

Notes and Brief Reports

Assistance Expenditures Per Inhabitant, 1958-59*

Public assistance payments to help provide the essentials of living for needy persons totaled \$3.6 billion in the fiscal year 1958-59, or an average of \$20.28 for every person in the Nation. This expenditure represents a rise of \$1.54 per inhabitant, or about 8 percent, from per capita costs in 1957-58.

It is easier to compare expenditures for assistance payments from year to year, program to program, and State to State when payments

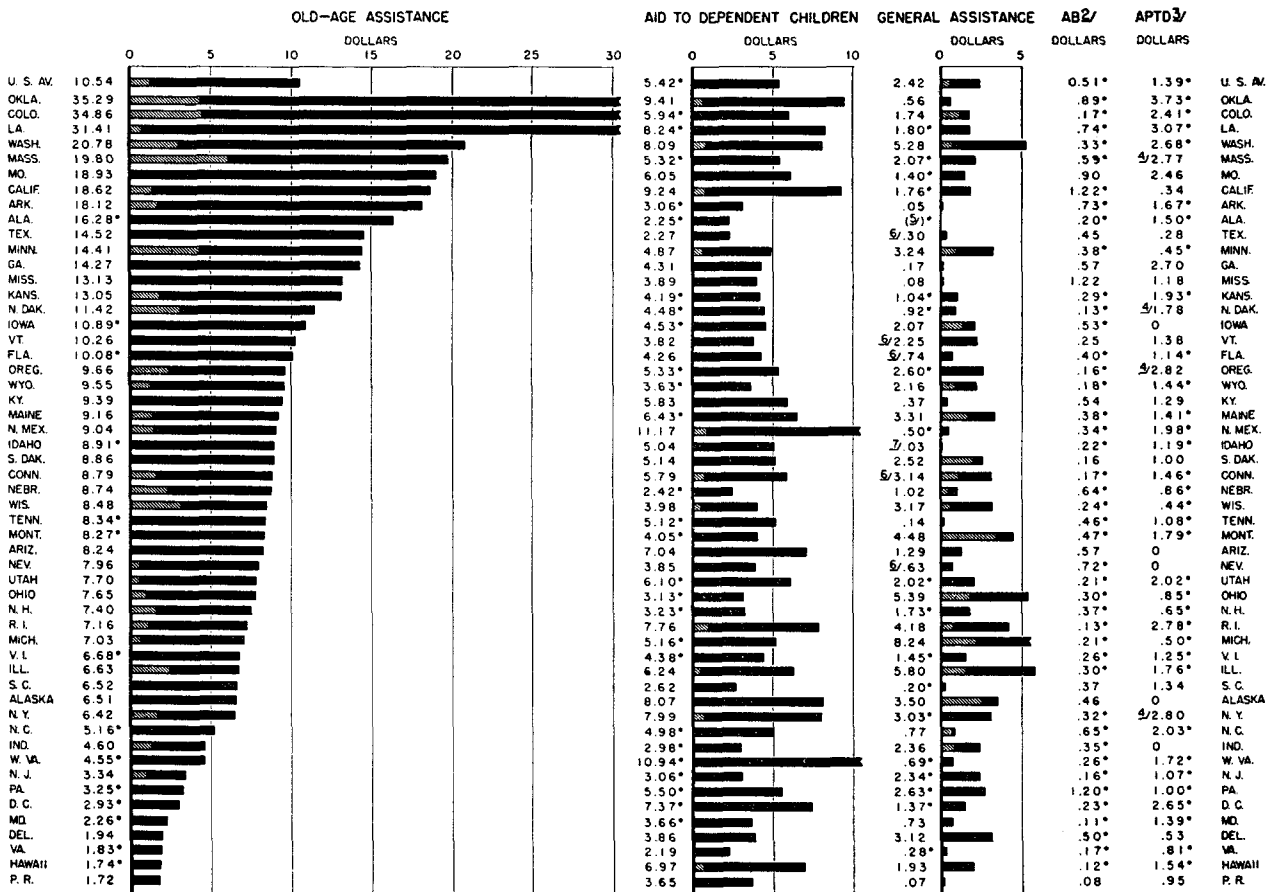
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are reduced to an amount per inhabitant. Accordingly, assistance payments for the country as a whole or for a State are divided equally among all the persons in the Nation or the particular State. This device eliminates the effect of population differences between years and among States on expenditures for assistance. For example, expenditures for assistance in Pennsylvania, which has the third largest population in the Nation, totaled almost \$151 million, or about 11½ times the \$13 million expended in Montana, which has a comparatively small population. Is Pennsylvania's greater outlay the result of a larger population, or of a higher proportion of the population

being aided (recipient rate), or of a higher average payment per recipient? To answer this question, expenditures are expressed in terms of an amount per inhabitant, a measure of spending that, by removing the effect of population, reflects the combined effect of recipient rates and average payments. The expenditure per inhabitant in Montana (\$19.06) is almost half again as great as that in Pennsylvania (\$13.58). It appears, therefore, that Pennsylvania's greater total expenditures for assistance result solely from its larger population.

