

tion of cases closed (3.1 percent) was larger than for old-age assistance. Payments were not reduced for al-

most a fourth of the cases, and, as in old-age assistance, a small number had their payments suspended.

The reduction in monthly payments of old-age assistance for the cases reviewed by the end of December totaled almost \$2.1 million (table 3). This amount was equal to a little more than 89 percent of the total increase in monthly old-age and survivors insurance benefits paid to these cases. The average reduction in the old-age assistance payment was \$4.44; the average increase in the old-age and survivors insurance benefit was \$4.98.

For aid to dependent children, the total reduction of \$197,000 in monthly assistance payments equaled 91 percent of the total increase in monthly benefits. The average reduction in their assistance payment was \$7.48 per family, compared with an increase of \$8.24 in the family insurance benefit.

The total reduction in the assistance payments was less than the increase in old-age and survivors insurance benefits for various reasons. Need previously unmet, particularly for medical care, absorbed part or all of the increase in benefits for some cases. These were usually cases in which State maximums had prevented larger payments. Some agencies recognized new items of individual need or raised the amount allowed in their standards for basic items, thus increasing the amount of need required. Michigan, for example, added a monthly medical allowance of \$2 to requirements at the same time the old-age and survivors insurance benefit was increased. In New York, the seasonal increase in the fuel and clothing allowance diverted some of the increase in benefits. Montana raised the allowance for shelter in October, but the effect on payments was not noticeable because the increase was made effective at the time of the periodic reinvestigation process. Other States have a policy permitting use of income for needs of dependents, which modified the effect of the increase in benefits. Louisiana, Michigan, and Minnesota have such policies.

In States where payments are based on a percentage of the budget

deficit, the reduction in assistance payments represents only a percentage of the increase in benefits even though the entire increase was considered. In New Mexico, for example, the payments for aid to dependent children meet 80 percent of the budget deficit. When the budget was recalculated on the basis of the increased benefits and the percentage adjustment applied, the decrease in payments for many cases was 20 percent less than the increase in old-age and survivors insurance benefits.

In contrast, reductions in payments that were larger than the increase in benefits were reported by 15 States for old-age assistance and 18 States for aid to dependent children. Tennessee, for example, put into effect restrictive policy measures that accounted, in a number of cases, for a decrease in payments in addition to that produced by the higher old-age and survivors insurance benefits.

In five States—Alaska, Florida, Mississippi, Missouri, and South Dakota—reductions in monthly assistance payments to beneficiary families receiving aid to dependent children amounted to less than half the total increase in their insurance benefits. In Mississippi the reduction both for that program and for old-age assistance represented less than one-third the increase in the monthly insurance benefits.

Federal Grants to State and Local Governments, 1953-54

Federal grants to State and local governments continued their general upward trend during the fiscal year 1953-54. Although grants for the several health services and for education declined, grants for public assistance payments and administration, for employment security administration, for welfare services other than public assistance, and for all other purposes increased somewhat. On balance, total grants, including those of a temporary and emergency nature, were more than 7 percent greater than those of the preceding

Table 3.—Old-age assistance and aid to dependent children: Effect of increase in OASI benefits on monthly expenditures for assistance payments for cases reported through December 1954, by State ¹

| State | Effect of increased OASI benefits on— | | | |
|-------------|---------------------------------------|----------------------------------|---------------------------|----------------------------------|
| | Old-age assistance | | Aid to dependent children | |
| | Increase in OASI benefits | Reduction in assistance payments | Increase in OASI benefits | Reduction in assistance payments |
| Total..... | \$2,334,656 | \$2,080,448 | \$216,991 | \$196,814 |
| Ala..... | 8,890 | 12,860 | 5,145 | 2,764 |
| Alaska..... | 1,992 | 1,937 | 631 | 118 |
| Ariz..... | 16,419 | 29,878 | 2,014 | 1,262 |
| Ark..... | 14,812 | 14,736 | 1,825 | 1,158 |
| Calif..... | 476,145 | 418,077 | 15,309 | 15,304 |
| Colo..... | 63,622 | 62,207 | 2,355 | 2,228 |
| Conn..... | 30,817 | 26,001 | 2,523 | 2,053 |
| Del..... | 1,230 | 953 | 361 | 312 |
| D. C..... | 3,217 | 2,729 | 818 | 635 |
| Fla..... | 76,838 | 56,886 | 9,287 | 3,748 |
| Ga..... | 46,111 | 49,693 | 7,237 | 7,605 |
| Hawaii..... | 1,485 | 1,891 | 525 | 1,226 |
| Idaho..... | 9,494 | 8,803 | 1,159 | 1,223 |
| Ill..... | 85,378 | 85,910 | 6,796 | 6,941 |
| Ind..... | 30,888 | 27,359 | 6,881 | 4,953 |
| Iowa..... | 34,904 | ² 34,061 | ² 5,115 | ² 4,007 |
| Kans..... | 25,265 | 24,496 | 1,678 | 1,294 |
| Ky..... | 22,887 | 19,305 | 10,136 | 5,649 |
| La..... | 110,343 | 93,343 | 4,400 | 3,584 |
| Maine..... | 16,561 | 14,055 | 4,306 | 3,053 |
| Md..... | 8,099 | 7,911 | 996 | 1,137 |
| Mass..... | 160,134 | 127,332 | 9,350 | 10,397 |
| Mich..... | 92,692 | 73,293 | 12,316 | 11,702 |
| Minn..... | 43,509 | 18,738 | 5,474 | 3,016 |
| Miss..... | 15,746 | 4,640 | 3,536 | 876 |
| Mo..... | 120,577 | 93,316 | 8,689 | 3,857 |
| Mont..... | 9,528 | 9,504 | 872 | 879 |
| Nebr..... | 14,600 | 11,690 | 1,437 | 742 |
| Nev..... | 5,580 | 3,880 | ⁽³⁾ | ⁽³⁾ |
| N. H..... | 8,144 | 7,671 | 752 | 878 |
| N. J..... | 23,653 | 23,350 | 3,965 | 3,413 |
| N. Mex..... | 5,909 | 6,148 | 1,950 | 1,671 |
| N. Y..... | 111,795 | 85,874 | 8,894 | 6,450 |
| N. C..... | 16,820 | 14,542 | 6,024 | 5,017 |
| N. Dak..... | 4,283 | 5,678 | 756 | 851 |
| Ohio..... | 100,840 | 90,710 | 8,936 | 7,093 |
| Okla..... | 68,066 | 72,092 | 5,831 | 4,538 |
| Oreg..... | 28,912 | 31,954 | 1,574 | 1,416 |
| Pa..... | 49,352 | 50,228 | 7,446 | 7,622 |
| R. I..... | 12,349 | 12,809 | 743 | 1,127 |
| S. C..... | 10,632 | 11,305 | 1,908 | 2,029 |
| S. Dak..... | 5,358 | 5,559 | 1,515 | 741 |
| Tenn..... | 28,554 | 29,534 | 9,244 | 29,201 |
| Tex..... | 136,859 | 136,464 | 7,448 | 5,668 |
| Utah..... | 7,941 | 7,519 | 1,499 | 1,504 |
| Vt..... | 9,963 | 7,021 | 1,512 | 766 |
| V. I..... | 0 | 0 | 9 | 9 |
| Va..... | 4,834 | 4,635 | 2,519 | 2,693 |
| Wash..... | 492,061 | 486,952 | 3,937 | 2,876 |
| W. Va..... | 6,786 | 7,313 | 2,925 | 3,504 |
| Wis..... | 48,522 | 42,901 | 6,202 | 5,751 |
| Wyo..... | 5,260 | 4,705 | 237 | 273 |

