

Assistance Expenditures Per Inhabitant, 1940-50

by FRANK J. HANMER and ELLEN J. PERKINS*

FEDERAL, State, and local funds dispensed during the fiscal year 1950 under the four public assistance programs combined amounted to almost \$2,329 million and averaged \$15.40 per inhabitant, an increase of \$378 million—or \$2.21 per capita—from the total for the 1949 fiscal year. The increase was a continuation of a generally upward trend in public assistance expenditures—a trend that, for several reasons, has been greatly accelerated in the 9½ years since 1940.¹ Analysis of the increase and of the sizable variation that exists among States in per capita costs brings out the following facts.

Summary

Average assistance expenditures per inhabitant for the fiscal year 1950 were almost twice those for the calendar year 1940, for all States and all programs combined. One of the two important factors accounting for this rise was the change in the number of programs under which public aid is provided. Of the broad relief structure that had existed in 1940, only the public assistance programs remained in 1950, when expenditures for these programs were less than the combined total for all programs in 1940. Most of the jump in per capita expenditures for public assistance was the result, however, of the second factor—increased living costs; 1950 expenditures per capita, when adjusted for the rise in living costs, were only 17 percent greater than those in 1940. It

was not until 1950 that the increase in assistance expenditures caught up with and exceeded those in living costs.

The amount of the change in public assistance costs over the period differed among States and programs. All States but one reported increases in the per capita costs for the four programs combined, with the largest rises occurring among the States that have the smallest fiscal resources and that made the smallest expenditures per capita in 1940. Costs for aid to dependent children showed the greatest proportionate increase, and only those for general assistance declined.

Although costs per capita in individual States changed considerably from 1940 to 1950, in both years nearly three-fourths of the States remained in the same position relative to the median; that is, the States whose expenditures were below average in 1940 continued in that position in 1950, and those that were above the median in 1940 remained there in 1950. At the end of the period the variations among States in per capita costs were less than they had been previously, because States with low

costs per capita in 1940 increased their expenditures more than other States did.

Changes from the fiscal year 1949 to 1950 were somewhat different from those from 1940 to 1950. General assistance costs, for instance, were smaller in 1950 than in 1940; they increased from 1949 to 1950, although indications were that the increase would not continue. The relative standing of the States in 1950 with respect to per inhabitant expenditures was influenced primarily by the States' ranking according to three factors affecting costs: economic resources, particularly among the States with least income; the proportion of the population aided; and the amount of aid given per recipient.

Changes from 1940

Since 1940, annual expenditures per inhabitant for the four assistance programs combined almost doubled, rising from \$7.87 in the calendar year 1940 to \$15.40 in the fiscal year 1950 (table 1). One reason for the sharp increase is the change in the number of public aid programs. By 1950, the public assistance programs were all

Table 1.—Assistance expenditures per inhabitant, by program, fiscal year ended June 30, 1950, and calendar year 1940

Program	Expenditures per inhabitant ¹				
	Amount			Percentage change	
	1950		1940	Actual	Adjusted ² for cost- of-living increase
	Actual	Adjusted ² for cost- of-living increase			
All programs	\$15.40	\$9.19	\$7.87	+95.7	+16.8
Old-age assistance	9.51	5.68	3.61	+163.4	+57.3
Aid to dependent children	3.44	2.05	1.01	+240.5	+103.0
Aid to the blind34	.20	.18	+88.9	+11.1
General assistance	2.11	1.26	3.07	-31.3	-59.0

* Division of Program Statistics and Analysis, Bureau of Public Assistance.

¹ Calendar-year data were used for 1940 because they were more readily available by State than data for the fiscal year 1940. Conclusions drawn from a comparison of expenditures for the fiscal year 1950 and the calendar year 1940 are also valid for the fiscal year 1940, however, since the difference between the two bases in 1940 is very slight (only 3 cents for all programs combined for the United States as a whole).

¹ Based on Bureau of Census data: population as of Apr. 1, 1940, and preliminary population figures, excluding armed forces overseas, from the April 1950 enumeration.

