

Federal Grants to State and Local Governments, 1968-69

by SOPHIE R. DALES*

AID TO STATE AND LOCAL governments in the form of Federal grants amounted to \$19.8 billion during fiscal year 1968-69, an increase of about 9 percent over the Federal grants of 1967-68. About 70 percent of the grants—almost \$14 billion—were for programs of a social welfare nature. The \$10.1 billion of grants made by the Department of Health, Education, and Welfare represented more than half the total and nearly three-fourths of all social welfare grants.

The Federal grants-in-aid as a fiscal device for achieving program objectives through government channels has a history almost as long as the Nation's. The modern allocation-formula grant with matching requirements for the recipient State or local government, however, made its appearance only as recently as the period of World War I in the Federal Aid Road Act of 1916 and the Smith-Hughes (vocational education) Act of 1917. An even newer development, the project grant, began to receive increasing emphasis in the mid-fifties, and most of the more recently inaugurated grant programs have been project grants in which the money is channeled directly to the project being assisted.

Grants-in-aid are but one of the Federal fiscal aids to State and local governments, but quantitatively they are the most significant. Federal grants are also made to other types of recipients (individuals and institutions), but those made to the lower government levels are, again quantitatively, the most significant.

The grants data in the accompanying tables are confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/or local level and to 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, such as surplus foods distributed domestically or Braille materials for the blind, are included when they conform to these criteria. Shared

revenues and payments in lieu of taxes are excluded, as are programs in which the States or localities are acting solely as agents of the Federal Government.

In 1968-69 the Federal Government was operating about 110 different grants programs to assist the States and localities in financing specific activities. For presentation here, these grants programs have been consolidated according to purpose of subject-matter area into eight groups, which are sometimes further consolidated into six because of space limitations (tables 1 and 3). As far as possible the classification is in conformity with the Social Security Administration statistical series on social welfare expenditures.¹ Specific variations were described in the 1969 annual review of Federal grants.²

One additional variation between the two series has become necessary. Data on grants for child welfare services, until this year grouped with miscellaneous social welfare grants, is now of necessity incorporated in the health grants group. Grants for child welfare services, maternal and child health services, and services for crippled children are all allocation-formula grants originated under the Social Security Act of 1935, and all carry the same Federal appropriation symbol. Financial data on these three are now recorded and reported in combined form together with the two project grant programs of the former Children's Bureau: maternal and infant care and health services for children and youth. In previous years the data had been available separately for each of the five programs.

GRANTS IN FISCAL YEAR 1968-69

The 1968-69 Federal grants of \$19.8 billion represented more than twice their counterparts

* Office of Research and Statistics, Division of Economic and Long-Range Studies. The author was assisted with the preparation of the statistical data by Alice W. Skinner.

¹ See Alfred M. Skolnik and Sophie R. Dales, "Social Welfare Expenditures, 1968-69," *Social Security Bulletin*, December 1969.

² Sophie R. Dales, "Federal Grants to State and Local Governments, 1967-68," *Social Security Bulletin*, August 1969.

of 5 years earlier and more than triple those of a decade earlier. The 1968-69 grants were 9 percent more than those of the preceding year, which had topped the 1966-67 grants by 22 percent. Thus, for the time at least, the rise in total Federal expenditures through the grants mechanism has slowed its acceleration.

Although the total amount of grants rose in 1968-69, not all the grant groups shared in the rise. Education services and construction, within the social welfare category, were down 2 percent or \$55 million less than in the preceding year, and highway grants were down. All the other grant groups experienced increases, ranging from 5.2 percent for health services and construction to 30.8 percent for the urban affairs group.

In previous years, a decrease in the relative importance of one of the two largest grant categories—social welfare and highways—has resulted in a correspondingly increased proportion

of the total for the other. In 1968-69 a somewhat different situation obtained. Highway grants did go down, both in absolute dollar amount and in proportion of total grants (by 2.0 percentage points). Only a part of the difference (1.3 percentage points) went, however, to increase the relative magnitude of the grants for social welfare purposes. The remainder (0.7 percentage points) showed up as an increase in the relatively new grants group, urban affairs.³ Grants for urban affairs (table 2) increased nearly a third to \$852 million in fiscal year 1968-69, and the group was thus raised from 3.6 percent of all grants to 4.3 percent.

The social welfare grants are further subdivided

³ Except for the sporadic grants for community facilities and defense community facilities that started in the mid-forties and ended in the late fifties, the urban affairs group began in 1952-53 with \$8 million of grants for slum clearance.