For the country as a whole, per capita payments for assistance under each of the assistance programs rose in 1958-59. Expenditures per inhabitant went up the most in the programs of aid to dependent children (72 cents) and general assistance

Amount expended per inhabitant¹ for assistance payments, including vendor payments for medical care, fiscal year 1958-59



1/ BASED ON POPULATION AS OF JULY 1, 1958 EXCLUDING ARMED FORCES OVERSEAS ESTIMATED BY BUREAU OF CENSUS WITH EXCEPTION OF ALASKA, HAWAII, PUERTO RICO, AND THE VIRGIN ISLANDS; POPULATION FOR THESE JURISDICTIONS ESTIMATED BY THE BUREAU OF PUBLIC ASSISTANCE. 2/ AID TO THE BLIND. 3/ AID TO THE PERMANENTLY AND TOTALLY DISABLED. 4/ VENDOR PAYMENTS FOR MEDICAL CARE. PER INHABITANT OF \$1.06 FOR MASSACHUSETTS, 71 CENTS FOR NEW YORK, 56 CENTS FOR NORTH DAKOTA, AND 60 CENTS FOR OREGON. 5/ LESS THAN ONE CENT. 6/ ESTIMATED. 7/ INCOMPLETE.

▨ TOTAL PAYMENT. ▨ VENDOR PAYMENTS. *VENDOR PAYMENTS FOR MEDICAL CARE OF LESS THAN 50 CENTS PER INHABITANT.

(46 cents). Although the per capita costs for old-age assistance and aid to the permanently and totally disabled each rose 17 cents, this amount represented an increase of 13.9 percent in the program for the disabled but only 1.6 percent in old-age assistance. Payments to the blind went up only 1 cent per inhabitant or 2.0 percent. In contrast, the percentage increases in aid to dependent children and general assistance, were substantial—15.3 percent and 23.5 percent, respectively. Changes in per capita expenditures between 1957-58 and 1958-59 are shown in the tabulation below.

Program	Assistance expenditures per inhabitant, 1958-59	Increase from 1957-58	
		Amount	Percent
All programs.....	\$20.28	\$1.54	8.2
OAA.....	10.54	.17	1.6
ADC.....	5.42	.72	15.3
AB.....	.50	.01	2.0
APTD.....	1.39	.17	13.9
GA.....	2.42	.46	23.5

Expenditures for assistance were higher in 1958-59 because of several factors that operated to increase either the number of recipients or the size of the average payment per recipient, or both. Among these factors was the economic recession that increased unemployment in the winter months and that resulted in a sharp rise in the number of recipients of aid to dependent children and general assistance. In addition, the 1958 amendments, which were in effect for the last 3 quarters of 1958-59, increased the Federal share of assistance payments and thereby enabled States to raise average monthly payments to recipients in order to meet need more nearly adequately.¹

The amendments made increases in Federal funds possible as a result of two new features of the formula: (1) a maximum average payment for the combined total of money payments and vendor payments for medical care and (2) for part of the assistance payment, a Federal share that varies with a State's fiscal

¹ See the *Bulletin*, September 1959, pages 16-17.

ability, as measured by its per capita income. The maximum average for combined money payments and vendor payments for medical care (\$65 per recipient in old-age assistance, aid to the blind, and aid to the permanently and totally disabled and \$30 per recipient of aid to dependent children)² enabled States to meet greater-than-average needs, because the higher payments can be counterbalanced by lower payments to people with less need. For that part of the average payment that falls between \$17 and \$30 in aid to dependent children and between \$30 and \$65 in the other three programs, the 1958 amendments provide for a Federal percentage varying from 50 percent in States with per capita incomes equal to or greater than the average per capita income for the Nation up to 65 percent in States with lowest per capita incomes.

As a result of these factors, the total outlay for assistance payments for all five programs combined was almost \$325 million more in 1958-59 than in 1957-58. Most of this increase came from Federal funds (64 percent), which went up in each of the four federally aided categories. Total Federal funds for all categories combined rose \$206 million, or 12.6 percent.