² Represents actual purchasing power in terms of the average value of the dollar during the year 1940, based on Consumers' Price Index for Moderate-Income Families in Large Cities, prepared by the Bureau of Labor Statistics.

that was left of the extensive public relief structure that had existed in 1940. When per capita expenditures for the other programs—chiefly Federal work programs—are added to those for the special types of public assistance and general assistance, the total relief expenditures for 1940 are \$20.69, considerably higher than the \$15.40 in 1950.

During the decade, there was a narrowing of the degree of variation among the States in total per capita costs for public assistance, because States with low per inhabitant expenditures in 1940 generally raised their expenditures proportionately more than the other States did.

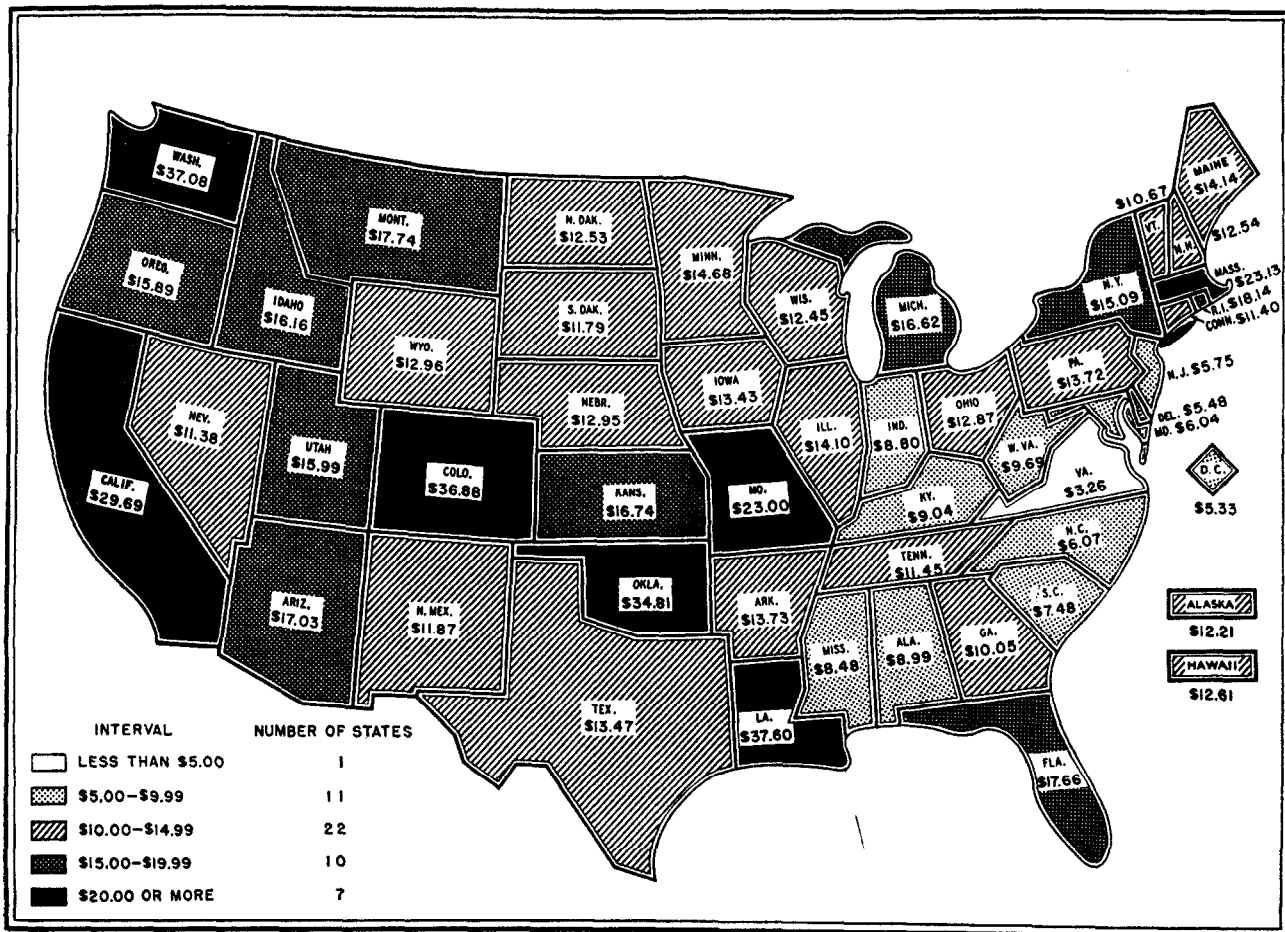
The over-all rate of growth, likewise, did not apply equally to all programs. Expenditures per capita for

