⁵ Before adjustment for elimination of duplication.

time. Fiscal year 1978 marked the second year that private cash transfer payments increased at a faster pace than did public payments—12.9 percent, compared with 6.6 percent.

The data on private employee benefits refer to benefits payable to civilian employees through their place of employment. Excluded are payments made for death, disability, and retirement under individual insurance and annuity policies and under group policies for farm, professional, fraternal, and other organizations not having an employer-employee relationship with their members. These excluded amounts were estimated at \$7.2 billion for fiscal year 1977, with death payments of \$5.3 billion made under ordinary and industrial life insurance policies as the largest item.

Combined Public and Private Expenditures

Combined public and private expenditures for social welfare purposes rose to \$548.9 billion in fiscal year 1978

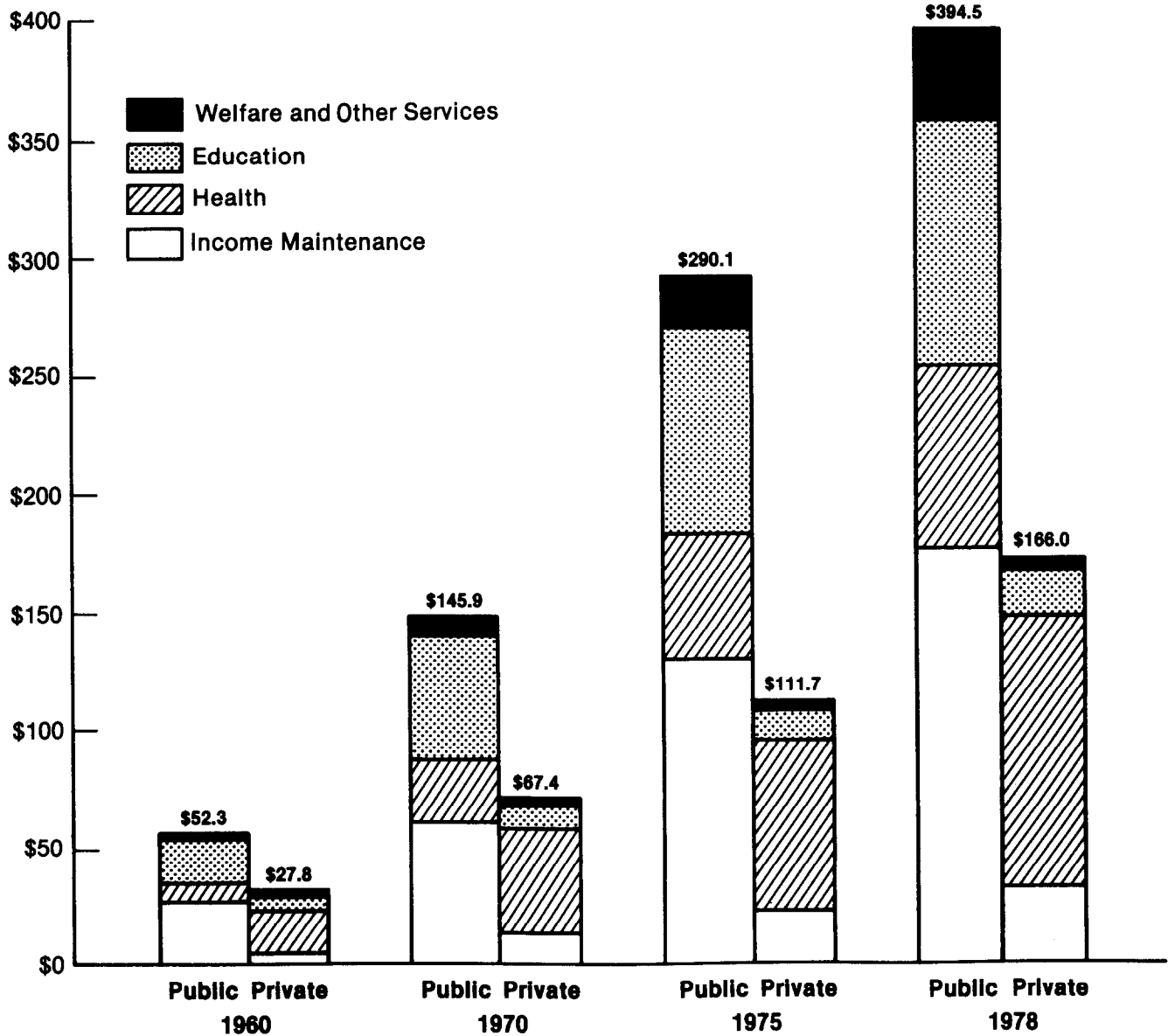
(table 10). This figure has been adjusted to eliminate the duplication that results when cash payments under public and private social welfare programs are used to purchase medical care and educational services.

The \$548.9 billion devoted to social welfare expenditures in 1978 was \$51.2 billion more than the amount spent in 1977 and represented 27 percent of the 1978 GNP. Despite an absolute increase in spending, however, the rate of growth has been declining for several years. The growth rate, which was 13.7 percent in 1976, fell to 11.2 percent in 1977 and to 10.3 percent in 1978. The decline can be attributed to a lower rate of spending in the public sector, primarily for income-maintenance programs and education.

From 1960 through 1976, a gradual but steady increase occurred in the public share of total social welfare expenditures. In 1960, public spending accounted for 65.3 percent of the total; by 1976, it had reached a high of 72.6 percent. During the following 2 years, declines were registered in the public share, which dropped to 71.1 percent in 1977 and to 70.4 percent in 1978 (chart 3). This decline can be seen in all

Chart 3.—Public and private expenditures for social welfare purposes, selected fiscal years, 1960–78

(in billions)



of the major social welfare categories except “welfare and other services,” where the proportion of public spending increased about 1 percent.

Public sources have dominated the income-maintenance, education, and welfare categories, and private sources have supported the larger portion of expenditures for health care. In 1978, public spending accounted for 85.2 percent of total

expenditures for income maintenance and 84.3 percent of total expenditure for education. These proportions have not varied by more than two percentage points since 1965. On the other hand, public expenditures for welfare accounted for 89.3 percent of total welfare spending in 1978—a dramatic rise from the 59.1 percent share recorded in 1960.