TABLE 1.—Federal grants: Total to State and local governments, by purpose, fiscal years 1929-30 to 1968-69

[Amounts in millions]

Fiscal year	All grants ¹	Social welfare										Highways ⁶		All other ⁷
		Total		Public assistance ²		Health ³		Education ⁴		Miscellaneous social welfare ⁵		Amount	Percent of all grants	
		Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants			
1929-30...	\$100	\$23	23.2			(*)		\$22	21.8	\$1	1.3	\$76	75.5	\$1
1930-31...	180	25	13.9					24	13.1	1	.8	154	85.2	2
1931-32...	214	26	12.1					24	11.3	2	.8	186	87.1	2
1932-33...	160	25	13.2					23	12.3	2	.9	163	86.0	2
1933-34...	1,803	24	1.4					22	1.2	2	.1	222	12.3	1,557
1934-35...	2,197	28	1.3					26	1.2	3	.1	275	12.5	1,893
1935-36...	1,015	107	10.5	\$28	2.8	\$4	0.4	37	3.6	37	3.7	224	22.1	684
1936-37...	818	230	28.1	144	17.6	13	1.6	38	4.6	36	4.4	341	41.6	247
1937-38...	790	365	46.2	216	27.3	15	1.9	48	6.1	86	10.8	247	31.2	178
1938-39...	1,031	446	43.2	247	24.0	15	1.4	50	4.8	134	13.0	192	18.6	303
1939-40...	967	531	54.9	271	28.0	22	2.3	51	5.2	187	19.4	165	17.0	272
1940-41...	915	624	68.2	330	36.0	26	2.8	113	12.3	156	17.0	171	18.7	120
1941-42...	926	694	74.9	375	40.4	29	3.1	151	16.3	139	15.0	158	17.1	74
1942-43...	991	691	69.7	396	39.9	30	3.1	171	17.2	94	9.5	174	17.6	126
1943-44...	983	700	71.3	405	41.2	60	6.1	136	13.8	99	10.1	144	14.7	138
1944-45...	917	700	76.3	410	44.7	79	8.6	103	11.3	108	11.7	87	9.5	130
1945-46...	844	701	83.1	439	52.0	71	8.4	58	6.8	133	15.7	75	8.8	68
1946-47...	1,649	1,302	84.1	614	39.6	63	4.1	65	4.2	560	36.2	199	12.8	48
1947-48...	1,581	1,229	77.8	718	45.4	55	3.5	120	7.6	335	21.2	318	20.2	33
1948-49...	1,840	1,366	74.2	928	50.4	67	3.6	76	4.2	295	16.0	410	22.3	64
1949-50...	2,212	1,731	78.2	1,123	50.8	123	5.6	82	3.7	402	18.2	429	19.4	53
1950-51...	2,253	1,802	80.0	1,186	52.6	174	7.7	93	4.1	350	15.5	400	17.8	50
1951-52...	2,329	1,854	79.6	1,178	50.6	187	8.0	156	6.7	333	14.3	430	18.0	56
1952-53...	2,759	2,162	78.4	1,330	48.2	173	6.3	259	9.4	400	14.5	517	18.8	80
1953-54...	2,958	2,346	79.3	1,438	48.6	140	4.7	248	8.4	519	17.6	538	18.2	74
1954-55...	3,096	2,403	77.6	1,427	46.1	119	3.8	296	9.6	561	18.1	597	19.3	97
1955-56...	3,441	2,615	76.0	1,455	42.3	133	3.9	276	8.0	751	21.8	740	21.5	85
1956-57...	3,936	2,848	72.4	1,556	39.6	162	4.1	280	7.1	848	21.6	955	24.3	133
1957-58...	4,794	3,095	64.6	1,795	37.4	176	3.7	308	6.4	816	17.0	1,519	31.7	181
1958-59...	6,316	3,450	54.6	1,966	31.1	211	3.3	376	6.0	897	14.2	2,614	41.4	251
1959-60...	6,838	3,610	52.8	2,059	30.1	214	3.1	441	6.5	896	13.1	2,942	43.0	286
1960-61...	6,921	3,950	57.1	2,167	31.3	240	3.5	460	6.6	1,083	15.6	2,623	37.9	349
1961-62...	7,703	4,535	58.9	2,432	31.6	263	3.4	491	6.4	1,348	17.5	2,783	36.1	385
1962-63...	8,324	4,825	58.0	2,730	32.8	292	3.5	558	6.7	1,246	15.0	3,023	36.3	477
1963-64...	9,774	5,352	54.8	2,944	30.1	322	3.3	579	5.9	1,507	15.4	3,644	37.3	778
1964-65...	10,630	5,671	53.4	3,059	28.8	346	3.3	705	6.6	1,560	14.7	4,018	37.8	941
1965-66...	12,519	7,634	61.0	3,528	28.2	365	2.9	1,595	12.7	2,147	17.2	3,975	31.8	909
1966-67...	14,820	9,845	66.4	4,175	28.2	436	2.9	2,370	16.0	2,864	19.3	4,022	27.1	953
1967-68...	18,173	12,511	68.8	5,319	29.4	823	4.6	2,781	15.4	3,588	19.5	4,197	23.1	1,464
1968-69...	19,765	13,862	70.1	6,280	31.8	866	4.4	2,726	13.8	3,990	20.2	4,162	21.1	1,740