aid to dependent children moved upward from \$1.01 to \$3.44, an increase of more than 240 percent; for old-age assistance, they rose 163 percent—from \$3.61 to \$9.51. The large percentage increases for these two programs resulted in part from the above-average growth during the decade in the number of children and aged persons in the population. The rise in aid to the blind was 89 percent, from 18 cents to 34 cents. In marked contrast to these increases for the special types of public assistance, expenditures for general assistance, which amounted to \$3.07 per capita in the calendar year 1940, decreased by almost a third to \$2.11 in the year ended in June 1950. This decline may be attributed in large part to the considerable decrease in the number of

unemployed—from about 8 million in 1940 to an average of less than half that number during the fiscal year 1950.

Underlying these national shifts were, of course, individual State changes. All States made higher payments per capita for old-age assistance in the fiscal year 1950 than in the calendar year 1940. Nevada, which administers aid to dependent children without Federal funds, was the only State that spent less per capita for that program. Average expenditures for aid to the blind in 1950 were smaller than the average spent in 1940 only in Maine and Illinois. For general assistance, however, about three-fifths of the States spent less per capita in the fiscal year 1950 than in 1940.

Chart 1.—Total amount expended per inhabitant for assistance payments, fiscal year ended June 30, 1950¹



¹ Based on preliminary population figures, excluding armed forces overseas, from the April 1950 enumeration made by the Bureau of the Census.

Table 2.—Distribution of States by amount of assistance expenditures per inhabitant and by specified program, 1950

Expenditures per inhabitant	Old-age assistance	Aid to dependent children	General assistance
Less than \$0.50	0	1	13
0.50-0.99	0	0	10
1.00-1.49	1	5	5
1.50-1.99	3	5	9
2.00-2.99	2	13	5
3.00-3.99	2	11	5
4.00-4.99	1	9	1
5.00-7.49	12	7	3
7.50-9.99	14	0	0
10.00 or more	16	0	0

The rise in living costs was an important factor in the increase in expenditures for the special types of public assistance. When actual 1950 expenditures per inhabitant are adjusted to make allowance for the rise in the cost of living since 1940, the increase for all programs combined becomes only 17 percent, in contrast to the 96-percent rise reflected by the unadjusted data (table 1). In each year from 1941 through 1949, the adjusted total expenditures per capita for the four programs combined, although not for individual programs, were below the 1940 level of living costs. Not until 1950 did the rise in total expenditures per inhabitant exceed the increase in the cost of living. In terms of the 1940 dollar, the upward shift for aid to dependent children was 103 percent; for old-age assistance, 57 percent; and for aid to the blind, 11 percent. The decline in general assistance expenditures in terms of the 1940 purchasing power of the dollar was 59 percent, rather than 31 percent.

Similarly the comparison of individual State changes in per capita expenditures based on unadjusted data greatly exaggerates the actual increases for the special types of public assistance and understates the decrease for general assistance. There are, however, no State indexes of changes in cost of living, and adjustment of assistance expenditures, by State, for such changes over the decade cannot be made. Differences among States in the extent of the changes in per inhabitant expenditures, however, are indicated by the shifts in the State rankings.

In the ranking of States by assistance expenditures per inhabitant, the

position of some States changed considerably between the year ended in December 1940 and the fiscal year 1950. Only Arizona and Nebraska retained exactly the same rank; nevertheless, nearly three-fourths of the States retained the same position relative to the median—that is, they were above the median in both 1940 and 1950 or they were below the median in both years.