¹ The exact effect of increase in insurance benefits on assistance payments cannot be determined because of other factors influencing assistance payments during this period.

² Partly estimated.

³ Program administered without Federal participation.

⁴ Excludes amounts for a few cases in which there was no reduction in payments.

fiscal year. They amounted to \$3.0 billion (table 1), compared with \$2.8 billion in 1952-53.

The purpose and financial characteristics of existing Federal aids to States and localities vary considerably. As used here, the term "grants" is confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/or local level and for those programs in which the bulk of the funds is channeled through agencies of State and local governments. Emergency grants and the value of grants-in-kind have been included when they conform to this definition. Federal aid granted directly to individuals and private institutions and reimbursements to State and local

governments for expenses incurred by them as agents of the Federal Government in administering programs primarily national in character have been excluded. Shared revenues have also been excluded.

Grants for public assistance payments and administration totaled \$1,438 million in the fiscal year 1953-54, 8 percent more than the \$1,300 million granted in 1952-53. Grants were larger for each of the four assistance programs. The provisions in the 1952 amendments to the Social Security Act for greater Federal financial participation in all these programs, originally scheduled to expire September 30, 1954, were extended for 2 additional years by the 1954 amendments.

Grants for aid to the permanently and totally disabled—the youngest of the four assistance programs—showed the most marked increase. The rate of increase was somewhat lower, however, than that in the preceding fiscal year. In 1953-54, grants for aid to the permanently and totally disabled were 27 percent higher than in 1952-53, but in 1952-53 they had been 33 percent greater than in 1951-52. The difference may perhaps indicate that, as the program approaches maturity, a leveling-off process is beginning. The number of recipients in each of the 39 States with approved plans in operation in 1952-53 rose in 1953-54, and two additional States—Minnesota and Tennessee—began to receive grants for the program.¹

Despite the increased amount of public assistance grants, the total represents about the same proportion of all Federal grants as it did in the preceding fiscal year—48.7 percent in 1953-54 and 48.3 percent in 1952-53.

Federal grants for the administration of the State unemployment insurance and employment service programs continued their long-range upward trend, interrupted only during World War II, when the employment service was nationalized temporarily as an emergency measure. In 1953-54 a total of \$200 million in grants was paid to the States for these programs, compared with \$198 million in the preceding fiscal year.

The \$138 million granted for health services in 1953-54 was \$31 million or 18 percent less than in 1952-53; the total was the smallest since 1949-50. This reduction is attributable, in part, to an orientation of national policy toward encouraging the States and localities to provide more of their public health services and facilities, with decreasing assistance from Federal grants. Grants administered by the Public Health

¹ After the fiscal year closed, Connecticut's plan for aid to the permanently and totally disabled was approved for Federal financial participation, and grants were made retroactive to January 1, 1954. Data for Connecticut have not been included here in the totals for this program for the fiscal year 1953-54.

