

# Notes and Brief Reports

## Federal Grants to State and Local Governments, 1957-58\*

During the fiscal year 1957-58, Federal grants to States and localities continued the upward trend that started after World War II to reach a record high in total dollar amount. The percentage increase from the preceding year was the largest since 1946-47 (table 1). There were increases of varying size in grants for public assistance, employment security, health services, education, and "all other" purposes. Grants for "other welfare services" declined somewhat from their 1956-57 peak. In consequence, total grants rose 22 percent from the \$3,933 million of 1956-57 to \$4,792 million. Their distribution among the States in 1957-58 is shown in table 2.

### Revision of the Series

Certain revisions have been made this year in the series published in this annual BULLETIN note. Dollar amounts previously published have been revised for a few programs as a result of shifting the source from one Treasury Department publication to another giving a more detailed breakdown. No new Treasury Department sources have been introduced, however. Four programs have been shifted from the miscellaneous "all other" category to "education" or "other welfare services." Several programs have been added to the series after further consideration of their purpose and operation in the light of the rather strict definition of "grants" used here. The entire series has been extended back from 1934-35 to 1929-30.

The purpose and financial characteristics of existing Federal aids to States and localities vary considerably. The definition of Federal grants in aid, as used here, has not been changed in the revision. The term is confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/

\* Prepared by Sophie R. Dales, Division of Program Research, Office of the Commissioner.

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

Table 1.—Federal grants to States and local governments, by purpose, fiscal years 1929-30 through 1957-58

[In thousands]

Fiscal year	Total	Percentage change from preceding year	Public assistance <sup>1</sup>	Employment security <sup>2</sup>	Health services <sup>3</sup>	Other welfare services <sup>4</sup>	Educational <sup>5</sup>	All other <sup>6</sup>
1929-30.....	\$100,499				\$10	\$1,296	\$17,647	\$81,547
1930-31.....	180,282	+78.4				1,406	19,274	159,603
1931-32.....	213,879	+18.6				1,672	19,907	192,299
1932-33.....	190,052	-11.1				1,710	19,068	169,283
1933-34.....	1,802,703	+848.5			\$616	1,382	18,076	1,782,630
1934-35.....	2,196,577	+21.8		1,257		1,516	21,302	2,172,501
1935-36.....	1,014,656	-53.8	\$28,424	3,068	4,389	34,117	31,937	912,722
1936-37.....	1,818,434	-19.3	143,934	11,484	12,758	24,489	32,044	593,725
1937-38.....	790,392	-3.4	216,074	45,939	15,329	39,655	41,877	431,518
1938-39.....	1,030,576	+30.4	246,898	62,858	14,754	71,493	43,233	591,340
1939-40.....	967,005	-6.2	271,131	119,852	21,873	67,581	43,595	442,973
1940-41.....	915,357	-5.3	329,845	65,632	25,869	90,255	105,978	297,779
1941-42.....	926,221	+1.2	374,568	74,034	29,057	64,947	144,361	239,253
1942-43.....	991,212	+7.0	395,623	39,800	30,396	54,518	163,812	303,623
1943-44.....	982,700	-0.9	404,942	35,229	60,223	64,109	128,832	289,366
1944-45.....	917,065	-6.7	409,985	33,730	78,555	73,978	96,414	224,403
1945-46.....	843,721	-8.0	439,132	54,547	71,169	78,233	50,633	150,007
1946-47.....	1,548,896	+83.6	613,831	99,252	63,134	460,934	57,600	254,145
1947-48.....	1,575,394	+1.7	718,359	157,744	55,309	171,888	113,255	388,839
1948-49.....	1,835,544	+16.5	927,897	161,138	66,647	129,125	68,988	481,750
1949-50.....	2,208,019	+20.3	1,123,418	214,526	123,831	183,553	69,861	492,829
1950-51.....	2,050,127	+1.9	1,185,764	175,642	174,342	171,707	80,265	462,408
1951-52.....	2,326,998	+3.4	1,177,688	183,157	187,361	147,143	143,503	488,146
1952-53.....	2,756,829	+18.5	1,329,933	197,637	172,810	200,522	164,691	609,336
1953-54.....	2,957,566	+7.3	1,437,516	200,136	140,233	309,603	235,231	634,846
1954-55.....	3,093,925	+4.7	1,426,599	188,898	119,194	369,254	277,839	712,141
1955-56.....	3,438,225	+11.1	1,455,275	266,847	133,166	488,281	252,086	849,970
1956-57.....	3,933,005	+14.4	1,556,422	319,511	163,249	526,288	253,562	1,113,973
1957-58.....	4,791,832	+21.8	1,794,687	324,133	192,609	489,275	283,693	1,707,435

<sup>1</sup> Old-age assistance, aid to dependent children, and aid to the blind, 1935-36 to date, and beginning 1950-51, aid to the permanently and totally disabled.

<sup>2</sup> Unemployment insurance administration under the Social Security Act, 1935-36 to date; employment service administration, 1933-34 to 1942-43 and 1946-47 to date; administration of veterans' unemployment and self-employment allowances, 1947-48 to 1952-53; and distribution to State accounts in unemployment insurance trust fund of certain tax collections, 1955-56 to date.

<sup>3</sup> Promotion of welfare and hygiene of maternity and infancy, 1929-30; maternal and child health services, services for crippled children, and general public health services, 1935-36 to date; venereal disease control, 1940-41 to date; emergency maternity and infant care, 1942-43 to 1948-49 and 1950-51; construction of community facilities, 1944-45 and 1953-54 to 1955-56; tuberculosis control, 1944-45 to date; mental health activities, cancer control, and hospital survey and construction, 1947-48 to date; heart disease control, 1949-50 to date; construction of cancer research facilities, 1949-50 to 1953-54; construction of heart disease research facilities, 1949-50 to 1952-53; industrial waste studies, 1949-50 to 1952-53; emergency poliomyelitis vaccination, 1955-56 to date; construction of water pollution control facilities, waste-treatment works construction, and health research facilities construction, 1956-57 to date.

