

# Notes and Brief Reports

## Federal Grants to States, 1947-48

Federal grants to States have become increasingly significant in recent years in the Federal budget and in the State revenue picture. In the fiscal year 1947-48, total Federal grants to States amounted to \$1.4 billion as compared with \$1.2 billion in the preceding year and less than \$800 million in 1945-46 (table 1). These grants-in-aid for Federal-State programs have more than doubled in amount in the past 8 years, and in 1947-48 they were about 40 times as great as in 1920. Indeed, although there have been year-to-year variations in the total amount and in program content, the long-term trend has been one of rapidly increasing Federal financial aid to State governments.

The total amount granted in 1947-48 for social security and related purposes—\$1.0 billion—represented 71 percent of total Federal grants to States. Most of the grants for these purposes were distributed under programs of the Federal Security Agency, and the great bulk of them—62 percent of total grants—were under programs administered by the Social Security Administration (table 2).

Of the latter, grants for public assistance payments and administration—\$732 million—constituted the largest Federal-State grant-in-aid program and were 52 percent of total grants to States. These public assistance grants have grown almost uninterruptedly over the years, and since the passage of the Social Security Amendments of 1946 the increase has been substantial.

The growth in Federal grants to States for health and welfare programs reflects both the expansion of existing programs and an increase in the number of aided functions. In recent years, Federal aid in these fields has expanded to include mental health, cancer, industrial hygiene, and hospital survey and construction programs, and the school lunch program. The addition of these programs, together with somewhat in-

creased amounts appropriated for programs already in existence, has resulted in more than doubling the amount granted for regular health and welfare programs from 1943-44 to 1947-48.

Grants for administration of unemployment insurance and employment service have also increased with relative steadiness. The declines in the war years (table 1) reflect the federalization of the United States Employment Service during this period. With the return of the employment offices to State administration in November 1946, the aggregate amount of these grants increased substantially. In 1947-48, they were at twice their prewar level.

Grants for education and for development and conservation of natural resources in 1947-48 were 31 and 55 percent, respectively, above the 1939-40 amounts. Grants for natural resources development and conservation increased gradually during the war years, while those for education rose sharply in that period with the establishment of emergency training

programs and then returned to the prewar level when the pressing need for such programs no longer existed. As a result of the postwar highway program, Federal grants to States for public roads were higher in 1947-48 than in any year since 1936-37.

Total Federal grants to States averaged \$9.62 per capita in 1947-48. Those for social security and related purposes were \$6.91 per capita (table 2).

When the States are classified by income group and ranked by average 1945-47 per capita income, it becomes apparent that total grants and grants for most of the major purposes tend to average somewhat higher amounts per capita as income declines. In 1947-48 there was a direct correlation between per capita grants for employment security and per capita income. For assistance payments and administration, the middle-income group of States averaged the highest Federal aid per capita and the high-income group averaged the lowest amount per capita. Within each group, however, there was considerable dispersion of the State averages. The four Territories and possessions averaged far less than the national average per capita for total grant payments and

Table 1.—Federal grants to States, by purpose, fiscal years 1936-37 through 1947-48<sup>1</sup>

[In thousands]