A somewhat smaller, though substantial, increase occurred in expenditures from State-local funds, which rose \$117 million, or 7.3 percent. Of this total increase for all programs combined, \$86 million went for general assistance, which is financed entirely from State and local funds. The States and localities increased expenditures from their own funds for each of the other programs except old-age assistance, where they reduced their expenditures by \$30 million or 3.8 percent. The net increase for the four federally aided categories combined was \$31 million (2.4 percent), but expenditures for aid to dependent children rose \$53 million, or more than 16 percent.

The States used the additional Federal, State, and local funds to raise average monthly payments in

² Average payment maximums in Puerto Rico and the Virgin Islands are \$35 per recipient in OAA, AB, and APTD and \$18 per recipient in ADC.

Table 1.—Average monthly number of assistance recipients and average monthly payments, by program, 1958-59

Program	Average monthly number of recipients		Average monthly payment per recipient	
	Number, 1958-59	Percentage change from 1957-58	Amount, 1958-59	Change from 1957-58
OAA.....	2,444,574	-1.5	\$63.34	+\$2.96
ADC.....	2,851,914	+12.2	27.95	+1.23
AB.....	109,461	+1.1	67.81	+2.08
APTD.....	327,804	+11.1	62.20	+2.27
GA.....	1,179,899	+20.5	30.10	+1.18

all programs and to add recipients to the rolls in all programs except old-age assistance, where the number of recipients continued to decline slightly (table 1). Of the total increase in assistance payments for all programs combined, about 55 percent can be attributed to aiding more persons and the remainder to higher average monthly payments. Noteworthy advances of 20.5 percent and 12.2 percent occurred in the average monthly number of recipients of general assistance and aid to dependent children, the programs most sensitive to changes in the economic barometer. The number of recipients of aid to the permanently and totally disabled went up 11.1 percent, with more than one-fifth of the national increase accounted for by the growth of the programs in California and Texas, initiated in the fall of 1957.

State Changes From 1958

In 1958-59, 50 out of the 53 jurisdictions raised their per inhabitant expenditures for all programs combined. Among programs, increases occurred most frequently in aid to dependent children and in aid to the permanently and totally disabled, for which all but five or six States spent more per capita than in 1957-58. Increases were least numerous in aid to the blind, for which the cost per inhabitant remained the same in 14 States and declined in 10 States. Because of a drop in the number of recipients of old-age assistance, decreases were most numerous for that program. Twenty States spent less per capita for old-age assistance, as shown in the following tabulation.

Program	Number of States with specified change in expenditures per inhabitant		
	Increase	Decrease	No change
Total, all programs.....	50	3	-----
OAA.....	33	20	-----
ADC.....	48	5	-----
AB.....	29	10	14
APTD.....	42	3	3
GA.....	36	14	3

It is not surprising that, during a period of generally greater need and higher living costs, expenditures per inhabitant for all programs combined went up in all but a few States. In addition to aiding a larger total number of recipients, the States also acted in various ways to raise payments to recipients. During the year, most States revised their assistance standards upward, and some States added new items to their standards. Many of the States with maximums on assistance payments raised them. In addition, some of the States that had been making cuts in assistance payments because of a shortage of State-local funds made smaller reductions or completely eliminated them.

Were the increases in per capita expenditures for assistance payments the result solely of greater Federal financial participation following the 1958 amendments, or of a larger outlay from State-local funds as well? To find the answer to this question, the relationship between the change from 1957-58 to 1958-59 in the per inhabitant cost of assistance payments and in expenditures from State and local funds was examined. The States are divided into two groups in table 2 on the basis of an increase or decrease from 1957-58 to 1958-59 in expenditures per inhabitant for all programs combined. The table shows the percentage change in expenditures from State-local funds for all categories combined and indicates whether amounts from State and local funds increased or decreased for the individual programs.

About three-fifths of the States passed along to recipients the additional Federal funds provided under the amendments and raised expenditures from their own funds as well.

Of the 50 States making higher total per capita expenditures for all programs combined, 32 spent more from their own funds and one State spent the same as in the preceding year. The increase in payments from State-local funds was at least 15 percent in seven States, including Michigan and New Jersey, where it

exceeded 20 percent. In contrast, 17 States spent less from their own funds than in the preceding year, and the increase in expenditures per inhabitant came entirely from the additional Federal funds.