Fourteen States changed rank substantially. Seven States in the upper half in 1940—Alaska, Indiana, Nevada, New Hampshire, Ohio, South Dakota, and Wisconsin—fell to the lower half. The greatest drop was reported by Indiana, which moved down 26 places. Likewise, seven States that had been in the lower half in 1940—Arkansas, Florida, Kansas, Louisiana, Missouri, Texas, and Wyoming—moved to the upper half by 1950. Of this group, Louisiana was outstanding, moving from thirty-fifth to first place. For six of these seven States, because of the generally greater need as reflected in their relatively low fiscal resources, recipient rates usually have been greater than average. In 1940, though the number of recipients in these six States was relatively large, the average monthly payment per recipient under each of the special types of public assistance was less than the national average; in 1950, despite the large increase in per capita expenditures, the average payment was still below the national average in Arkansas, Florida, Missouri, and Texas.

Changes from 1949

In the fiscal year 1950, assistance payments per inhabitant for all programs combined were about one-seventh greater than the \$13.19 spent in 1949. The greatest rate of increase (more than one-third) occurred in general assistance, which rose 54 cents to \$2.11. The rise may be attributed to labor disputes and increased unemployment during the winter and early spring months. The postwar peak for general assistance payments was reached in March 1950, however, and there was a considerable decline during the remaining months of the year.

Aid to dependent children, which led the special types of public assistance in percentage increases over 1940, was between one-fourth and

one-fifth higher in 1950 than in 1949 (\$3.44 per capita compared with \$2.80). Expenditures per inhabitant for aid to the blind rose from 30 cents to 34 cents, a gain of more than one-eighth. Old-age assistance expenditures were only one-ninth greater in 1950 than in 1949 (\$9.51 compared with \$8.52). The year's changes in national expenditures per inhabitant, by program, are summarized in the following tabulation.

Program	Expenditures per inhabitant ¹		Percentage increase
	Amount		
	Fiscal year 1950	Fiscal year 1949	
All programs	\$15.40	\$13.19	16.8
Old-age assistance	9.51	8.52	11.6
Aid to dependent children	3.44	2.80	22.9
Aid to the blind	.34	.30	13.3
General assistance	2.11	1.57	34.4

¹ Data for 1950 based on preliminary population figures, excluding armed forces overseas, from the April 1950 enumeration made by the Bureau of the Census; corresponding population estimates for April 1949 computed by the Bureau of Public Assistance.

Variations Among Programs and States, 1950

State expenditures for assistance payments varied considerably in 1950 from the national average of \$15.40 per inhabitant. Louisiana, the high State, spent \$37.60, or almost 12 times the expenditure (\$3.26) in Virginia, the low State. The average for the United States was exceeded by 16 States, seven of which spent more than \$20 (chart 1).

The largest part of assistance expenditures goes for old-age assistance. Thus, for most States, their relative rank in per capita expenditure for old-age assistance determines their rank for all programs combined. Payments for the needy aged in the fiscal year 1950 constituted 62 percent of the national expenditure per inhabitant for the four programs; the range was from 30 percent to 91 percent among all States and from 65 to 84 percent in the group of seven States that spent more than \$20 per inhabitant for all programs (chart 2). These seven States made the highest payments per capita for old-age assistance. Similarly, of the 12 States with total assistance expenditures per in-

habitant of less than \$10, nine were also among the 12 States with lowest per inhabitant expenditures for the aged. For the States with aggregate costs of less than \$10, payments for old-age assistance ranged from 32 to 77 percent of the per capita cost for all programs combined but were 50 percent or less in half the States. Three of the five States that placed greatest stress on aid to dependent children by making their highest expenditures per capita for that program were in the group with total expenditures of less than \$10.