Year	Total	Social security and related programs				Education <sup>5</sup>	Public roads	Development and conservation of natural resources <sup>6</sup>
		Total	Assistance payments and administration <sup>2</sup>	Employment security administration <sup>3</sup>	Health and welfare services <sup>4</sup>			
1936-1937.....	\$550,462	\$171,266	\$143,934	\$11,484	\$15,848	\$13,900	\$340,718	\$24,578
1937-1938.....	578,531	280,997	216,074	45,939	18,984	24,249	247,024	26,261
1938-1939.....	573,129	328,402	246,898	62,858	18,646	24,838	191,573	28,316
1939-1940.....	577,539	359,242	271,131	61,680	26,431	24,708	164,517	29,072
1940-1941.....	715,349	426,986	329,845	66,195	30,946	87,299	171,042	30,022
1941-1942.....	779,198	464,710	374,568	55,544	34,598	125,515	157,911	31,062
1942-1943.....	828,064	472,091	395,449	39,480	37,162	151,188	173,659	31,126
1943-1944.....	825,095	533,822	429,458	35,294	69,070	112,735	144,120	34,416
1944-1945.....	729,849	521,589	401,400	34,419	85,770	83,763	87,429	37,068
1945-1946.....	757,874	611,501	421,196	55,726	134,580	34,319	74,529	37,526
1946-1947.....	1,177,421	903,042	644,045	102,537	156,049	32,417	198,774	43,598
1947-1948.....	1,404,695	1,008,980	731,989	133,610	143,381	32,286	318,457	44,973

<sup>1</sup> On checks-issued basis; includes grants to island possessions.

<sup>2</sup> Old-age assistance, aid to dependent children, and aid to the blind.

<sup>3</sup> Unemployment insurance administration (excluding expenditures for postage) beginning January 1937; employment service administration under the Wagner-Peyser Act, January 1937-December 1941, and November 16, 1946, to date.

<sup>4</sup> Maternal and child health and welfare services; public health services; venereal disease control; vocational rehabilitation; State and Territorial homes for disabled soldiers and sailors; beginning 1942-43, emergency maternity and infant care; for 1942-43, community war service day care; beginning 1945-46, school milk and lunch program; and beginning 1947-48, hospital survey and planning grants.

<sup>5</sup> Colleges for agriculture and mechanic arts, State marine schools, vocational education, education of the blind, agricultural extension of land-grant colleges, and, 1942-43 through 1945-46, training of defense workers.

<sup>6</sup> Forestry, wildlife restoration, agricultural experiment stations, and agricultural extension work.

<sup>7</sup> Includes \$559,000 for Canal Zone for public roads.

Source: *Annual Reports of the Secretary of the Treasury* and other Treasury reports.

**Table 2.—Federal grants to States in relation to income payments and State tax collections, and per capita Federal grants, by State, fiscal year 1947-48<sup>1</sup>**