In three States, expenditures per inhabitant went down during 1958-59 despite the increase in Federal

Table 2.—Change in State-local funds for each program and for all programs combined for States grouped by change in total expenditures per inhabitant for all programs combined, 1958-59 from 1957-58

State	Percentage change, 1958-59 from 1957-58, for all programs combined	Programs ¹ for which State-local funds—	
		Increased	Decreased
With increases in total expenditures per inhabitant for all programs combined:			
Alaska.....	-1.2	G.....	A, B, C.
Arizona.....	-9.7	G.....	A, B, C.
Arkansas.....	-5.5	G.....	A, B, C, D. ²
California.....	+9.2	A, B, C, D, G.	
Colorado.....	+8.1	A.....	B, C, D, G.
Connecticut.....	+14.5	A, B, ² C, D, G.	
Delaware.....	+6.0	C, G.....	A, B, D.
District of Columbia.....	+17.5	C, G.....	A, B, D.
Florida.....	+1.1	C, D, G.....	A, B.
Georgia.....	0.0	C, D.....	A, B, G.
Hawaii.....	+6.2	B, C, G.....	A, D.
Idaho.....	-15.3	-----	A, B, C, ² D, G.
Illinois.....	+15.9	B, ² C, D, G.....	A.
Indiana.....	+7.5	C, G.....	A, B.
Iowa.....	-4.3	C, G.....	A, B.
Kansas.....	-2.5	C, G.....	A, B, D.
Kentucky.....	+2.7	A, D.....	B, C, ² G.
Louisiana.....	-13.8	G.....	A, B, C, D.
Maine.....	-3.9	D.....	A, B, C, G. ²
Maryland.....	+11.6	C, D, G.....	A, B.
Massachusetts.....	-.2	B, C, D, ² G.....	A.
Michigan.....	+23.0	C, D, G.....	A, B.
Minnesota.....	+6.2	C, D, G.....	A, B.
Mississippi.....	+6.0	A, C, D, G.....	B, ²
Missouri.....	+3.0	B, C, D, G.....	A.
Nebraska.....	-12.0	D.....	A, B, ² C, G.
Nevada ¹	+2	B, C, G.....	A.
New Hampshire.....	-8.0	C.....	A, B, D, G.
New Jersey.....	+20.2	A, B, C, D, G.	
New Mexico.....	+5.3	C, D, G.....	A, B.
New York.....	+15.3	A, B, C, D, G.	
North Carolina.....	+6.0	A, ² C, D.....	B, G. ²
North Dakota.....	-5.0	C, ² G.....	A, B, D.
Ohio.....	+15.8	C, D, G.....	A, B.
Oklahoma.....	-11.1	D, G, ²	A, B, C.
Oregon.....	+1.7	C, D.....	A, B, G.
Pennsylvania.....	+19.3	A, B, C, D, G.	
Puerto Rico.....	-17.2	G.....	A, B, C, D.
Rhode Island.....	+3.3	C, D, G.....	A, B.
South Dakota.....	-6.1	D.....	A, B, C, G.
Tennessee.....	+9.4	A, C, D.....	B, G.
Texas.....	+3.1	A, B, D.....	C, G.
Utah.....	-7.0	C, G.....	A, B, D.
Vermont.....	-4.7	C, ² D, G.....	A, B.
Virgin Islands.....	+7.8	A, B, C, ² D, G.	
Virginia.....	+2.0	C, G.....	A, B, D.
Washington.....	+3.0	C, D, G.....	A, B.
West Virginia.....	+4.5	A, C, G.....	B, ² D.
Wisconsin.....	+2.9	C, D, ² G.....	A, B.
Wyoming.....	+7.2	C, D, G.....	A, B.
With decreases in total expenditures per inhabitant for all programs combined:			
Alabama.....	-9.8	-----	A, B, C, D, G.
Montana.....	-6.5	G.....	A, B, C, D.
South Carolina.....	-7.7	C.....	A, B, D, G.

¹ A—old-age assistance; B—aid to the blind; C—aid to dependent children; D—aid to the permanently and totally disabled; G—general assistance. Where D is omitted, a State has no program for aid to the permanently and totally disabled

with Federal financial participation.

² Change of less than 1.0 percent.

³ Excludes vendor payments for medical care from general assistance funds.

funds. These States reduced expenditures from their own funds for all programs combined by less than 10 percent, and two of them even spent less for general assistance. These States failed to raise average payments high enough to pass along to recipients the increase in Federal funds. The drop in their total State and local expenditures for assistance occurred primarily because of a reduction in the average payment per recipient from State-local funds and secondarily because of a drop in the old-age assistance caseloads.

It was the intent of Congress in passing the amendments that the additional Federal funds made available should be used for needy persons. The States were expected (1) to raise assistance standards to a level more nearly adequate for decent and healthful living either by including in the standards additional items, such as medical care, or by increasing the amounts allowed for food, clothing, or other items, or (2) to aid larger numbers of needy persons.

Under earlier amendments, all States had to raise payments to recipients in order to obtain the maximum possible increase in Federal funds. It was possible under the 1958 amendments, however, for many States to obtain the maximum Federal share per recipient for one or more programs without raising payments to recipients. This was the case in States with expenditures from State and local funds before the amendments that were equal to, or greater than, the State-local share needed to bring the maximum Federal share per recipient within the new Federal maximum average payment.