<sup>4</sup> Vocational rehabilitation, and State and Territorial homes for disabled soldiers and sailors, 1929-30 to date; child welfare services, 1935-36 to date; removal of surplus agricultural commodities under sec. 32 of Act of August 24, 1935, 1935-36 to date; school lunch program and Federal annual contributions to public housing authorities, 1939-40 to date; community war service day care, 1942-43; veterans' re-use housing, 1946-47 to 1950-51; commodities furnished by the Commodity Credit Corporation, 1949-50 to date; and school milk program, 1954-55 to date.

<sup>5</sup> Colleges for agriculture and mechanic arts vocational education, education of the blind, agricultural extension work, and State marine schools 1929-30 to date; Office of Education emergency grants, 1935-36 to 1940-41; training of defense (war production) workers, 1940-41 to 1945-46; maintenance and operation of schools, 1946-47 to date; veterans' educational facilities, 1947-48 to 1949-50; survey and construction of schools, 1950-51 to date; State and local preparation for White House Conference on Education, 1954-55; and library services, 1956-57 to date.

<sup>6</sup> Agricultural experiment stations, forestry co-operation (including watershed protection and flood prevention), public roads and highway construction, 1929-30 to date; Civil Works Administration, 1933-34; Federal Emergency Relief Administration, 1933-34 to 1937-38; Federal Emergency Administration of Public Works, 1933-34 to 1939-40; Reclamation Service (emergency), 1935-36; wild-life restoration, 1938-39 to date; Public Works Administration and liquidation thereof, 1941-42 to 1949-50; war public works, 1941-42 to 1943-44; supply and distribution of farm labor, 1942-43 to 1948-49; community facilities, 1944-45 to 1955-56; public works advance planning, 1946-47 to 1948-49; cooperative projects in marketing, 1948-49 to date; Federal airport program, 1947-48 to date; disaster, drought, and other emergency relief, 1948-49 to date; civil defense, 1951-52 to date; slum clearance and urban redevelopment, 1952-53 to 1954-55; urban planning and urban renewal, 1955-56 to date; and National Science Foundation facilities and installations, 1957-58.

Source: *Annual Reports of the Secretary of the Treasury and the Combined Statement of Receipts, Expenditures and Balances of the United States Government*. Grants for the school lunch program from 1939-40 to 1942-43 and for the removal of surplus agricultural commodities from 1935-36 to 1946-47, as reported by the Department of Agriculture.

them as agents of the Federal Government in administering programs primarily national in character have been excluded. Shared revenues and payments in lieu of taxes have also been excluded.

Of the four programs transferred from the "all other" category, one—cooperative agricultural extension

work—is now included under "education" and the following three under "other welfare services": (1) removal of surplus agricultural commodities under section 32 of the Act of August 24, 1935, (2) commodities furnished by the Commodity Credit Corporation, and (3) the Federal annual contributions to public housing authori-

ties. The grants reported for the two agricultural commodity programs cover only the domestic distribution of commodities to the needy, to institutions for the needy, and to the school-lunch program (in addition to the regular cash and commodity grants under the National School Lunch Act of 1946, already included in "other welfare services").

Six grant programs, previously excluded, were added in the revision. All but one were comparatively short-term emergency rather than continuing programs. In extending the series back to 1929-30, the tag-end of one health service program predating the Social Security Act was added—that is, grants for the promotion of welfare and hygiene of maternity and infancy (1929-30). Grants for the administration of veterans' unemployment and self-employment allowances—benefits established by the Servicemen's Readjustment Act of 1944—were added to "employment security" for 1947-48 through 1952-53. The veterans' re-use housing program was added to "other welfare services" for its duration, 1946-47 through 1950-51. To "education" were added grants for training defense workers from 1940-41 through 1945-46 and for veterans' educational facilities from 1947-48 through 1949-50. Grants for advance planning of public works were added to the "all other" category for 1946-47, 1947-48, and 1948-49.

### Growth of Grant Programs

**Public assistance.**—Grants for public assistance payments and administration amounted to \$1,795 million in the fiscal year 1957-58, \$238 million or 15 percent more than the \$1,556 million in 1956-57. The grants for each of the four categorical assistance programs and the percentage change from the preceding year are shown below.

Program	Amount (in millions)		Percentage change	
	1957-58	1956-57	1957-58 from 1956-57	1956-57 from 1955-56
OAA.....	\$1,080	\$973	+10.9	+4.8
ADC.....	544	430	+24.8	+9.8
APTD.....	126	107	+17.8	+16.2
AB.....	45	41	+9.8	+7.4

Table 2.—Federal grants to States and local governments, by State and purpose, <sup>1</sup> fiscal year 1957-58

[In thousands]