States ranked by 1945-47 average per capita income	Total grants to States			Grants under programs administered by Social Security Administration				Average per capita income, 1945-47	Per capita grants							
	Amount (in thousands)	As percent of income payments <sup>2</sup>	As percent of State tax collections <sup>3</sup>	Amount (in thousands)	As percent of income payments <sup>2</sup>	As percent of State tax collections <sup>3</sup>	As percent of total grants		All grants	Grants for social security and related programs				Public roads	Development and conservation of natural resources <sup>6</sup>	
										Total	Assistance payments and administration <sup>4</sup>	Employment security administration <sup>5</sup>	Health and welfare services <sup>6</sup>			Educational <sup>7</sup>
Total.....	\$1,404,695			\$823,207			62.0		\$9.62	\$6.91	\$5.01	\$0.92	\$0.98	\$0.22	\$2.18	\$0.31
Continental United States.....	1,393,617	0.73	17.5	819,965	0.43	10.3	61.7	\$1,238	9.72	6.98	5.09	.93	.96	.22	2.21	.31
High-income group.....	553,420	.54	13.3	360,791	.35	8.7	69.4		8.53	6.66	4.78	1.18	.69	.17	1.51	.18
Nevada.....	4,455	1.74	44.5	44.5	.38	9.7	23.0	1,715	32.05	9.74	4.81	3.10	1.83	1.35	19.40	1.56
New York.....	88,520	.35	9.5	61,134	.24	6.6	75.8	1,673	6.25	5.34	3.48	1.33	.53	.15	.67	.08
California.....	117,569	.73	14.3	74,879	.46	9.1	67.5	1,575	11.98	8.87	6.56	1.63	.68	.14	2.74	.24
Connecticut.....	11,553	.35	10.1	6,331	.19	5.6	59.2	1,563	5.85	4.24	2.49	1.03	.72	.19	1.24	.18
Delaware.....	2,768	.58	17.3	727	.15	4.5	27.7	1,545	9.51	4.26	1.49	1.07	1.70	.83	3.76	.66
Illinois.....	68,715	.50	16.8	49,280	.36	12.0	74.9	1,515	8.18	6.88	5.35	.81	.71	.16	1.02	.13
District of Columbia <sup>8</sup> .....	4,823	.34	5.5	1,952	.14	2.2	45.4	1,513	5.60	3.29	1.41	1.12	.76	.13	2.18	
New Jersey.....	23,492	.33	9.4	11,533	.16	4.6	53.8	1,476	5.08	3.42	1.66	1.20	.56	.14	1.40	.11
Montana.....	10,184	1.27	36.4	4,326	.54	15.4	43.9	1,426	20.87	10.55	7.92	1.14	1.49	.51	8.70	1.12
Rhode Island.....	6,147	.54	12.3	3,977	.35	8.0	70.8	1,406	8.25	6.69	4.37	1.39	.94	.31	.99	.26
Massachusetts.....	40,272	.60	15.7	31,219	.46	12.2	81.1	1,396	8.69	7.62	5.88	1.17	.58	.15	.82	.09
Maryland.....	13,164	.42	11.3	6,987	.22	6.0	57.7	1,380	6.15	4.48	2.47	1.00	1.01	.18	1.25	.25
Washington.....	36,425	1.11	16.9	25,530	.78	11.9	73.0	1,373	15.45	12.27	9.93	1.35	.79	.18	2.65	.55
Ohio.....	60,402	.55	15.3	42,344	.38	10.7	74.0	1,360	7.87	6.53	5.07	.78	.68	.17	1.00	.16
North Dakota.....	8,227	.91	25.7	3,228	.36	10.1	40.7	1,324	15.21	7.54	5.46	.70	1.38	.42	6.32	.93
Michigan.....	56,704	.61	13.3	36,372	.42	8.6	68.3	1,315	9.34	7.32	5.26	1.20	.85	.19	1.61	.23
Middle-income group.....	406,452	.88	21.0	235,759	.48	12.2	60.4		10.57	7.25	5.62	.78	.85	.23	2.73	.36
Colorado.....	21,834	1.29	26.3	15,233	.90	18.4	72.1	1,286	19.09	14.79	12.81	.83	1.16	.31	3.38	.60
Wyoming.....	6,330	1.73	44.9	1,569	.40	10.5	23.9	1,260	25.40	7.53	5.09	1.25	1.19	.94	15.62	1.30
Pennsylvania.....	74,090	.51	17.2	43,050	.30	10.0	61.7	1,276	7.05	5.04	3.46	.97	.61	.16	1.72	.13
Wisconsin.....	25,702	.59	13.2	16,388	.38	8.4	66.9	1,227	7.92	6.16	4.75	.56	.84	.21	1.19	.37