Although many States received the maximum increase in Federal funds as soon as the amendments went into effect, they did not raise payments immediately for a variety of reasons. It took some States more time than others to make the changes in State law or agency policies and procedures that are necessary before payments to recipients can be raised. Moreover, since the States had not previously claimed Federal funds under a formula using a maximum average payment or a partial vari-

able grant, some of them wanted to become familiar with the operation of the new formula for a few months before taking action to raise payments to recipients. A few States deferred changes in payments until February 1959, the first month in which the benefit increases under the old-age, survivors, and disability insurance program would affect assistance payments. Other States said that they had consistently raised their assistance standards in accordance with the cost of living and believed further increases were not warranted at the time the amendments went into effect. Finally, some States were exerting relatively high fiscal effort to support the public assistance programs when the amendments went into effect and considered it appropriate to relieve some of the pressure on State and local revenue sources. The fiscal effort to support public assistance can be computed for 18 of the 20 States³ with reductions in total expenditures from State-local funds for all five programs combined. Eleven⁴ of these 18 States made a fiscal effort in 1958-59 that was greater than that of the State with median effort; moreover, all but three of the 11 had per capita incomes below the median.

State Variation, 1958-59

The individual States varied considerably in per capita expenditures from Federal, State, and local funds for all programs combined and for each program. The expenditure of \$49.88 per inhabitant for all categories in Oklahoma, the highest State, was nine times the expenditure of \$5.28 in Virginia, the lowest State (table 3). Five States expended less than \$10 per capita, but 19 States spent more than twice that amount. In between these extremes were 10 States with per inhabitant expenditures of \$10.00-\$14.99 and 19 States with expenditures of \$15.00-\$19.99.

³ Fiscal effort—the relationship between expenditures for assistance payments from State-local funds and total personal income—cannot be computed for Alaska and Puerto Rico because data on personal income are lacking.

⁴ Arkansas, Iowa, Kansas, Louisiana, Maine, Massachusetts, Montana, North Dakota, Oklahoma, South Dakota, and Utah.

The per capita costs of old-age assistance averaged \$10.54 per person in the Nation, or slightly more than half the total of \$20.28 for all programs combined (chart). Expenditures per inhabitant were greater for old-age assistance than for any other program in all but 13 States. Seven out of every 10 States spent less per inhabitant for old-age assistance, however, than the national average. The States can be divided into three almost equal groups according to their per capita expenditures for this category—those that spent less than \$7.50, \$7.50-\$9.99, and \$10.00 or more. Payments per inhabitant ranged from a low of \$1.72 in Puerto Rico to a high of \$35.29 in Oklahoma.

For the country as a whole, expenditures for the children's program averaged \$5.42 per inhabitant—slightly more than half the amount spent for the aged. In 12 States, however, per capita expenditures for aid to dependent children were larger than those for any other program. For the first time, New Mexico's expenditure per inhabitant (\$11.17) topped West Virginia's (\$10.94). Seven other States also spent at least \$7.50. At the other extreme, expenditures were less than \$3.00 in six States, including Virginia, which spent only \$2.19. Expenditures amounted to \$3.00-\$4.99 in 21 of the remaining States and to \$5.00-\$7.47 in 17.

Per capita expenditures were considerably smaller for the other three programs; the national average was \$2.42 for general assistance, \$1.39 for aid to the permanently and totally disabled, and 50 cents for aid to the blind. For aid to the blind, about 7 out of every 10 States spent less than 50 cents; California had the highest expenditure per capita (\$1.22), and Puerto Rico, the lowest (8 cents). Expenditures per inhabitant for the permanently and totally disabled ranged from a low of 28 cents in Texas to a high of \$3.73 in Louisiana but were less than \$1.50 in more than half the States. The greatest variation among States in per capita expenditures for any program, however, occurred in general assistance, which is financed entirely from State-local funds. The cost per

capita of general assistance payments in Michigan (\$8.24) was enormously larger than that in Alabama (less than 1 cent), Idaho (3 cents, with incomplete reporting), and Arkansas (5 cents). Per inhabitant expenditures for general assistance were less than \$1.50 in almost half the States, as shown below.