The relatively large expenditures per capita in States with highest costs are the result generally of both high recipient rates and above-average payments per recipient. Thus, the States that had expenditures of more than \$20 per inhabitant generally had above-average recipient rates for old-

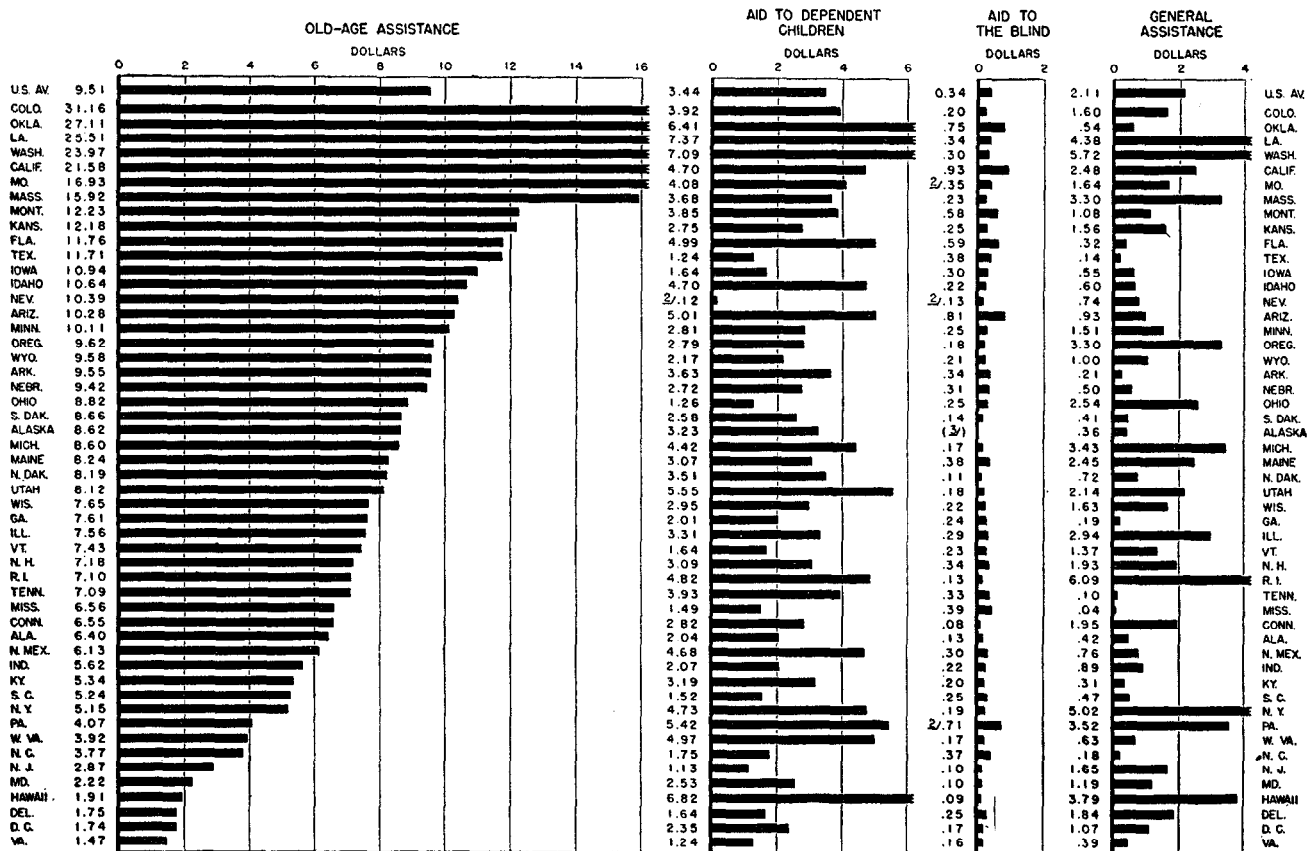
age assistance, aid to dependent children, and general assistance. They likewise, except for Louisiana and Missouri, exceeded the national average in monthly payments for all, or all but one, of the four assistance programs.