Oregon.....	9,423	1.00	18.9	7,984	.41	7.8	42.9	1,236	12.57	6.34	4.39	1.13	.83	.21	5.25	.77
South Dakota.....	19,777	1.25	32.6	3,523	.45	11.7	37.0	1,225	16.91	6.65	5.65	.59	.70	.43	8.63	.92
Indiana.....	28,688	.58	16.4	16,146	.33	9.2	59.1	1,211	7.48	5.29	3.81	.65	.83	.20	1.76	.23
Nebraska.....	16,130	1.02	32.3	8,943	.56	17.9	57.3	1,157	12.56	8.14	6.60	.58	.97	.32	3.56	.54
Idaho.....	8,185	1.21	24.1	3,919	.58	11.6	50.0	1,154	15.59	9.06	6.51	1.24	1.32	.55	4.92	1.06
Kansas.....	26,760	1.06	26.8	12,126	.48	12.1	46.5	1,149	13.90	7.38	5.88	.60	.90	.26	5.90	.36
Missouri.....	52,423	1.12	31.0	39,152	.84	23.2	76.2	1,127	13.43	11.00	9.65	.54	.80	.23	1.87	.34
Utah.....	10,315	1.33	24.0	4,583	.59	10.7	46.6	1,121	16.12	9.24	6.22	1.23	1.80	.41	5.88	.59
Vermont.....	4,787	1.11	23.9	2,176	.50	10.9	48.0	1,099	13.08	7.68	4.97	1.27	1.44	.67	3.94	.79
Minnesota.....	34,758	1.01	20.4	19,250	.56	11.3	57.7	1,098	12.04	7.83	6.20	.79	.84	.25	3.54	.41
Iowa.....	26,939	.91	19.5	15,328	.52	11.1	58.8	1,095	10.40	6.85	5.59	.49	.77	.26	2.92	.37
Maine.....	8,483	.85	19.3	4,769	.48	10.8	59.5	1,082	9.69	6.68	4.78	.90	1.00	.32	2.05	.53
Florida.....	31,428	1.22	22.6	21,622	.84	15.6	71.4	1,082	13.50	10.98	8.73	.80	1.46	.18	1.93	.40
Low-income group.....	433,746	1.16	23.4	223,415	.60	12.0	53.2		10.83	7.25	5.10	.65	1.50	.28	2.84	.40
Arizona.....	11,400	1.58	21.1	5,209	.72	9.6	48.0	1,070	17.70	9.93	7.25	1.34	1.34	.40	6.91	.46
New Hampshire.....	4,996	8.2	20.8	2,731	.45	11.4	59.0	1,067	9.36	6.68	4.35	1.20	1.13	.44	1.68	.56
Texas.....	97,222	1.21	35.7	51,474	.64	18.9	54.7	1,026	13.69	8.64	6.91	.65	1.08	.24	4.51	.30
Virginia.....	18,999	.60	16.1	5,490	.17	4.7	30.4	1,002	6.34	3.15	1.42	.60	1.23	.25	2.54	.40
New Mexico.....	10,844	1.88	28.5	4,230	.73	11.1	40.2	952	19.82	9.59	6.69	.97	1.93	.44	8.91	.89
West Virginia.....	16,018	.83	15.4	8,583	.44	8.3	55.5	933	8.51	6.14	3.94	.65	1.55	.26	1.63	.48
Tennessee.....	29,921	1.06	20.4	15,457	.55	10.5	53.9	878	9.68	6.55	4.51	.70	1.35	.27	2.45	.40
Oklahoma.....	48,735	2.29	35.1	37,511	1.77	27.0	78.4	858	21.34	17.88	16.00	.61	1.27	.29	2.73	.45
Louisiana.....	24,405	1.08	15.6	15,030	.66	9.6	63.9	842	9.59	7.58	5.37	.65	1.56	.25	1.34	.44
Georgia.....	30,531	1.10	25.7	15,637	.56	13.1	53.2	832	9.73	6.91	4.50	.61	1.80	.28	2.07	.47
North Carolina.....	28,940	.88	13.5	11,660	.35	5.4	42.2	816	7.83	4.93	2.71	.62	1.60	.28	2.14	.46
Kentucky.....	23,524	1.00	22.8	11,081	.47	10.8	48.8	797	8.46	5.51	3.51	.66	1.50	.29	2.23	.43
Alabama.....	26,877	1.13	25.8	13,290	.56	12.8	52.4	776	9.48	6.72	4.14	.81	1.77	.29	1.94	.54
South Carolina.....	18,590	1.23	19.4	7,765	.51	8.1	43.7	732	9.53	6.15	3.40	.62	2.12	.33	2.41	.64
Arkansas.....	21,513	1.58	26.6	10,609	.79	13.2	51.2	693	11.25	7.27	5.08	.60	1.59	.34	3.03	.61
Mississippi.....	21,232	1.54	24.1	7,566	.55	8.6	37.2	601	10.13	5.80	3.11	.57	2.11	.36	3.28	.69
Territories and possessions.....	11,078			3,242			30.5		4.33	2.98	.58	.29	2.12	.32	.71	.33
Alaska.....	1,266			814			72.3		16.44	15.00	5.25	3.60	6.15	.65	.28	.52
Hawaii.....	3,826			1,551			42.2		9.22	5.32	2.57	.69	2.06	.58	2.66	.66
Puerto Rico.....	5,798			772			13.7		2.84	2.00		.08	1.91	.25	.34	.26
Virgin Islands.....	188			106			56.3		7.21	7.22		7.22				