Table 1.—Federal grants to State and local governments, by purpose, fiscal years 1934-35 through 1953-54

[In thousands]

| Fiscal year | Total | Assistance payments and administration ¹ | Emergency relief ² | Employment security administration ³ | Health services ⁴ | Other welfare services ⁵ | Educational ⁶ | All other ⁷ |
|-------------|-------------|---|-------------------------------|---|------------------------------|-------------------------------------|--------------------------|------------------------|
| 1934-35 | \$2,196,577 | | \$1,857,490 | \$1,257 | | \$1,516 | \$12,722 | \$323,592 |
| 1935-36 | 995,138 | \$28,424 | 476,513 | 3,068 | \$4,389 | 2,117 | 13,322 | 467,305 |
| 1936-37 | 808,668 | 143,934 | 1,722 | 11,484 | 12,758 | 3,089 | 15,651 | 620,030 |
| 1937-38 | 800,466 | 216,074 | 484 | 45,939 | 15,329 | 3,655 | 24,625 | 494,359 |
| 1938-39 | 1,029,557 | 246,898 | | 62,868 | 14,754 | 3,893 | 25,411 | 675,743 |
| 1939-40 | 965,239 | 271,135 | | 61,539 | 21,873 | 4,558 | 25,137 | 581,001 |
| 1940-41 | 858,591 | 330,408 | | 65,632 | 25,870 | 5,078 | 25,620 | 405,984 |
| 1941-42 | 827,478 | 374,568 | | 74,034 | 29,057 | 5,541 | 25,811 | 318,467 |
| 1942-43 | 850,995 | 395,623 | | 36,480 | 30,396 | 5,824 | 26,158 | 356,514 |
| 1943-44 | 896,926 | 404,942 | | 35,229 | 60,223 | 8,616 | 25,644 | 362,272 |
| 1944-45 | 864,905 | 410,364 | | 33,730 | 78,555 | 9,670 | 25,131 | 307,454 |
| 1945-46 | 840,098 | 439,132 | | 54,547 | 71,189 | 13,361 | 25,341 | 236,549 |
| 1946-47 | 1,187,478 | 613,831 | | 99,252 | 63,134 | 98,757 | 31,145 | 281,359 |
| 1947-48 | 1,452,644 | 718,359 | | 133,610 | 55,309 | 91,958 | 35,813 | 417,594 |
| 1948-49 | 1,814,751 | 927,897 | | 140,314 | 66,646 | 98,843 | 36,951 | 544,100 |
| 1949-50 | 2,195,473 | 1,123,418 | | 207,617 | 119,158 | 113,163 | 38,501 | 593,617 |
| 1950-51 | 2,242,921 | 1,185,764 | | 173,838 | 168,938 | 102,553 | 49,123 | 562,706 |
| 1951-52 | 2,322,238 | 1,177,688 | | 182,894 | 182,865 | 114,802 | 112,003 | 551,986 |
| 1952-53 | 2,753,083 | 1,329,933 | | 197,779 | 168,822 | 114,020 | 215,205 | 727,323 |
| 1953-54 | 2,953,964 | 1,437,516 | | 200,136 | 138,042 | 115,248 | 203,691 | 859,331 |

¹ Old-age assistance, aid to dependent children, aid to the blind, and, beginning 1950-51, aid to the permanently and totally disabled under the Social Security Act as amended.

² Federal Emergency Relief Administration grants.

³ Unemployment insurance administration under the Social Security Act beginning 1935-36; employment service administration, 1934-35 through December 1941 and from Nov. 16, 1946, to date.

⁴ From 1935-36 to date, maternal and child health services and services for crippled children under the Social Security Act and general public health services; from inception of the program through 1948-49, emergency maternity and infant care; from inception of the program to date: venereal disease, tuberculosis, cancer, and heart disease control, mental health activities, hospital survey and construction, and water pollution control.

⁵ Child welfare services under the Social Security Act from 1935-36 to date; vocational rehabilitation and State and Territorial homes for disabled soldiers and sailors from 1934-35 to date; from 1946-47 to date, school lunch program; for 1942-43, community war service day care.

⁶ Colleges for agriculture and mechanic arts, vocational education, education of the blind, and State marine schools from 1934-35 to date; emergency Office of Education grants from 1935-36 to 1940-41; maintenance and operation of schools in certain

areas from 1946-47 to date; and, from 1950-51 to date, school survey and construction in certain areas.

⁷ Agricultural experiment stations and extension work from 1934-35 to date; cooperative projects in marketing from 1947-48 to date; forestry cooperation from 1934-35 to date and wildlife restoration from 1938-39 to date; supply and distribution of farm labor from 1942-43 to 1948-49; removal of surplus agricultural commodities under sec. 32 of the Act of August 24, 1935, from 1935-36 to date; commodities furnished by the Commodity Credit Corporation from 1949-50 to date; Federal annual contributions to public housing authorities from 1939-40 to date; regular and emergency highway construction from 1934-35 to date; Federal airport program from 1947-48 to date; Public Works Administration grants and liquidation thereof from 1934-35 through 1949-50; wartime public works from 1941-42 through 1948-49; community facilities and disaster and emergency relief from 1941-42 to date; civil defense from 1951-52 to date; slum clearance and urban redevelopment, 1952-53 and 1953-54; and drought relief, 1953-54.

Source: *Annual Reports of the Secretary of the Treasury, the Combined Statements of Receipts, Expenditures, and Balances of the United States Government*, and other Treasury reports. Grants for part of the school lunch program for 1946-47 and for the removal of surplus agricultural commodities for 1935-36 through 1946-47, as reported by the Department of Agriculture.

Service were smaller in 1953-54 than in the preceding year for all continuing programs.