Conversely, it might be expected that the lowest expenditures per inhabitant would occur in States where recipient rates and average payments are low. Many of the States spending least per capita, however, make below-average payments, but their recipient rates are higher than average. Thus, of the 12 States with per inhabitant costs below \$10, five had the lowest recipient rates in the Nation for old-age assistance, but five others had above-average recipient rates and were among the eight States with lowest average monthly payments for this program. In aid to dependent

children, all but three of the 12 States had below-average recipient rates. The number of persons in general assistance cases is reported by only nine of the 12 States, but eight of those reporting fell below the average recipient rate. The average assistance payments in the States with per capita expenditures of less than \$10 were generally low for all programs.

An important factor affecting expenditures for assistance is the fiscal ability of the State, particularly in the poorest States, where small resources limit expenditures. Seven of the group of 12 States with lowest per inhabitant payments, for example, are among the 12 lowest States in per capita income. There are a few notable exceptions to this general tendency. Louisiana and Oklahoma ranked fortieth and thirty-seventh in per capita income but were among the seven States spending

Chart 2.—Amount expended per inhabitant for assistance payments, by program, fiscal year ended June 30, 1950¹



¹ Based on preliminary population figures, excluding armed forces overseas, from the April 1950 enumeration made by the Bureau of the Census.

² Program administered under State law without Federal participation.

³ Alaska does not administer aid to the blind.

more than \$20 per inhabitant for public assistance. These expenditures, however, were possible only with extraordinary fiscal effort. In the fiscal year 1950, Louisiana collected more State taxes per capita than any other State, and Oklahoma ranked sixth among the States in tax collections. Furthermore, of the States with largest per capita collections, Louisiana and Oklahoma were among the first five in the percent of tax collections expended for public assistance.

Because of the socio-economic regional differences underlying the factors of need and ability to support the assistance programs, the relative amounts expended per inhabitant show some definite geographical patterns. Twelve of the 17 States with per inhabitant expenditures of \$15 or more lie west of the Mississippi River, and eight of these States are in the northwestern and far western regions. It is among these States, which have relatively large economic resources, that the influence of strong pension movements has been important in developing old-age assistance programs with assistance and eligibility standards broader and more liberal than in most other States. Per capita income is relatively low in the Southern States east of the Mississippi River,

and two-thirds of these States made payments of less than \$10 per inhabitant. The amount expended per capita in Florida is a notable exception to the generally low expenditures characteristic of this region.

Wide variations among States also characterized the expenditures for the individual programs. For old-age assistance, Colorado's high of \$31.16 was 21 times the low of \$1.47 in Virginia, which was one of six States spending less than \$3 per inhabitant. The Nation's average per capita expenditure was \$9.51; in 16 States the averages exceeded \$10; and about half the States spent from \$5 to \$10 per capita (table 2).

The average expended per inhabitant for aid to dependent children was \$3.44—only a little more than one-third the average for old-age assistance. The average for aid to dependent children in four out of seven States, however, was below the national average for the program. Louisiana, with a high of \$7.37, spent 61 times as much as Nevada (the low State), which operates this program without Federal participation, and almost seven times as much as New Jersey, the next lowest State. In all, seven States—Arizona, Hawaii, Louisiana, Oklahoma, Pennsylvania, Utah, and Washington—made ex-

penditures of more than \$5. At the other extreme were six States—Mississippi, Nevada, New Jersey, Ohio, Texas, and Virginia—that spent less than \$1.50 per capita.

Expenditures for aid to the blind, which comprised slightly more than 2 percent of total payments per inhabitant for all four programs combined, averaged only 34 cents for the Nation. State averages varied from 93 cents in California to one-twelfth of this amount, or 8 cents, in Connecticut.

The greatest range among the States occurred in general assistance, for which no Federal funds are available. Rhode Island's expenditure of \$6.09 per capita for general assistance was more than 150 times the 4 cents spent by Mississippi and more than 60 times Tennessee's expenditures of 10 cents. The national average of \$2.11 for general assistance was about one-fifth that for old-age assistance. A small number of populous States with relatively high general assistance expenditures per inhabitant have raised the United States average to a level that is above the amount spent by almost three-fourths of the States. Nine States spent more than \$3; of these, New York spent \$5.02, Washington, \$5.72, and Rhode Island, \$6.09. On the other hand, 13 States spent less than 50 cents per capita.