<sup>1</sup> Grants data are from *Annual Report of the Secretary of the Treasury on the State of the Finances for Fiscal Year Ended June 30, 1948*, table 96, and other Treasury reports, and are on a checks-issued basis. Per capita grants are based on population estimated by the Bureau of the Census as of July 1, 1947, except for the Territories, for which July 1, 1945, estimates are the latest available.

<sup>2</sup> Data on 1947 income payments from the *Survey of Current Business*, August 1948.

<sup>3</sup> Based on data for fiscal year 1948 from *State Tax Collections in 1948*, the Bureau of the Census.

<sup>4</sup> Old-age assistance, aid to dependent children, and aid to the blind, under the Social Security Act.

<sup>5</sup> Unemployment insurance and employment service administration.

<sup>6</sup> Maternal and child health and welfare services, venereal disease and tuberculosis control, public health services, hospital survey and planning, vocational rehabilitation, State and Territorial homes for disabled soldiers and sailors, emergency maternity and infant care, and the school lunch program.

<sup>7</sup> Education of the blind, colleges for agriculture and mechanic arts, marine schools, vocational education, and services for improving the supply and distribution of farm labor.

<sup>8</sup> Forestry, wildlife restoration, agricultural experiment stations, and agricultural extension work.

<sup>9</sup> Excludes annual lump-sum payments by the Federal Government to defray part of local expenses for use of the District as seat of Government.

for social security and related grants. This can be accounted for mainly by their exclusion from many regular grant-in-aid programs and also by differences in allocation procedures.

In the aggregate, Federal grants also tend to be an increasingly large percentage of State income payments and of State tax collections as income becomes lower. Federal grants in 1947-48, on the average, amounted to less than 3/4 of 1 percent of income payments, but they equaled 17.5 percent of State tax collections. In most of the States with large areas of public lands, they were more than 25 percent of State tax collections; in two States, Nevada and Wyoming, they were as high as 45 percent. The relatively high amounts of Federal aid to these States are largely a result of Federal-aid highway allotment formulas.

Grants under programs administered by the Social Security Administration tend to vary inversely with income payments less than do total Federal grants. They amounted to 0.35 percent of income payments in the high-income States, 0.48 percent in the middle-income States, and 0.60 percent in the low-income States. Grants for these programs averaged 62.0 percent of total Federal grants for the Nation as a whole and 69.4 percent, 60.4 percent, and 53.5 percent of total grants for the high-income, middle-income, and low-income States, respectively. Social Security Administration grants were a slightly higher percent of State tax collections in the middle-income group of States than in the low-income group; but they represented a substantially higher percent in both these groups than in the high-income group.

## DISABILITY

(Continued from page 8)

concern with health and welfare, all other State government bodies concerned with related fields should work together to assure the maximum effectiveness of all programs. It is especially important that the agency administering temporary disability insurance give continuous attention to work in the fields of disease and accident prevention and of vocational rehabilitation; it should not concentrate all of its attention on compensating disabilities but should lend its

## Primary Benefits

During 1948, primary benefits under old-age and survivors insurance were awarded to almost 276,000 retired workers. While this was a record number, it was only 2 percent more than the 1947 total. More than one-seventh of the awards were to women, a higher proportion than in any previous year's awards.