Expenditures per inhabitant	All programs	OAA	A DC	A B	A P T D	G A
Total number of States	53	53	53	53	48	53
Less than \$0.50	0	0	0	37	4	11
0.50-0.99	0	0	0	13	7	8
1.00-1.49	0	0	0	3	15	6
1.50-1.99	0	4	0	0	9	5
2.00-2.99	0	2	6	0	11	10
3.00-3.99	0	2	12	0	2	7
4.00-4.99	0	2	9	0	0	2
5.00-7.49	2	9	17	0	0	3
7.50-9.99	3	16	7	0	0	1
10.00-14.99	10	9	2	0	0	0
15.00-19.99	19	5	0	0	0	0
20.00 or more	19	4	0	0	0	0

Vendor Payments for Medical Care

Under the 1958 amendments, medical vendor payments and money payments are included within the same Federal average maximum payment so that a State receives the same amount of Federal funds whether medical care costs are met through a money payment to the recipient or through an agency payment to the vendor. Thus the States are free to choose between the money-payment method of paying for medical care and the direct payment to the medical vendor solely on the basis of administrative feasibility. In the fiscal year 1957-58, in contrast, vendor payments were matched separately from money payments. If a State wished to obtain the largest possible Federal share for assistance, the method of paying for medical care was determined by the relationship between the State's payments and the maximums on Federal participation. States with an expenditure for medical care that exceeded the former separate Federal average maximums would be likely to include in the money payment the cost of medical care that exceeded \$6 per adult and \$3 per child in order to get the largest Fed-

Table 3.—Amount expended per inhabitant¹ for assistance payments, including vendor payments for medical care, by State and by program, fiscal years 1957-58 and 1958-59