Grants for welfare services other than public assistance amounted to \$115 million, slightly more than in 1952-53. Fractional increases occurred in the grants for each service of this heterogeneous group, which cuts across departmental and bureau lines to include child welfare, vocational rehabilitation, soldiers' homes, and the school lunch program. Grants for health services and for welfare services other than public assistance together represented 8.6 percent of all Federal grants in 1953-54, compared with 10.3 percent in 1952-53.

Grants for education totaled \$204 million in 1953-54; they were \$215 million in 1952-53, \$112 million in 1951-52, and \$49 million in 1950-51. The substantial growth in these years reflects the increased grants for survey and construction of schools in areas congested as a result of Federal activities and for the maintenance and operation of schools in those areas. A drop of 11 percent in school construction grants in the fiscal year 1953-54 accounts for practically the entire decrease in the year's grants for education.

Grants for all other purposes amounted to \$859 million in the fiscal year 1953-54, an increase of \$132 million or 18 percent from 1952-53. The components of this miscellaneous group, with comparable amounts for the 2 fiscal years, are shown in the following tabulation.

| Purpose | Amount (in millions) | |
|--|-------------------------|---------|
| | 1953-54 | 1952-53 |
| Total..... | \$859.3 | \$727.1 |
| Agricultural experiment stations | 13.3 | 12.3 |
| Agricultural extension work..... | 31.5 | 31.4 |
| Cooperative marketing projects and Commodity Credit Cor- poration..... | 1.4 | 1.2 |
| Forestry cooperation..... | 9.7 | 10.3 |
| Surplus agricultural commodity distribution..... | 154.7 | 66.0 |
| Airport construction..... | 17.5 | 27.0 |
| Highway construction..... | 538.5 | 517.3 |
| Fish and wildlife restoration..... | 15.1 | 12.5 |
| Public housing construction..... | 38.2 | 20.5 |
| Slum clearance..... | 11.6 | 7.8 |
| Civil defense..... | 13.7 | 13.8 |
| Defense community facilities..... | 8.6 | 2.4 |
| Natural disaster and drought relief..... | 5.5 | 4.6 |

Table 2.—Per capita Federal grants to States and localities, by State and purpose, fiscal year 1953-54