States ranked by 1955-57 average per capita personal income	Total	Public assistance	Employment security	Health services	Other welfare services	Education	All other
Total <sup>2</sup> .....	\$4,791,832	\$1,794,687	\$324,133	\$192,609	\$489,275	\$283,693	\$1,707,435
Continental United States <sup>3</sup> .....	4,715,639	1,783,637	321,070	184,639	469,972	271,771	1,684,550
High-income group.....	2,161,831	786,830	208,245	73,383	224,161	106,530	762,682
Delaware.....	9,939	2,386	788	524	1,044	569	4,628
Connecticut.....	50,049	14,865	5,579	1,705	6,186	2,990	18,724
New York.....	354,751	127,498	45,663	9,343	41,983	6,928	123,335
California.....	456,683	203,391	34,722	9,530	26,881	33,849	148,310
District of Columbia.....	23,254	5,698	2,112	2,107	2,715	122	10,500
New Jersey.....	75,983	19,430	12,617	3,579	15,062	3,419	21,876
Nevada.....	20,852	2,120	1,048	730	337	1,716	14,900
Illinois.....	199,971	78,792	15,953	7,508	23,003	6,168	68,546
Massachusetts.....	128,169	63,021	12,500	4,452	13,854	4,194	30,147
Ohio.....	208,882	73,497	14,629	6,091	16,966	7,938	89,762
Michigan.....	170,503	56,741	16,624	6,625	20,984	9,172	60,357
Maryland.....	64,809	12,882	5,641	3,463	6,781	9,396	26,646
Washington.....	99,234	39,331	5,979	4,120	5,697	8,898	35,210
Pennsylvania.....	203,121	57,224	25,531	7,022	30,604	5,629	77,112
Rhode Island.....	33,344	8,025	3,018	980	2,724	2,180	16,617
Indiana.....	62,088	21,928	5,841	5,604	9,341	3,362	16,012
Middle-income group.....	1,320,606	470,010	61,212	53,475	102,160	83,916	549,833
Wyoming.....	27,556	2,684	796	838	745	1,276	21,216
Oregon.....	59,518	16,394	4,105	2,603	3,105	2,085	31,227
Colorado.....	85,274	33,982	2,972	3,094	3,629	5,923	35,675
Missouri.....	170,205	63,164	5,918	3,889	10,732	5,452	61,049
Montana.....	30,190	6,187	1,486	986	1,336	1,638	18,557
Wisconsin.....	75,840	27,065	4,898	3,733	8,706	2,840	28,598
New Hampshire.....	19,948	3,858	1,386	1,423	1,684	1,195	10,502
Minnesota.....	85,190	31,863	4,720	4,053	7,864	2,768	33,923
Florida.....	112,027	52,367	5,671	4,357	9,548	8,031	32,054
Kansas.....	63,606	22,112	2,461	2,700	4,213	6,101	26,019
Texas.....	286,852	110,375	12,434	10,669	22,365	16,935	114,074
Arizona.....	50,698	11,421	3,353	2,169	2,777	3,464	27,514
Iowa.....	84,864	23,260	2,828	3,070	7,064	2,706	45,946
Nebraska.....	39,194	11,274	1,343	1,502	2,943	2,593	19,540
Maine.....	29,051	11,297	1,617	1,116	2,366	1,738	10,917
Utah.....	28,428	8,276	2,187	2,227	2,325	2,572	10,842
Virginia.....	72,165	14,443	3,037	5,044	10,859	16,599	22,182
Low-income group.....	1,224,320	526,798	47,921	57,781	154,087	74,164	303,579
Vermont.....	13,548	4,053	1,003	1,527	976	592	5,396
Idaho.....	26,374	5,492	1,627	1,418	1,291	2,110	14,436
Oklahoma.....	132,712	68,426	3,807	2,679	11,779	7,762	38,280
New Mexico.....	61,523	11,796	1,622	1,833	2,920	7,878	35,473
Louisiana.....	132,704	85,896	3,816	4,355	16,155	4,152	18,629
West Virginia.....	50,057	23,959	2,551	2,845	9,817	1,772	9,113
North Dakota.....	31,552	5,594	1,004	1,659	1,835	1,368	20,092
Georgia.....	122,703	60,795	4,473	4,642	14,879	9,070	28,844
South Dakota.....	30,301	6,853	765	1,472	2,817	2,413	15,982
Tennessee.....	88,938	36,391	4,473	4,406	16,873	4,663	22,130
Kentucky.....	86,007	37,539	3,602	5,894	12,703	3,994	22,275
North Carolina.....	108,336	41,437	5,328	7,212	12,969	6,735	34,655
Alabama.....	118,773	49,683	4,351	6,365	14,296	7,643	36,434
South Carolina.....	57,114	20,659	3,445	3,257	7,501	5,309	16,853
Arkansas.....	74,584	31,874	3,090	3,820	11,992	4,417	19,390
Mississippi.....	89,103	36,650	2,964	4,395	15,282	4,195	25,617
Territories and possessions.....	74,617	11,050	3,033	7,675	19,207	10,770	22,882
Alaska.....	22,440	1,702	1,176	2,127	539	4,638	12,257
Hawaii.....	16,721	3,730	974	2,206	1,716	3,928	4,168
Puerto Rico.....	34,594	5,428	818	3,106	16,673	2,128	6,441
Virgin Islands.....	882	189	65	236	279	76	16

<sup>1</sup> See footnotes to table 1 for components of each group of grants.

<sup>2</sup> Includes small amount undistributed, and grants under a few programs to American Samoa, the Canal Zone, Guam, and the Trust Territory of the Pacific Islands.

<sup>3</sup> Includes small amount of advances and undistributed sums.

Source: *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1958*. Personal income data are from the *Survey of Current Business*, August 1958.

For all four programs 1957-58 is the first full fiscal year of operation under the increased Federal share established by the 1956 amendments to the Social Security Act; the new formula was in effect only 3 quarters of 1956-57.

The program of aid to dependent children experienced the largest increase (almost 25 percent) from the preceding fiscal year. The size of this increase is largely attributable to the economic recession, which made it more difficult for "absent" fathers to continue support payments or for mothers in broken homes to earn enough to "get by." The recession was also the direct or indirect cause of additional desertions and thus contributed still further to the rising caseloads in aid to dependent children. This program is the most sensitive of the four federally aided programs to changes in economic conditions.

The second largest increase, 18 percent, occurred in aid to the permanently and totally disabled and resulted from the additional growth of this 7-year-old program: (1) 1957-58 was the first full year that Kentucky received grants for the program, and (2) the plans of Texas and California were approved and grants instituted during the year. At present only five jurisdictions—Alaska, Arizona, Indiana, Iowa, and Nevada—do not have federally approved plans and do not participate in the program.

Old-age assistance accounted for 60 percent of all public assistance grants in 1957-58, aid to dependent children for 30 percent, aid to the permanently and totally disabled for 7 percent, and aid to the blind for 3 percent. In the 2 preceding fiscal years, old-age assistance had represented about 62 percent and aid to dependent children about 28 percent of the total granted for public assistance. The other two programs represented about the same proportion of the total in all 3 years.