State	Total		Old-age assistance		Aid to dependent children		Aid to the blind		Aid to the permanently and totally disabled		General assistance	
	1957-58	1958-59	1957-58	1958-59	1957-58	1958-59	1957-58	1958-59	1957-58	1958-59	1957-58	1958-59
U.S. average	\$18.74	\$20.28	\$10.37	\$10.54	\$4.70	\$5.42	\$0.49	\$0.50	\$1.22	\$1.39	\$1.96	\$2.42
Alabama	20.81	20.23	15.94	16.28	2.99	2.25	.23	.20	1.04	1.50	.01	(²)
Alaska	18.27	18.54	6.92	6.51	8.33	8.07	.42	.46	(³)	(³)	2.60	3.90
Arizona	15.95	17.14	8.25	8.24	6.04	7.04	.55	.57	(³)	(³)	1.11	1.29
Arkansas	22.52	23.63	17.10	18.12	3.11	3.06	.70	.73	1.58	1.67	0.03	.05
California	29.30	31.18	18.67	18.62	7.61	9.24	1.20	1.22	4.07	.34	1.75	1.76
Colorado	41.93	45.12	31.80	34.86	5.50	5.94	.17	.17	2.29	2.41	2.17	1.74
Connecticut	17.46	19.35	8.67	8.79	4.55	5.79	.17	.17	1.40	1.46	2.67	3.14
Delaware	9.71	9.95	2.14	1.94	3.66	3.86	.51	.50	.53	.53	2.87	3.12
District of Columbia	11.78	14.55	2.81	2.93	5.17	7.37	.23	.23	2.62	2.65	.95	1.37
Florida	16.61	16.62	10.73	10.08	4.06	4.26	.42	.40	1.01	1.14	3.39	5.74
Georgia	20.10	22.02	13.41	14.27	3.86	4.31	.53	.57	2.12	2.70	.18	.17
Hawaii	11.18	12.30	1.58	1.74	6.35	6.97	.10	.12	1.45	1.54	1.70	1.93
Idaho	15.20	15.39	9.14	8.91	4.68	5.04	.22	.22	1.12	1.19	0.04	0.00
Illinois	18.34	20.73	7.03	6.63	5.07	6.24	.30	.30	1.43	1.76	4.51	5.80
Indiana	9.50	10.20	31.80	4.60	2.61	2.98	.33	.35	(³)	(³)	1.81	2.36
Iowa	16.85	18.02	10.83	10.89	3.79	4.53	.51	.53	(³)	(³)	1.72	2.07
Kansas	19.33	20.50	12.83	13.05	3.54	4.19	.27	.29	1.82	1.93	8.77	1.04
Kentucky	16.26	17.42	8.82	9.39	5.58	5.83	.51	.54	2.94	1.29	.41	.37
Louisiana	43.69	45.26	30.75	31.41	7.63	8.24	.74	.74	2.90	3.07	1.71	1.80
Maine	19.21	20.69	8.70	9.16	5.81	6.43	.37	.38	.96	1.41	3.37	3.31
Maryland	7.05	8.15	2.12	2.26	3.00	3.66	.11	.11	1.25	1.39	5.77	.73
Massachusetts	29.98	30.55	19.98	19.80	4.86	5.32	.55	.59	2.69	2.77	1.90	2.07
Michigan	17.74	21.14	6.89	7.03	4.49	5.16	.20	.21	.41	.50	5.75	8.24
Minnesota	21.64	23.35	14.02	14.41	4.21	4.87	.38	.38	.39	.45	2.64	3.24
Mississippi	18.19	19.50	13.00	13.13	3.19	3.89	1.10	1.22	.83	1.18	.07	.08
Missouri	28.88	29.74	19.11	18.93	5.55	6.05	.86	.90	2.35	2.46	1.01	1.40
Montana	19.76	19.06	8.99	8.27	4.48	4.05	.51	.47	1.80	1.79	3.98	4.48
Nebraska	13.30	13.68	8.28	8.74	2.38	2.42	.60	.64	.73	.86	1.31	1.02
Nevada	\$12.05	\$13.16	7.79	7.96	3.05	3.85	.59	.72	(³)	(³)	5.62	5.63
New Hampshire	13.17	13.38	7.88	7.40	2.76	3.23	.37	.37	.59	.65	1.87	1.73
New Jersey	8.59	9.97	3.25	3.34	2.42	3.06	.15	.16	.92	1.07	1.85	2.34
New Mexico	19.55	23.03	7.81	9.04	9.42	11.17	.32	.34	1.57	1.98	4.43	.50
New York	18.47	20.56	6.28	6.42	6.99	7.99	.31	.32	2.70	2.80	2.19	3.03
North Carolina	12.28	13.59	4.94	5.16	4.24	4.98	.60	.65	1.72	2.03	.78	.77
North Dakota	18.03	18.73	11.24	11.42	4.20	4.48	.14	.13	1.69	1.78	.78	.92
Ohio	15.43	17.32	7.71	7.65	2.43	3.13	.31	.30	.69	.85	4.29	5.39
Oklahoma	48.25	49.88	35.05	35.29	8.53	9.41	.87	.89	3.24	3.73	.56	.56
Oregon	18.95	20.57	9.53	9.66	4.20	5.33	.17	.16	2.37	2.82	2.68	2.60
Pennsylvania	11.24	13.58	2.77	3.25	4.38	5.50	1.20	1.20	.91	1.00	1.98	2.63
Puerto Rico	6.15	6.47	1.78	1.72	3.26	3.65	.08	.08	.96	.95	.07	.07
Rhode Island	20.66	22.01	7.17	7.16	7.09	7.76	.13	.13	2.18	2.78	4.09	4.18
South Carolina	11.21	11.05	6.80	6.52	2.45	2.62	.37	.37	1.34	1.34	.25	.20
South Dakota	16.56	17.68	8.39	8.86	4.57	5.14	.16	.16	.83	1.00	2.61	2.52
Tennessee	13.30	15.14	7.53	8.34	4.49	5.12	.43	.46	.69	1.03	.16	.14
Texas	16.71	17.82	13.61	14.52	2.30	2.27	.41	.45	4.08	.28	5.31	5.30
Utah	17.26	18.05	8.03	7.70	5.35	6.10	.22	.21	1.81	2.02	1.85	2.02
Vermont	16.64	17.96	10.15	10.26	3.15	3.82	.24	.25	1.09	1.38	2.01	2.25
Virgin Islands	12.98	14.02	6.02	6.68	4.35	4.38	.23	.26	1.07	1.25	1.31	1.45
Virginia	4.98	5.28	1.78	1.83	2.04	2.19	.16	.17	.72	.81	.28	.28
Washington	36.18	37.16	21.45	20.78	6.94	8.09	.34	.33	2.51	2.68	4.94	5.28
West Virginia	16.57	18.16	4.40	4.55	9.66	10.94	.25	.26	1.72	1.72	.54	.69
Wisconsin	15.56	16.31	8.63	8.48	3.51	3.98	.25	.24	.43	.44	2.74	3.17
Wyoming	16.06	16.96	9.79	9.55	3.17	3.63	.18	.18	1.37	1.44	1.55	2.16

¹ Based on population data from the Bureau of the Census; excludes Armed Forces overseas.
² Less than \$0.01.
³ No program.
⁴ Program not in operation for full year. First payments made as follows: In California, October

1957; and in Texas, September 1957.
⁵ Excludes vendor payments for medical care from general assistance funds. Money payments to general assistance recipients partly estimated.
⁶ Data incomplete.

eral matching that was possible within the Federal maximums on individual money payments. States with medical care costs that were less than those averages usually found it more advantageous to claim Federal funds for medical care through the vendor payment, since some recipients with medical needs might have a money payment for other

items of need that equaled or exceeded the Federal maximums on the money payment to the individual recipient.