| States ranked by 1951-53 per capita income | Average per capita income, 1951-53 | Popula- tion July 1, 1953 (in thous- ands) | Per capita grants | | | | | | |
|---|--|--|-------------------|---|--|--------------------------------------|--|-----------------------------|---------------------------|
| | | | Total | Assis- tance pay- ments and admin- istration ¹ | Em- ploy- ment security admin- istration ² | Health serv- ices ³ | Other welfare serv- ices ⁴ | Educa- tion ⁵ | All other ⁶ |
| Total 7..... | 161,288 | \$18.31 | \$8.91 | \$1.24 | \$0.86 | \$0.71 | \$1.26 | \$5.33 | |
| Continental United States | 1,645 | 158,306 | 18.38 | 9.02 | 1.25 | .83 | .70 | 1.26 | 5.32 |
| High-income group..... | 85,680 | 15.27 | 7.48 | 1.50 | .58 | .52 | 1.00 | 4.18 | |
| Delaware..... | 2,234 | 358 | 13.65 | 3.89 | 1.33 | .63 | .80 | 6.27 | |
| Nevada..... | 2,172 | 206 | 46.51 | 5.60 | 2.89 | 1.95 | .56 | 27.42 | |
| District of Columbia..... | 2,127 | 841 | 10.52 | 4.34 | .83 | .75 | .54 | 3.95 | |
| Connecticut..... | 2,090 | 2,162 | 10.95 | 4.54 | 1.47 | .49 | .57 | 2.99 | |
| New York..... | 2,074 | 15,233 | 13.43 | 6.74 | 1.95 | .37 | .42 | 3.55 | |
| Illinois..... | 2,002 | 9,003 | 14.10 | 6.62 | 1.00 | .63 | .54 | 4.84 | |
| New Jersey..... | 1,987 | 5,141 | 9.24 | 2.56 | 1.38 | .53 | .43 | 3.86 | |
| California..... | 1,980 | 12,190 | 22.68 | 13.94 | 1.70 | .37 | .54 | 3.65 | |
| Ohio..... | 1,893 | 8,369 | 15.61 | 6.94 | 1.16 | .83 | .48 | 5.33 | |
| Michigan..... | 1,860 | 6,852 | 13.53 | 6.86 | 1.39 | .65 | .60 | 3.22 | |
| Washington..... | 1,811 | 2,478 | 26.34 | 14.80 | 1.65 | .81 | .72 | 4.93 | |
| Maryland..... | 1,778 | 2,541 | 13.54 | 3.76 | 1.37 | .54 | .58 | 3.90 | |
| Massachusetts..... | 1,762 | 4,900 | 17.06 | 9.99 | 1.76 | .62 | .48 | 3.92 | |
| Pennsylvania..... | 1,740 | 10,656 | 12.48 | 4.95 | 1.60 | .71 | .56 | 4.33 | |
| Indiana..... | 1,713 | 4,136 | 11.82 | 4.99 | .90 | .78 | .57 | 3.95 | |
| Montana..... | 1,706 | 614 | 28.96 | 10.93 | 1.60 | .78 | .80 | 13.11 | |
| Middle-income group..... | 32,889 | 21.70 | 10.58 | 1.05 | .84 | .70 | 1.38 | 7.14 | |
| Oregon..... | 1,702 | 1,602 | 19.70 | 8.03 | 1.61 | .66 | .69 | 8.16 | |
| Rhode Island..... | 1,694 | 817 | 17.03 | 6.79 | 2.02 | .66 | .60 | 5.83 | |
| Wyoming..... | 1,679 | 306 | 34.87 | 7.41 | 1.80 | 1.09 | .88 | 19.58 | |
| Wisconsin..... | 1,672 | 3,518 | 16.28 | 7.06 | .89 | .66 | .65 | 6.68 | |
| Colorado..... | 1,621 | 1,413 | 32.23 | 18.63 | 1.14 | .66 | .65 | 3.31 | |
| Missouri..... | 1,598 | 4,096 | 28.78 | 19.03 | .86 | .93 | .63 | 6.52 | |
| New Hampshire..... | 1,550 | 527 | 19.44 | 7.46 | 1.31 | .84 | .73 | 8.02 | |
| Kansas..... | 1,544 | 2,006 | 24.10 | 9.99 | .73 | 1.17 | .64 | 8.83 | |
| Nebraska..... | 1,542 | 1,347 | 16.96 | 7.25 | .64 | .96 | .66 | 6.06 | |
| Iowa..... | 1,536 | 2,605 | 16.71 | 8.35 | .62 | .91 | .72 | 5.50 | |
| Minnesota..... | 1,506 | 3,053 | 17.09 | 8.24 | 1.00 | .78 | .73 | 5.94 | |
| Arizona..... | 1,471 | 930 | 28.59 | 9.70 | 2.01 | 1.22 | .76 | 5.44 | |
| Utah..... | 1,469 | 734 | 29.66 | 9.20 | 1.88 | .89 | .87 | 3.75 | |
| Texas..... | 1,441 | 8,298 | 20.27 | 10.44 | 1.02 | .83 | .69 | 1.40 | |
| Idaho..... | 1,423 | 603 | 28.48 | 9.45 | 1.73 | .58 | .88 | 2.84 | |
| South Dakota..... | 1,354 | 657 | 26.09 | 9.36 | .72 | .59 | .81 | 1.50 | |
| Vermont..... | 1,350 | 377 | 23.17 | 8.80 | 1.64 | 1.13 | 1.07 | 9.65 | |
| Low-income group..... | 39,738 | 22.34 | 11.05 | .88 | 1.36 | 1.09 | 1.71 | 6.26 | |
| Florida..... | 1,334 | 3,353 | 19.24 | 11.52 | .88 | .77 | .77 | 3.92 | |
| Maine..... | 1,328 | 914 | 20.73 | 9.51 | 1.07 | .35 | .73 | 1.36 | |
| Virginia..... | 1,324 | 3,547 | 16.08 | 3.50 | .52 | .94 | .79 | 4.22 | |
| New Mexico..... | 1,321 | 758 | 37.14 | 13.36 | 1.40 | 1.27 | .91 | 6.60 | |
| North Dakota..... | 1,301 | 621 | 25.28 | 7.17 | .97 | .90 | .86 | 14.56 | |
| Oklahoma..... | 1,272 | 2,251 | 33.55 | 22.22 | 1.02 | 1.02 | 1.04 | 2.35 | |
| West Virginia..... | 1,225 | 1,937 | 19.29 | 11.16 | .78 | 1.56 | 1.15 | 2.28 | |
| Louisiana..... | 1,203 | 2,884 | 32.33 | 22.54 | .94 | 1.40 | 1.09 | 6.67 | |
| Georgia..... | 1,141 | 3,585 | 23.94 | 12.05 | .82 | 1.36 | 1.33 | 2.38 | |
| Tennessee..... | 1,127 | 3,329 | 21.33 | 10.54 | .86 | 1.47 | 1.09 | 6.52 | |
| Kentucky..... | 1,122 | 2,965 | 21.71 | 10.46 | .79 | 1.65 | .93 | 1.07 | |
| North Carolina..... | 1,066 | 4,193 | 16.50 | 7.47 | .90 | 1.30 | 1.15 | 8.34 | |
| South Carolina..... | 1,055 | 2,195 | 20.88 | 8.39 | 1.11 | 2.78 | 1.29 | 1.48 | |
| Alabama..... | 995 | 3,114 | 21.49 | 8.66 | .85 | 1.08 | 1.20 | 2.04 | |
| Arkansas..... | 943 | 1,909 | 23.14 | 10.48 | 1.01 | 1.62 | 1.26 | 1.84 | |
| Mississippi..... | 812 | 2,183 | 22.97 | 10.19 | .87 | 1.97 | 1.47 | 1.17 | |
| Territories and possessions..... | 2,982 | 14.65 | 8.04 | .70 | 2.14 | 1.49 | 1.53 | 5.75 | |
| Alaska..... | 205 | 30.85 | 6.59 | 3.38 | 4.58 | .52 | 7.09 | 8.70 | |
| Hawaii..... | 523 | 26.10 | 6.46 | 1.23 | .92 | 1.05 | 4.88 | 11.56 | |
| Puerto Rico..... | 2,229 | 9.53 | 1.91 | .33 | 2.15 | 1.66 | .23 | 3.26 | |
| Virgin Islands..... | 25 | 23.31 | 3.87 | .88 | 7.27 | 3.41 | 1.40 | 6.48 | |

¹ Old-age assistance, aid to dependent children, aid to the blind, and aid to the permanently and totally disabled.

² Unemployment insurance and employment service administration.

³ Maternal and child health services; services for crippled children; general public health services; venereal disease, tuberculosis, heart disease, and cancer control; mental health activities; hospital survey and construction; and water pollution control.