Despite the increases from the preceding year in the amount granted for each public assistance program, the 1957-58 total as a proportion of all Federal grants was lower than in any year since 1940-41. It represented only 37 percent of all Federal grants,

compared with 40 percent in 1956-57 and 43 percent in 1955-56. This drop is explainable partly in terms of the growing importance of other continuing grant programs and the addition of new grant programs over the years. It also reflects the expansion of the old-age, survivors, and disability insurance program.

In recent years, grants for public assistance have been the largest made by the Federal Government for any one purpose. Second in order of dollar magnitude have been the highway construction grants made by the Bureau of Public Roads in the Department of Commerce. In 1957-58, highway construction grants were only \$276 million less than public assistance grants, compared with a difference of \$602 million in 1956-57. In 1956-57 and 1957-58 the major portions of the highway grants were made from the highway trust fund and reflect increased Federal aid for the superhighway program. Beginning in 1950-51, when the fourth public assistance program was added and assistance grants reached an all-time peak on a percentage basis, grants for public assistance and for highway construction have represented the following proportions of all Federal grants.

Year	Percent of total grants	
	Public assistance	Highway construction
1950-51	52.7	17.8
1951-52	50.6	18.1
1952-53	48.2	18.8
1953-54	48.6	18.2
1954-55	46.1	19.3
1955-56	42.3	21.5
1956-57	39.6	24.3
1957-58	37.5	31.7

Public assistance grants have represented about 79 percent of the grants administered by the Department of Health, Education, and Welfare for several years. During the past 5 fiscal years they have accounted for 98 percent of the Social Security Administration grants; the remainder was for the three Children's Bureau grant programs.

*Employment security.* — Federal grants for employment security in

1957-58 totaled \$324 million, an increase of 1 percent from the 1956-57 total of \$320 million. Starting in 1955-56, this total has included amounts transferred on a pro rata basis to the State accounts in the unemployment trust fund from the excess of Federal unemployment tax collections over (1) total Federal and State administrative expenditures for the program and (2) the \$200-million Federal unemployment account<sup>1</sup> in the unemployment trust fund. Transfers to the State accounts amounted to \$33 million in 1957-58, \$71 million in 1956-57, and \$33 million in 1955-56. When the transfers are omitted and comparison is made only of the sums granted for employment security (employment service and unemployment insurance administration), it is found that the States received \$291 million in 1957-58, \$248 million in 1956-57, and \$227 million in 1955-56. The 1957-58 amount was 17 percent higher than that of 1956-57, which, in turn, was 9 percent more than the grants of 1955-56.

*Health services.*—Grants for health services in 1957-58 totaled \$193 million—\$30 million or 18 percent more than the \$163 million granted for the same 14 programs in 1956-57. The largest increases occurred in grants for construction of hospitals and medical facilities, which rose \$35 million to \$106 million, and for construction of waste-treatment works, which increased \$16 million from the less than \$1 million granted in 1956-57—the year the program started. The largest drop was recorded for the poliomyelitis vaccination assistance program—from \$30 million in 1956-57 to \$309,000. The data include grants for the construction of health research facilities made to agencies of State and local governments,

<sup>1</sup> This account, activated under the Employment Security Financing Act of 1954 as a loan fund for the State unemployment insurance systems, is itself constituted from the excess of Federal unemployment tax collections over Federal and State administrative expenditures. Its balance, after \$200 million is accumulated, may at times be greater than that amount as the result of loan repayments or interest earned or both. At present writing, the balance has been reduced to \$95 million as a result of loans to several States.

which totaled \$3 million in 1957-58 compared with \$1 million in 1956-57. Excluded are health research construction grants to nongovernmental nonprofit institutions, which totaled \$9 million in 1957-58 compared with \$2 million in the preceding fiscal year, when the program was instituted under the 1956 amendments to title VII of the Public Health Service Act.

*Other welfare services.* — Total grants for this group amounted to \$489 million in 1957-58, \$37 million or 7 percent less than in 1956-57. The entire decrease is attributable to the decline in the amounts granted for the two agricultural commodity distribution programs that have been shifted from the "all other" category. The combined grants for these two programs dropped \$62 million or 26 percent to a total of \$174 million. Grants for all the programs previously included in this group and for the third transferred program (housing) increased from the preceding fiscal year by varying amounts and percentages. Grants for child welfare services went up 20 percent or \$2 million to \$10 million in 1957-58; vocational rehabilitation grants rose 19 percent or \$7 million to \$41 million; grants for the school lunch and school milk programs together increased 5 percent or \$9 million to a total of \$165 million; grants for State and Territorial soldiers' homes rose 5 percent to \$6 million; and Federal contributions to public housing authorities increased 9 percent or \$8 million to \$95 million in 1957-58. Grants for welfare services other than public assistance, together with those for health services, represented 14 percent of all Federal grants in 1957-58. In the 2 preceding years, grants for these purposes had amounted to more than 17 percent of the total.

*Education.*—Grants for education reached an alltime high in 1957-58 of \$284 million—12 percent (\$30 million) more than the amount granted in 1956-57. The nearest approach to this total was in 1954-55, when \$278 million was granted. Each year since 1952-53 these grants have totaled more than \$200 million. The education group has been enlarged (1) by

the transfer from the "all other" category of grants for cooperative agricultural extension work — the origins of which antedate even the series' new starting year (1929-30)— and (2) by the addition of grants for training defense workers and for veterans' educational facilities, which together span the period 1940-50.

In 1957-58, increases from 1956-57 were made by each program in the group except colleges for agriculture and mechanic arts, for which grants were the same in both years. On a percentage basis, the largest increase—not counting that for the 2-year-old library service grants, which rose 240 percent to \$5 million in 1957-58 from slightly more than \$1 million in 1956-57— occurred in two of the smaller programs. Grants to the American Printing House for the Blind increased 37 percent to \$328,000, and those to State marine schools went up 26 percent to \$368,000. On a dollar basis, grants for school operation and maintenance in federally impacted areas (excluding payments to the Departments of the Army, the Navy, and the Air Force) showed the greatest increase—\$11 million—and totaled \$104 million. Grants for school construction and survey (excluding payments to the Housing and Home Finance Agency for construction of federally owned schools) declined 25 percent from their 1955-56 amount of \$98 million to \$67 million and then rose 7 percent in 1957-58 to \$74 million. The peak year for school construction grants was 1954-55, when \$121 million was granted for that purpose. It should be kept in mind, however, that with all construction grants a record of checks issued in a given year affords an incomplete picture of the total program. At best such a figure can reflect only the timing of the appropriations, project approval, start of construction, and submittal of bills.