The percentage of persons awarded primary benefits who attained age 65 in the year of award increased slightly from 21 percent in 1947 to 22 percent in 1948. As in previous years, the percentage of beneficiaries attaining age 65 in the year of award was higher for women than for men, since women generally retire at younger ages than men. Almost 24 percent of the women and 22 percent of the men awarded benefits reached age 65 in 1948.

The proportion of awards to persons

aged 70 or over continued to decrease, dropping from 41 percent in 1946 to 37 percent in 1947 and 34 percent in 1948.

The average age of persons awarded primary benefits—69 years for men and 68½ years for women—was almost unchanged from the 1947 average.

The average primary benefit awarded increased from \$26.21 in 1947 to \$27.14 in 1948. For men aged 69 to 73 years the averages were more than \$1 higher than in 1947. The averages were highest for workers aged 65 and, in general, decreased gradually for the older ages, since older workers are more likely to have intermittent employment and resultant low benefit amounts. The average benefit amount for women was almost \$7 lower than that for men; in general, the difference was less for beneficiaries in the older age groups.

Table 1.—Old-age and survivors insurance: Number and average monthly amount of primary benefits awarded in 1948, by age and sex of beneficiary

[Corrected to Apr. 15, 1949]

Age of beneficiary <sup>1</sup>	Total			Male beneficiaries			Female beneficiaries		
	Number	Per-cent	Average monthly amount	Number	Per-cent	Average monthly amount	Number	Per-cent	Average monthly amount
Total.....	275, 903	100. 0	\$27. 14	236, 329	100. 0	\$28. 13	39, 574	100. 0	\$21. 22
65.....	61, 562	22. 3	29. 96	52, 151	22. 1	31. 19	9, 411	23. 8	23. 15
66.....	46, 943	17. 0	28. 75	40, 241	17. 0	29. 79	6, 702	16. 9	22. 45
67.....	28, 211	10. 2	27. 73	24, 023	10. 2	28. 76	4, 188	10. 6	21. 82
68.....	24, 339	8. 8	26. 90	20, 563	8. 7	27. 97	3, 776	9. 5	21. 08
69.....	20, 907	7. 6	26. 32	17, 674	7. 5	27. 48	3, 233	8. 2	19. 97
70.....	18, 693	6. 8	26. 12	15, 940	6. 7	27. 22	2, 753	7. 0	19. 80
71.....	15, 011	5. 4	25. 17	12, 862	5. 4	26. 17	2, 149	5. 4	19. 18
72.....	12, 660	4. 6	24. 44	10, 818	4. 6	25. 35	1, 842	4. 7	19. 10
73.....	10, 265	3. 7	23. 84	8, 860	3. 7	24. 66	1, 405	3. 6	18. 68
74.....	8, 388	3. 0	23. 50	7, 287	3. 1	24. 24	1, 101	2. 8	18. 62
75-79.....	22, 878	8. 3	23. 81	20, 375	8. 6	24. 36	2, 503	6. 3	19. 31
80 and over.....	6, 046	2. 2	24. 02	5, 535	2. 3	24. 44	511	1. 3	19. 46

<sup>1</sup> Age at birthday in 1948.

active support and encouragement to methods and programs for reducing their incidence and costs.

## Conclusion

Temporary disability insurance, on a State-by-State basis, coordinated with the State unemployment insurance laws but not with any provisions for extended disability insurance, is not the most satisfactory answer to the problem of economic insecurity due to incapacity for work. It does, however, provide the covered workers with a measure of protection against

the risks of wage loss from short-time disability. The importance of the program depends in large part on the soundness and effectiveness of the provisions actually incorporated in the State law. Among the provisions, those concerning the type of law and its relationship to private plans are of primary significance in determining whether the program is simple, understandable, economical of administration, provides the greatest protection in adequacy of benefits, and furthers the basic objectives of social insurance.