⁴ Child welfare services, vocational rehabilitation, State and Territorial homes for disabled soldiers and sailors, and school lunch program.

⁵ Colleges for agriculture and mechanic arts, vocational education, education of the blind, State marine schools, school survey and construction in certain areas, and maintenance and operation of schools in certain areas.

⁶ Agricultural experiment stations and extension

work, cooperative projects in marketing and commodities donated by the Commodity Credit Corporation, forestry cooperation, removal of surplus agricultural commodities, wildlife restoration, annual contributions to public housing agencies, Federal airport program, regular and emergency highway construction, community facilities, disaster and emergency relief, slum clearance and urban redevelopment, civil defense, and drought relief.

⁷ Includes small amount undistributed, as well as civil defense contributions to the island of Guam.

Source: Grants data are from the *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1954*, and are on the basis of checks issued in the fiscal year. Per capita grants are based on estimates by the Bureau of the Census for the total population, excluding Armed Forces overseas, as of July 1, 1953. Income payments data are from the *Survey of Current Business*, August 1954.

In both years, grants for highway construction were by far the largest in the group. In 1953-54, however, they represented only 63 percent of the group total, compared with 71 percent in the earlier year. The greatest increase, both in amount and as a percent of the group total, occurred in grants for the distribution within the States of surplus agricultural commodities—\$89 million or 135 percent more than in 1952-53. Almost all (\$85 million) of the increase was accounted for by a program for the distribution of canned beef, which had not existed the year before.

Table 2 shows per capita grants by State and by major purpose. The States have been ranked by average 1951-53 per capita income payments and divided into high-, middle-, and low-income groups. Within each income group the States vary widely in per capita grants received. Total grants received in 1953-54 by the high-income group of States, for example, averaged \$15.27, but the range was more than \$37.00—from \$9.24 for New Jersey to \$46.51 for Nevada. In the low-income group, average per capita total grants were \$22.34, with a range of only \$20.64—from \$16.50 for North Carolina to \$37.14 for New Mexico.

There is a noticeable tendency for the total grants and those for public assistance, health, welfare, and education to vary inversely with per capita income. In general, the grants average somewhat higher per capita in the low-income States than in the middle-income group, and higher in the middle-income States than in those of the high-income range. This inverse relationship represents an effort to achieve at least a minimum degree of equalization in the grant-in-aid programs among all States. As in previous years, there was an observable tendency for per capita grants for employment security administration to vary in direct relationship to State per capita income.

The heterogeneous nature of the "all other" category, including as it does grants for activities at least partly concentrated in urban and suburban areas as well as exclusively

rural programs, vitiates any analysis based on income and population relationships.

Grants for many purposes are

higher per capita in the sparsely populated "public land" States as a result of the operation of minimum allotment provisions and of certain

Table 3.—Federal grants to States and localities in relation to income payments and State general revenues, by State, fiscal year 1953-54