Grants for educational purposes have represented a fluctuating proportion of total grants during the years covered by this series. In the very early years, when total grants were relatively small, educational grants of \$18-\$19 million a year varied from 9 percent to 18 percent of total grants. After passage of the So-

cial Security Act establishing the public assistance grants, the Children's Bureau grants, and the bulk of the Public Health Service grants and after institution of the grant-financed Federal work programs, the grants for education dropped to as low as 1-5 percent of all Federal grants although their dollar totals rose gradually to more than \$40 million. The relative stability of total grants (averaging about \$950 million) in 1940-45, plus the addition to the education group during that period of the grants for training of defense (war production workers), raised total education grants to a range of 11-16 percent of all Federal grants. In the postwar period, education grants were as low as 3-4 percent of total grants in some years; then they rose gradually to a new high in 1954-55 of 9 percent, from which they have decreased year by year to less than 6 percent of the total in 1957-58.

*"All other" grants.*—The revision of the series has reduced the category of grants for "all other" purposes to a miscellany of not otherwise classifiable programs. The components of this group, which are administered by half a dozen different Federal agencies, and the sums granted for each program in recent years are shown below.

Purpose	Amount (in millions)		
	1957-58	1956-57	1955-56
Total.....	\$1,707.4	\$1,114.0	\$849.1
Agricultural experiment.....	29.7	28.3	23.7
Airport construction.....	42.9	20.6	16.5
Civil defense.....	15.4	8.6	9.6
Cooperative marketing.....	2.9	2.8	2.4
Defense community facilities.....	1.3	.7	.6
Disaster relief.....	11.9	10.2	16.2
Drought relief.....	.....	18.0	(1)
Forestry cooperation.....	11.9	10.8	10.5
Highway construction.....	1,518.5	954.7	740.0
National Science Foundation, facilities and installations.....	.5	.....	.....
Urban planning.....	2.0	.7	.3
Urban renewal.....	35.2	29.6	13.6
Watershed protection and flood prevention.....	16.8	13.2	(2)
Wildlife restoration.....	18.6	15.7	15.7

<sup>1</sup> Less than \$0.1 million.  
<sup>2</sup> In 1955-56 and earlier years, combined with "forestry cooperation."

Highway construction grants continued in 1957-58 to be the largest of the miscellaneous group; they ac-

counted for 89 percent of the group total, compared with 86 percent in 1956-57 and 87 percent in 1955-56. One new program entered the group in 1957-58 — the National Science Foundation grants for facilities and installations, for which \$500,000 was granted. No grants for emergency drought relief were necessary in 1957-58.

### Relation to Other Indicators

Per capita grants are shown in table 3 by State and major purpose. The States have been ranked by average 1955-57 per capita personal income 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 1957-58 by the high-income group, for example, averaged \$23.27 per capita, but the range was more than \$66 — from \$13.53 in New Jersey to \$79.59 in Nevada. For several years these two States have retained their high and low per capita grant positions within the high-income group, and the range between them has continued to widen. Among the low-income States, total per capita grants averaged \$35.33, with a range of more than \$51—from \$24.12 in South Carolina to \$75.67 in New Mexico. These States, too, have been at the outer extremes of the range of per capita grants within their income group of States for the past few years. The widest range was in the middle-income group, where Virginia received \$18.85 per capita in Federal grants and Wyoming received \$86.93 per capita; the group average was \$30.87.

Total grants and those for public assistance, health, other welfare services, and education tend to vary inversely with per capita personal income. In general, the grants average somewhat higher per capita in the low-income States than in the middle-income States and higher in the middle-income group than in the high-income group. In many programs the grant formula for distribution of Federal funds is designed to achieve at least a minimum degree of equalization in the program among all States. In 1957-58, as in previous years, there was a noticeable tendency for per capita grants for em-

ployment security to vary in direct relationship to State per capita income. The "all other" category of

grants, including as it does programs of activities partly or wholly concentrated in urban and suburban areas

Table 3.—Per capita Federal grants to States and localities, by State and purpose, fiscal year 1957-58<sup>1</sup>