Nationally, vendor payments for medical care went up during 1958-59 in each of the assistance programs. Total medical vendor payments from funds of the four federally aided categories rose \$78 million. At least

Table 4.—Number of States with specified amount of expenditures per inhabitant for vendor payments for medical care, by program, fiscal year 1958-59

Expenditures per inhabitant for vendor payments for medical care	All programs	OAA	ADC	AB	APTD	GA
Average, all States.....	\$2.32	\$1.22	\$0.32	\$0.04	\$0.20	\$0.54
Total number of States.....	53	53	53	53	48	53
No vendor payments.....	7	12	16	11	11	16
Vendor payments.....	46	41	37	42	37	37
Less than \$0.50.....	9	14	26	42	33	19
0.50-0.99.....	4	4	11	0	3	7
1.00-1.49.....	5	8	0	0	1	4
1.50-1.99.....	2	5	0	0	0	3
2.00 or more.....	26	10	0	0	0	4

one-third of this increase, however, represented a shift from the money payment to the vendor payment. Although vendor payments for medical care for the four categories combined went up in all but six of the 42 States that made such payments in one or more of these programs, almost three-fourths of the total increase occurred in eight States.⁵ For the country as a whole, the increase in vendor payments for all five programs combined totaled \$90 million.

In 1958-59 all but seven States made vendor medical payments in one of the five programs. The number of States using direct payments to medical vendors during the year rose in each program except general assistance; five additional States started to use this method in old-age assistance and four in aid to the blind and aid to the permanently and totally disabled. Under each of these three programs, all but 11 or 12 States made some vendor payments for medical care.

The \$410 million paid to vendors of medical care throughout the Nation amounted to \$2.32 per inhabitant for recipients in all five programs in 1958-59—48 cents more than in the preceding year (table 4). Old-age assistance expenditures of \$1.22 accounted for more than half the total. Expenditures of 54 cents per inhabitant under general assistance made up 23 percent of the total vendor medical payments for all programs and about the same proportion of total general assistance payments. In contrast, vendor payments

for medical care from funds of the four federally aided categories represented only a tenth of the combined assistance payments from funds of those programs. Per capita payments to medical vendors were smaller in the three remaining programs, amounting to 32 cents for the children's program, 4 cents for the blind, and 20 cents for the disabled.

Except for old-age assistance, the amounts spent by the individual States for vendor medical payments were relatively small. Of the States making vendor payments from program funds, the following number spent less than 50 cents per inhabitant: all 42 for aid to the blind, 33 for aid to the permanently and totally disabled, 26 for aid to dependent children, 19 for general assistance, and 14 for old-age assistance. Expenditures amounted to as much as \$2 or more per inhabitant in 10 States in old-age assistance and in four States in general assistance. Direct payments to medical vendors for all five programs combined were at least \$2.00 per inhabitant in 26 of the 46 States that used this type of payment in one or more programs.

Trust Fund Operations, 1959*

Among the trust funds managed by the Treasury Department in whole or in part (for example, portfolio management only) are the social insurance and related trust funds. These funds include the old-age and

survivors insurance trust fund, the disability insurance trust fund, the unemployment trust fund, the railroad retirement account, the civil-service retirement and disability fund, and the several veterans' insurance funds.

Old-Age and Survivors Insurance Trust Fund

All financial operations of the old-age, survivors, and disability insurance program are carried on through the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund.

Income-outgo.— Amounts equivalent to 100 percent of current collections under the Federal Insurance Contributions Act (with respect to covered employees) and under chapter 2 of the Internal Revenue Code of 1954, as amended (with respect to covered self-employed persons), are transferred by permanent appropriations to the trust funds on the basis of estimates made by the Secretary of the Treasury. Differences between these estimates and the contributions actually payable on the basis of reported earnings are adjusted periodically. Contributions received under voluntary agreements with States for the coverage of State and local government employees are deposited directly in the trust funds.

The 1958 amendments to the Social Security Act introduced two changes that had a major effect on 1959 contribution income. Beginning January 1, 1959, the combined employer-employee contribution rate was raised ½ of 1 percent to a total of 5 percent, and the maximum annual earnings base was raised from \$4,200 to \$4,800.¹ These two factors, plus the general improvement in the economy during 1959, brought a 6.4-percent increase, to \$8.1 billion, in net contribution income of the old-age and survivors insurance trust fund. The income,

¹ The 1958 amendments also raised the tax rate on self-employment earnings by ¾ of 1 percent to a new total of 3¼ percent, but since the tax on 1959 self-employment earnings becomes due with the 1959 Federal income tax on April 15, 1960, contribution income received in the trust funds during 1959 does not significantly reflect this increase or the increase in the taxable earnings limit.

⁵ California, Colorado, Massachusetts, Minnesota, New York, Ohio, Oklahoma, and Wisconsin.

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