| States ranked by 1951-53 average per capita income | Total grants to states | | | Grants under programs administered by Social Security Administration | | | | |
|--|------------------------|-------------------------------|--|--|-------------------------------|--|----------------------------|------------|
| | Amount (in thousands) | As percent of income payments | As percent of total State general revenues | Amount (in thousands) | As percent of income payments | As percent of total State general revenues | As percent of total grants | Per capita |
| Total..... | \$2,953,964 | | | \$1,466,897 | | | 50 | \$9.09 |
| Continental United States..... | 2,910,268 | 1.1 | 19 | 1,456,224 | 0.5 | 10 | 50 | 9.20 |
| High-income group..... | 1,308,747 | .8 | 16 | 650,778 | .4 | 8 | 50 | 7.60 |
| Delaware..... | 4,886 | .6 | 8 | 1,688 | .2 | 3 | 33 | 4.44 |
| Nevada..... | 9,581 | 2.1 | 30 | 1,305 | .3 | 4 | 14 | 6.33 |
| District of Columbia..... | 8,550 | .4 | (*) | 3,966 | .2 | (*) | 45 | 4.72 |
| Connecticut..... | 23,666 | .5 | 11 | 10,189 | .2 | 5 | 43 | 4.71 |
| New York..... | 204,584 | .6 | 15 | 103,576 | .3 | 7 | 51 | 6.80 |
| Illinois..... | 126,968 | .7 | 18 | 60,451 | .3 | 9 | 48 | 6.71 |
| New Jersey..... | 47,513 | .5 | 15 | 13,565 | .1 | 4 | 29 | 2.64 |
| California..... | 276,421 | 1.1 | 17 | 170,937 | .7 | 10 | 62 | 14.02 |
| Ohio..... | 130,636 | .8 | 18 | 58,921 | .3 | 8 | 45 | 7.04 |
| Michigan..... | 92,699 | .7 | 12 | 47,883 | .3 | 6 | 52 | 6.99 |
| Washington..... | 65,280 | 1.4 | 17 | 37,112 | .8 | 10 | 57 | 14.98 |
| Maryland..... | 34,400 | .8 | 15 | 10,231 | .2 | 4 | 30 | 4.03 |
| Massachusetts..... | 83,608 | .9 | 19 | 49,554 | .6 | 11 | 59 | 10.11 |
| Pennsylvania..... | 132,988 | .7 | 16 | 53,909 | .3 | 7 | 41 | 5.06 |
| Indiana..... | 48,885 | .6 | 13 | 20,643 | .3 | 5 | 42 | 4.99 |
| Montana..... | 17,782 | 1.7 | 25 | 6,945 | .7 | 10 | 39 | 11.32 |
| Middle-income group..... | 713,590 | 1.4 | 22 | 354,675 | .7 | 11 | 50 | 10.78 |
| Oregon..... | 31,562 | 1.1 | 17 | 13,128 | .5 | 7 | 42 | 8.19 |
| Rhode Island..... | 13,913 | 1.0 | 19 | 5,771 | .4 | 8 | 41 | 7.06 |
| Wyoming..... | 10,669 | 2.1 | 19 | 2,436 | .5 | 4 | 23 | 7.96 |
| Wisconsin..... | 57,275 | 1.0 | 16 | 25,459 | .4 | 7 | 44 | 7.24 |
| Colorado..... | 45,536 | 1.9 | 25 | 26,681 | 1.1 | 15 | 59 | 18.88 |
| Missouri..... | 117,892 | 1.7 | 34 | 78,617 | 1.2 | 22 | 67 | 19.19 |
| New Hampshire..... | 10,242 | 1.3 | 22 | 4,135 | .5 | 9 | 40 | 7.85 |
| Kansas..... | 48,350 | 1.6 | 24 | 20,405 | .7 | 10 | 42 | 10.17 |
| Nebraska..... | 22,840 | 1.1 | 21 | 10,001 | .5 | 9 | 44 | 7.42 |
| Iowa..... | 43,519 | 1.1 | 16 | 22,266 | .6 | 8 | 51 | 8.55 |
| Minnesota..... | 52,182 | 1.1 | 15 | 25,775 | .5 | 7 | 49 | 8.44 |
| Arizona..... | 26,589 | 1.9 | 23 | 9,200 | .7 | 8 | 35 | 9.89 |
| Utah..... | 21,767 | 2.0 | 25 | 7,050 | .6 | 8 | 32 | 9.60 |
| Texas..... | 168,205 | 1.4 | 23 | 87,961 | .7 | 12 | 52 | 10.60 |
| Idaho..... | 17,171 | 2.0 | 26 | 5,901 | .7 | 9 | 34 | 9.79 |
| South Dakota..... | 17,142 | 1.9 | 24 | 6,367 | .7 | 9 | 37 | 9.69 |
| Vermont..... | 8,736 | 1.7 | 23 | 3,522 | .7 | 9 | 40 | 9.34 |
| Low-income group..... | 887,929 | 1.9 | 23 | 450,771 | 1.0 | 12 | 51 | 11.34 |
| Florida..... | 64,504 | 1.4 | 19 | 39,194 | .9 | 11 | 61 | 11.69 |
| Maine..... | 18,946 | 1.5 | 23 | 8,940 | .7 | 11 | 47 | 9.78 |
| Virginia..... | 57,024 | 1.3 | 21 | 13,284 | .3 | 5 | 23 | 3.75 |
| New Mexico..... | 28,152 | 2.8 | 21 | 10,383 | 1.0 | 8 | 37 | 13.70 |
| North Dakota..... | 15,700 | 2.0 | 18 | 4,671 | .6 | 5 | 30 | 7.52 |
| Oklahoma..... | 75,530 | 2.6 | 25 | 50,559 | 1.7 | 17 | 67 | 22.46 |
| West Virginia..... | 37,538 | 1.5 | 22 | 22,154 | .9 | 13 | 59 | 11.44 |
| Louisiana..... | 93,247 | 2.6 | 21 | 65,729 | 1.8 | 15 | 70 | 22.79 |
| Georgia..... | 85,823 | 2.0 | 27 | 44,270 | 1.0 | 14 | 52 | 12.35 |
| Tennessee..... | 71,007 | 1.8 | 26 | 36,084 | .9 | 13 | 51 | 10.84 |
| Kentucky..... | 64,369 | 1.9 | 31 | 31,943 | .9 | 16 | 50 | 10.77 |
| North Carolina..... | 69,187 | 1.5 | 18 | 32,590 | .7 | 8 | 47 | 7.77 |
| South Carolina..... | 45,840 | 1.9 | 21 | 19,162 | .8 | 9 | 42 | 8.73 |
| Alabama..... | 66,915 | 2.1 | 27 | 28,007 | .9 | 12 | 42 | 8.99 |
| Arkansas..... | 44,182 | 2.5 | 29 | 20,716 | 1.2 | 13 | 47 | 10.85 |
| Mississippi..... | 50,144 | 2.8 | 27 | 23,085 | 1.3 | 13 | 46 | 10.57 |
| Territories and possessions..... | 43,697 | | | 10,673 | | | 24 | 3.58 |
| Alaska..... | 6,325 | | | 1,609 | | | 25 | 7.85 |
| Hawaii..... | 13,652 | | | 3,695 | | | 27 | 7.07 |
| Puerto Rico..... | 21,240 | | | 5,098 | | | 24 | 2.29 |
| Virgin Islands..... | 583 | | | 271 | | | 46 | 10.84 |

¹ Includes small amount undistributed, as well as civil defense contributions to the island of Guam.

² General revenue data for the District of Columbia for 1953-54 not yet available.