States ranked by 1955-57 average per capita personal income	Average per capita personal income, 1955-57	Population, July 1, 1957 (in thousands)	Per capita grants						
			Total	Public assistance	Employment security	Health services	Other welfare services	Education	All other
Total <sup>2</sup>		173,608	\$27.61	\$10.34	\$1.87	\$1.11	\$2.82	\$1.63	\$9.84
Continental United States <sup>4</sup>	\$1,951	170,293	27.70	10.47	1.89	1.00	2.76	1.60	9.80
High-income group		92,861	23.27	8.47	2.24	.78	2.41	1.15	8.21
Delaware	2,744	434	22.90	5.50	1.82	1.21	2.41	1.31	10.66
Connecticut	2,678	2,269	22.06	6.55	2.46	.75	2.73	1.32	8.25
New York	2,446	16,148	21.97	7.90	2.83	.58	2.60	.43	7.64
California	2,438	13,879	32.90	14.65	2.50	.69	1.94	2.44	10.69
District of Columbia	2,426	820	28.36	6.95	2.58	2.57	3.31	.15	12.80
New Jersey	2,406	5,617	13.53	3.46	2.25	.64	2.68	.61	3.89
Nevada	2,385	262	79.59	8.09	4.00	2.79	1.29	6.55	56.87
Illinois	2,361	9,699	20.62	8.12	1.64	.77	2.37	.64	7.07
Massachusetts	2,219	4,827	26.55	13.06	2.59	.92	2.87	.87	6.25
Ohio	2,170	9,206	22.69	7.98	1.59	.66	1.84	.86	9.75
Michigan	2,148	7,705	22.13	7.36	2.16	.86	2.72	1.19	7.63
Maryland	2,075	2,895	22.39	4.45	1.95	1.20	2.34	3.25	9.20
Washington	2,055	2,725	36.42	14.43	2.19	1.51	2.09	3.27	12.92
Pennsylvania	2,014	11,011	18.45	5.20	2.32	.64	2.78	.51	7.00
Rhode Island	1,982	857	39.14	9.36	3.52	1.14	3.18	2.54	19.39
Indiana	1,963	4,507	13.78	4.87	1.30	1.24	2.07	.75	3.55
Middle-income group		42,773	30.87	10.99	1.43	1.25	2.39	1.96	12.85
Wyoming	1,933	317	86.93	8.47	2.51	2.64	2.35	4.03	66.93
Oregon	1,900	1,743	34.15	9.41	2.35	1.49	1.78	1.20	17.92
Colorado	1,883	1,663	51.28	20.43	1.79	1.86	2.18	3.56	21.45
Missouri	1,883	4,238	40.16	19.62	1.40	.92	2.53	1.29	14.41
Montana	1,870	671	44.99	9.22	2.21	1.47	1.99	2.44	27.66
Wisconsin	1,859	3,861	19.64	7.01	1.27	.97	2.25	.74	7.41
New Hampshire	1,790	573	34.81	6.73	2.42	2.48	2.76	2.09	18.33
Minnesota	1,776	3,318	25.68	9.60	1.42	1.22	2.37	.83	10.22
Florida	1,752	4,209	26.62	12.44	1.35	1.04	2.27	1.91	7.62
Kansas	1,728	2,100	30.29	10.63	1.17	1.29	2.01	2.91	12.39
Texas	1,715	9,175	31.26	12.03	1.36	1.16	2.44	1.85	12.43
Arizona	1,673	1,078	47.03	10.59	3.11	2.01	2.58	3.21	25.52
Iowa	1,673	2,783	30.49	8.35	1.02	1.10	2.54	.97	16.51
Nebraska	1,660	1,437	27.27	7.85	.93	1.04	2.05	1.80	13.60
Maine	1,627	939	30.94	12.03	1.72	1.19	2.52	1.85	11.63
Utah	1,622	840	33.84	9.85	2.60	2.65	2.77	3.06	12.91
Virginia	1,622	3,828	18.85	3.77	.79	1.32	2.84	4.34	5.79
Low-income group		34,657	35.33	15.20	1.38	1.67	4.45	2.14	10.49
Vermont	1,613	370	36.62	10.95	2.71	4.13	2.63	1.60	14.58
Idaho	1,584	645	40.89	8.51	2.52	2.20	2.00	3.27	22.38
Oklahoma	1,572	2,257	58.80	30.32	1.69	1.19	5.22	3.44	16.95
New Mexico	1,561	813	75.67	14.51	2.00	2.25	3.59	9.69	43.63
Louisiana	1,490	3,066	43.28	27.92	1.24	1.42	5.27	1.35	6.08
West Virginia	1,442	1,963	25.50	12.21	1.30	1.45	5.00	.90	4.64
North Dakota	1,402	645	48.92	8.67	1.56	2.57	2.84	2.12	31.15
Georgia	1,397	3,771	32.54	16.12	1.19	1.23	3.95	2.41	7.65
South Dakota	1,368	693	43.72	9.89	1.10	2.12	4.06	3.48	23.06
Tennessee	1,336	3,443	25.83	10.57	1.30	1.28	4.90	1.35	6.43
Kentucky	1,325	3,043	28.26	12.34	1.18	1.94	4.17	1.31	7.32
North Carolina	1,310	4,472	24.23	9.27	1.19	1.61	2.90	1.51	7.75
Alabama	1,260	3,162	37.56	15.71	1.38	2.01	4.52	2.42	11.52
South Carolina	1,167	2,368	24.12	8.72	1.45	1.38	3.17	2.28	7.12
Arkansas	1,122	1,780	41.90	17.91	1.74	2.15	6.74	2.48	10.89
Mississippi	968	2,166	41.14	16.92	1.37	2.03	7.06	1.94	11.83
Territories and possessions		3,130	23.84	3.53	.97	2.45	6.14	3.44	7.31
Alaska		211	106.35	8.07	5.57	10.08	2.55	21.98	58.09
Hawaii		613	27.28	6.08	1.59	3.60	2.80	6.41	6.80
Puerto Rico		2,282	15.16	2.38	.36	1.36	7.31	.93	2.82
Virgin Islands		524	35.92	7.89	2.72	9.83	11.63	3.18	.67

<sup>1</sup> See footnotes to table 1 for components of each group of grants.

<sup>2</sup> Includes small amount undistributed, and the grants under a few programs to American Samoa, the Canal Zone, Guam, and the Trust Territory of the Pacific Islands.

<sup>3</sup> Includes 167,000 (1950 Census) for Guam, the Canal Zone, and the Trust Territory of the Pacific Islands and 19,900 (July 1, 1957, estimate) for American Samoa.

<sup>4</sup> Includes small amount of advances and undistributed sums.

<sup>5</sup> Population estimate as of July 1, 1955.

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, 1958*, 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 the Armed Forces overseas, as of July 1, 1957 (*Current Population Reports, Population Estimates, Series P-25, No. 186*). Personal income data are from the *Survey of Current Business*, August 1958.

**Table 4.—Federal grants to States and localities in relation to personal income and State general revenues, by State, fiscal year 1957-58**

States ranked by 1955-57 average per capita personal income	Total grants to States			Grants under programs administered by Social Security Administration <sup>1</sup>				
	Amount (in thousands)	As percent of personal income	As percent of total State general revenues	Amount (in thousands)	As percent of personal income	As percent of total State general revenues	As percent of total grants	Per capita
Total <sup>2</sup> .....	\$4,791,832			\$1,835,410			38	\$10.57
Continental United States <sup>3</sup> .....	4,715,639	1.4	21.7	1,822,310	0.5	8.4	39	10.70
High-income group.....	2,161,831	1.0	18.5	801,272	.4	6.9	37	8.63
Delaware.....	9,939	.8	12.0	2,644	.2	3.2	27	8.09
Connecticut.....	50,049	.8	16.9	15,427	.2	5.2	31	6.80
New York.....	354,751	.9	18.2	129,084	.3	6.6	36	7.99
California.....	456,683	1.3	18.8	205,298	.6	8.4	45	14.79
District of Columbia.....	23,254	1.1	(4)	6,103	.3	(4)	27	7.44
New Jersey.....	75,983	.5	16.7	19,950	.1	4.4	26	3.55
Nevada.....	20,852	3.2	32.0	2,359	.4	3.6	11	9.00
Illinois.....	199,971	.8	20.5	80,004	.3	8.2	40	8.25
Massachusetts.....	128,169	1.1	21.3	63,849	.6	10.6	50	13.23
Ohio.....	208,882	1.0	20.8	74,933	.4	7.5	36	8.14
Michigan.....	170,503	1.0	15.4	58,084	.3	5.2	34	7.54
Maryland.....	64,809	1.0	18.7	13,704	.2	4.0	21	4.73
Washington.....	99,234	1.7	18.8	39,902	.7	7.6	40	14.64
Pennsylvania.....	203,121	.9	17.0	59,037	.3	4.9	29	5.36
Rhode Island.....	33,544	2.0	31.7	8,294	.5	7.8	25	9.68
Indiana.....	62,088	.7	12.3	22,599	.2	4.5	36	5.01
Middle-income group.....	1,320,606	1.7	24.0	480,894	.6	8.7	36	11.24
Wyoming.....	27,566	4.3	32.1	2,910	.5	3.4	11	9.18
Oregon.....	59,518	1.8	20.4	16,829	.5	5.8	28	9.66
Colorado.....	85,274	2.6	29.7	34,876	1.0	12.0	41	20.79
Missouri.....	170,205	2.1	36.2	84,027	1.0	17.9	49	19.83
Montana.....	30,190	2.4	28.6	6,536	.5	6.2	22	9.74
Wisconsin.....	75,840	1.0	15.3	27,866	.4	5.6	37	7.22
New Hampshire.....	19,948	1.9	31.9	4,122	.4	6.6	21	7.19
Minnesota.....	85,190	1.4	17.6	32,833	.5	6.8	39	9.90
Florida.....	112,027	1.5	19.3	52,178	.7	9.2	47	12.62
Kansas.....	63,806	1.7	24.7	22,641	.6	8.8	36	10.78
Texas.....	286,852	1.8	26.9	112,257	.7	10.5	39	12.24
Arizona.....	50,698	2.6	27.5	11,862	.6	6.3	23	10.82
Iowa.....	84,864	1.7	23.0	23,922	.5	6.5	28	8.60
Nebraska.....	39,194	1.5	26.9	11,567	.4	8.0	30	8.07
Maine.....	29,051	1.9	24.1	11,636	.7	9.6	40	12.39
Utah.....	28,428	2.0	22.8	8,676	.6	7.0	31	10.33
Virginia.....	72,165	1.1	19.6	15,627	.2	4.2	22	4.08
Low-income group.....	1,224,329	2.5	26.5	540,144	1.1	11.7	44	15.59
Vermont.....	13,548	2.2	23.8	4,815	.7	7.6	32	11.66
Idaho.....	26,374	2.5	29.9	5,796	.6	6.6	22	8.99
Oklahoma.....	132,712	3.6	32.4	69,102	1.9	16.9	52	30.62
New Mexico.....	61,523	4.4	28.8	12,236	.9	5.7	20	15.05
Louisiana.....	132,704	2.8	22.0	86,564	1.8	14.3	65	28.23
West Virginia.....	50,057	1.6	22.4	24,665	.8	11.1	49	12.56
North Dakota.....	31,552	3.4	26.7	5,913	.6	5.0	19	9.17
Georgia.....	122,703	2.3	26.4	62,037	1.1	13.3	51	16.45
South Dakota.....	30,301	2.8	32.0	7,100	.7	7.5	23	10.25
Tennessee.....	88,938	1.9	23.7	37,691	.8	10.0	42	10.95
Kentucky.....	86,007	2.1	27.9	38,642	.9	12.5	45	12.70
North Carolina.....	108,336	1.8	20.6	43,147	.7	8.2	40	9.65
Alabama.....	118,773	2.8	31.6	51,022	1.2	13.6	43	16.14
South Carolina.....	57,114	2.0	21.4	21,663	.8	8.1	38	9.15
Arkansas.....	74,584	3.7	33.4	32,628	1.6	14.6	44	18.33
Mississippi.....	89,103	4.3	33.8	37,623	1.8	14.3	42	17.37
Territories and possessions.....	74,617			13,100			17	4.19
Alaska.....	22,440		55.1	2,064		5.1	9	9.78
Hawaii.....	16,721		12.7	4,129		3.1	25	6.74
Puerto Rico.....	34,594			6,502			19	2.85
Virgin Islands.....	862			405			47	16.88

as well as exclusively rural programs, cannot be analyzed on the basis of income and population relationships.

Grants for many purposes continue to be higher per capita in the less heavily populated "public land" States than in other States as a result of minimum allotment provisions in certain allocation formulas. In Nevada, for example, which was the seventh highest State in terms of per capita income and where per capita grants were \$79.59 (compared with \$27.24 for the continental United States), 67 percent of all grants received were for highway construction. Wyoming, first in the middle-income group, received \$86.93 per capita in Federal grants, of which 73 percent was for highways. In New Mexico, fourth among the low-income States, 55 percent of the \$75.67 per capita received in Federal grants went for highways and 19 percent for public assistance. The situation was similar in other Western States.

Total grants per capita are also significantly high in States that spend relatively large sums from State and local funds for their public assistance programs, because of the Federal matching requirements in the Social Security Act. Oklahoma, for example, with total grants of \$58.80 per capita and ranking third among the low-income States, received 52 percent of its total grants for public assistance. More than 64 percent of all grants to Louisiana were for public assistance; total grants per capita were \$43.28 and public assistance grants, \$27.92 per capita.