Source: Grants data are from the *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1954*, and are on the basis of checks issued in the fiscal

year. Income payments data are for calendar year 1953 and are from the *Survey of Current Business*, August 1954. State general revenue data are for the fiscal year 1954 and are from the *Summary of State Government Finances in 1954* (Bureau of the Census). Per capita grants are based on estimates by the Bureau of the Census for the total population, excluding the Armed Forces overseas, as of July 1, 1953.

allocation formulas. In Nevada, for example, which ranked second highest in terms of per capita income, grants amounted to \$46.51 per capita compared with \$18.38 for the continental United States; 50 percent of the total grants to the State went for highway construction. Similarly, in the middle-income group, Wyoming received \$34.87 per capita in grants, and 48 percent of all grants was for highways. New Mexico, among the low-income States, received \$37.14 per capita in grants. Twenty-eight percent of this total went for highways and 36 percent for public assistance. A similar situation exists in other Western States.

Total grants per capita are also significantly high in those States that spend relatively large amounts from State and local funds for their public assistance programs, because of the Federal matching requirement in the Social Security Act. Oklahoma, for example, received 66 percent of its total grants for public assistance; per capita, the total grants amounted to \$33.55. Of total grants to Louisiana, 70 percent was for public assistance; total grants per capita were \$32.33.

For the Territories and possessions, total grants per capita were higher in 1953-54 (\$14.65) than in the preceding year (\$12.39). They continued, however, to be less than the total grants per capita for the continental United States (\$15.27), largely because of the significantly low per capita grants to Puerto Rico—the most populous of the Territories and possessions. These low per capita grants, in turn, are occasioned by the fact that the maximums on individual public assistance payments in which the Federal Government will share and the Federal share of the payments are lower for Puerto Rico and the Virgin Islands than for the States. The per capita rise in health service grants to Puerto Rico so far overcompensated for per capita decreases in grants to the other Territories and possessions that the per capita grant rate for the whole group rose slightly during the same fiscal year in which the rate for the continental United States dropped 20 percent.

Total grants to State and local governments as a percent of income payments received and of total State general revenues tend to be higher, on the average, in States with low per capita income (table 3). These percentages are also high in the sparsely populated public land States and the States that make relatively heavy expenditures for public assistance. Federal grants represented 1.1 percent of income payments for the continental United States and 19 percent of State general revenues. While grants to State and local governments have been presented here as percentages of total State general revenues, it would be more meaningful to relate these grants to combined State and local general revenues. Unfortunately, no complete and consistent series on total local government revenues, by State, is available for recent years.

Grants administered by the Social Security Administration amounted to \$1,467 million in 1953-54 and represented exactly half of all Federal grants. They equaled, on the average, 0.5 percent of income payments for the continental United States and 10 percent of total State general revenues. Here, too, the percentages tended to be larger in States where per capita income was low. The variation was slight among the three income groups of States in the percentage that Social Security Administration grants were of total grants, although State-by-State variation was considerable. For the Territories and possessions, Social Security Administration grants constituted only 24 percent of all grants and amounted to \$3.58 per capita. For the continental United States the corresponding figures were 50 percent and \$9.20 per capita.

Old-Age and Survivors Insurance Administrative Expenses*

The cost of administering the old-age and survivors insurance program, including the expenses incurred by

*Prepared by Robert J. Myers, Chief Actuary, Social Security Administration.

the Treasury Department in collecting contributions, represented 1.8 percent of contributions, 2.5 percent of benefit payments, and 0.07 percent of taxable payrolls in 1954. Because of the widespread interest in the remarkably low cost of administering this program, it is worthwhile to analyze in some detail both the components of the administrative workload and the trends in the administrative expenses since the beginning of the system.

A few figures indicate the magnitude of the record-keeping operations. In recent years about 225 million separate wage items, reported for approximately 60 million different persons, have been handled annually. Beginning in 1955 the number will be even higher as a result of the extension in coverage effected by the 1954 amendments. Each year about 3 million new account numbers are issued. Each year, also, about 3 million duplicate account-number cards are issued because the original has been lost or worn out, and about 2.5 million changes and corrections in the records of account numbers are made, primarily because of name changes resulting from marriages.

A considerable amount of administrative work is also involved in paying monthly benefits and lump-sum death payments. At the end of

Administrative expenses of the old-age and survivors insurance program in relation to contribution income, benefit payments, and taxable payroll, 1940-54

| Calendar year | Administrative expenses | | | |
|---------------|---|----------------------------|-------------------------------|-----------------|
| | Total amount ¹ (in millions) | As percent of— | | |
| | | Contributions ¹ | Benefit payments ¹ | Taxable payroll |
| 1940..... | \$26 | 4.1 | 74.3 | 0.08 |
| 1941..... | 26 | 3.3 | 29.5 | .06 |
| 1942..... | 28 | 2.8 | 21.4 | .05 |
| 1943..... | 29 | 2.3 | 17.5 | .05 |
| 1944..... | 29 | 2.2 | 13.9 | .04 |
| 1945..... | 30 | 2.3 | 10.9 | .05 |
| 1946..... | 40 | 3.1 | 10.6 | .06 |
| 1947..... | 46 | 3.0 | 9.9 | .06 |
| 1948..... | 51 | 3.0 | 9.2 | .06 |
| 1949..... | 54 | 3.2 | 8.1 | .07 |
| 1950..... | 61 | 2.3 | 6.3 | .07 |
| 1951..... | 81 | 2.4 | 4.3 | .07 |
| 1952..... | 88 | 2.3 | 4.0 | .07 |
| 1953..... | 88 | 2.2 | 2.9 | .06 |
| 1954..... | 92 | 1.8 | 2.5 | .07 |

¹ Based on trust fund transactions as reported in the *Daily Statement of the U. S. Treasury*.