Total per capita grants (\$23.84) to the Territories and possessions, considered as a group, continued to be less than per capita total grants for the continental United States, although the margin diminishes each year. Grants to the Territories and possessions lag behind those to the continental United States on a per capita basis largely because of the significantly low per capita grants to Puerto Rico—the most populous of the group. These low per capita grants are occasioned, in turn, by the fact that, for the public assistance programs, the maximums on individual payments in which the Federal Government will share are lower

<sup>1</sup> Old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled, maternal and child health services, crippled children's services, and child welfare services.

<sup>2</sup> Includes small amount undistributed, and grants under a few programs to American Samoa, the Canal Zone, Guam, and the Trust Territory of the Pacific Islands.

<sup>3</sup> Includes small amount of advances and undistributed sums.

<sup>4</sup> General revenue data for the District of Columbia 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, 1958*, 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 the Armed Forces overseas, as of July 1, 1957. Personal income data are for the calendar year and are from the *Survey of Current Business*, August 1958. State general revenue data are for the fiscal year 1957-58 and are from the *Summary of State Government Finances* (Bureau of the Census).

for Puerto Rico and the Virgin Islands than for the States. In addition, there is an overall dollar maximum on the total Federal payment to these possessions.

Total grants to State and local governments as a percentage of personal income received and of total State general revenues tend to be higher, on the average, in States with low per capita income (table 4). These percentages are also high in the "public land" States and the States that make relatively heavy expenditures for public assistance. Federal grants in 1957-58 represented somewhat more than 1 percent of personal income for the continental United States and 22 percent of State general revenues. Grants to State and local governments are presented here as percentages of State general revenues, but they would be more meaningfully related to combined State and local general revenues. There is available, however, no complete and consistent series for recent years on total local government revenues, by State. On the basis of State and local data for the continental United States as a whole, it is estimated that Federal grants represented 9 percent of combined State and local general revenues in 1957-58<sup>2</sup> and 8 percent in 1956-57.

Grants administered by the Social Security Administration totaled \$1,835 million in 1957—\$241 million or 15 percent more than the \$1,595 million of 1956-57. Nevertheless they represented only 38 percent of all Federal grants, compared with more than 40 percent in 1956-57 and 43 percent in 1955-56. For the continental United States in 1957-58, Social Security Administration grants amounted to \$1,822 million; on the average, they equaled  $\frac{1}{2}$  of 1 percent of personal income, 8 percent of State general revenues, and 4 percent of the estimated combined State and local general revenues. The proportion tended to be larger in States with low per capita personal income. The percentage that Social Security Administration grants were of total grants varied only slightly among the

three income groups of States. State-by-State variation was, however, considerably wider — ranging from 11 percent for Nevada in the high-income group and for Oregon in the middle-income group to 65 percent for Louisiana in the low-income group. For the Territories and possessions, Social Security Administration grants constituted 17 percent of all grants and amounted to \$4.19 per capita, compared with \$10.70 for the continental United States.

---

### Expenditures for Assistance Payments from State-Local Funds, 1957-58\*

For the country as a whole, the States and localities made about the same fiscal effort to finance the five public assistance programs in the fiscal year 1957-58 as they had a year earlier. The relationship between expenditures for assistance payments from State and local funds for the fiscal year and personal income for the preceding calendar year is used here as a rough measure of the fiscal effort exerted by a State to support public assistance. Nationally, the non-Federal share of assistance payments per \$100 of personal income amounted to 46 cents in 1957-58 compared with 45 cents in 1956-57 (table 1). The insignificant increase (2.2 percent) in the ratio of expenditures from State and local funds to personal income resulted from a rise of almost a tenth in the State-local share of assistance and a moderate growth (5.3 percent) in personal income.

The States and localities spent about \$143 million more from their own funds for all programs combined in 1957-58 than in 1956-57, mainly because a rise in unemployment brought an increase in the recipient rolls for general assistance and aid to dependent children. When their rights to insurance expired, many out-of-work breadwinners had to turn to public assistance to help them provide the food, shelter, and cloth-

ing that their families needed. Thus, caseloads rose sharply in these programs — the two most sensitive to changes in economic conditions. The State-local share of payments went up by more than \$62 million in general assistance and \$40 million in aid to dependent children; combined, these amounts accounted for almost three-fourths of the total increase for all programs. The States and localities, of course, continued to put up all the money for general assistance, a program in which there is no Federal participation. Caseloads declined only in old-age assistance, as more persons left the rolls (primarily because of death) than were added to them. Many more aged persons would have needed old-age assistance had it not been for the continued growth in both the number of aged persons receiving old-age and survivors insurance benefits and the size of the average benefit awarded.

Despite the downturn in economic conditions during 1957, personal income for the United States and Hawaii rose \$17.4 billion to a new high of \$346 billion. The dip in the economy did not begin until the second half of the year, however, and was not severe enough to offset the increases in income scored during the first half. Moreover, increased unemployment had its greatest effect upon the assistance rolls during the winter and early spring months, when costs of fuel and clothing are high and garden produce is not available to reduce food bills.

Each of the 50 States shared in the increase in personal income, but changes were relatively small — less than 5 percent — in half the States (table 2). Personal income rose by 15 percent or more, however, in Nebraska and South Dakota, mainly as a result of the atypical upsurge in farm income that occurred in that part of the country.

In contrast to the generally small increases in income, expenditures for assistance payments went up significantly in 1957-58 in more than half the States. The State-local cost of assistance payments dropped, however, in five States, but the declines were less than 5 percent in all but one State. Changes ranged from a decrease of 5.6 percent in Colorado

<sup>2</sup> Revenue data from the *Summary of Governmental Finances in 1957* (Bureau of the Census) have been projected for 1 year.

\* Prepared by Frank J. Hanmer, Division of Program Statistics and Analysis, Bureau of Public Assistance.