See footnotes on facing page.

vided by purpose into the following groups of grants: Public assistance, health, education, and miscellaneous social welfare. Grants for public assistance include the Federal share of cash payments under the categorical assistance programs, \$2.9 billion; medical assistance payments, \$2.1 billion; and grants for administration, social services training, and demonstration projects, \$1.4 billion. The \$6.3 billion total for public assistance was 18 percent above the 1967-68 figure. Public assistance grants made up more than 45 percent of social welfare grants and almost 32 percent of all grants of 1968-69; the comparable proportions for the preceding fiscal year were 42 and 29 percent.

Grants for health services and construction rose \$42 million—more than 5 percent—to \$866 million in 1968-69. One program alone, comprehensive health planning and services, increased by \$64 million to \$119 million in its second year of operation, but changes in other programs cut the overall group increase down to the \$42 million. In both 1968-69 and the preceding fiscal year the health grants accounted for 6-7 percent of

social welfare grants and about 4½ percent of all grants.

Grants for education services and construction, as mentioned, were \$55 million less in 1968-69 than in 1967-68, a decline of slightly less than 2 percent to \$2.7 billion. Here, too, the net change for the group resulted from increases in some programs and decreases in others. Assistance to schools in federally impacted areas and grants for school construction in those areas both declined. In 1967-68, grants of \$342.9 million had been made for construction of higher education facilities and grants of \$18.7 million for the support of institutions of higher education. In 1968-69 the emphasis was reversed: \$342 million of the higher education grants went for the regular "activities" program and less than half a million for facilities construction.⁴

⁴ It was learned from agency sources as the *Bulletin* was going to press that about \$314 million of higher education construction grants were incorporated in the \$342 million reported as higher education activities. The construction figure represents amounts paid out in 1968-69 from 1967 appropriations only.

Footnotes to table 1

¹ On checks-issued basis, or adjusted to that basis for most programs; includes small amounts to American Samoa, Canal Zone, Guam, and the Trust Territory of the Pacific Islands.

² Old-age assistance, aid to families with dependent children, and aid to the blind, 1935-36 to date; aid to the permanently and totally disabled, 1950-51 to date; medical assistance for the aged, 1960-61 to date; aid to the aged, blind, or disabled, 1963-64 to date; and medical assistance, 1965-66 to date. All programs include administration. Beginning in 1968-69 same programs reported as maintenance payments, medical assistance, public assistance (administration), and social services and demonstration projects.

³ 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, 1919-50 to date; construction of heart disease research facilities, and industrial waste studies, 1949-50 to 1952-53; construction of cancer research facilities, 1949-50 to 1953-54; emergency poliomyelitis vaccination, 1955-56 to 1960-61; water pollution control (sanitary engineering, environmental health activities), 1956-57 to 1965-66; research construction, 1956-57 to date; chronic diseases and health of the aged, 1961-62 to date; radiological, urban, and industrial health, 1962-63 to date; vaccination assistance, 1963-64; dental services, 1964-65 to date; nursing services, 1965-66 to date; medical care services, 1966-67; comprehensive health planning and services, and regional medical services, 1967-68 to date; and child welfare services, 1968-69.

⁴ Colleges for agriculture and mechanic arts, vocational education, education of blind, cooperative State research services (agricultural experiment stations), agricultural extension work, State marine schools, 1929-30 to date; education emergency grants, 1935-36 to 1940-41; training of defense workers, 1940-41 to 1945-46; maintenance of schools, 1946-47 to date; veterans' education facilities, 1947-48 to 1949-50; survey and construction of schools, 1950-51 to date; White House Conference on Education, 1954-55; defense education, 1958-59 to date; education of handicapped, 1959-60 to date; educational television and adult education, 1964-65 to date; elementary, secondary, and higher education and equal education opportunity, 1965-66 to date; Teacher Corps, health manpower education and utilization, 1967-68 to date; manpower development classroom instruction, and educational broadcasting facilities construction, 1968-69.

⁵ Vocational rehabilitation and State homes for disabled servicemen, 1929-30 to date; employment service administration, 1933-34 to 1942-43 and 1946-47 to date; child welfare services, 1935-36 to 1967-68; unemployment insurance administration and removal of surplus agricultural commodities, 1935-36 to date; school lunch 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; administration of veterans' unemployment and self-employment allowances, 1947-48 to 1952-53; veterans' on-the-job training, 1947-48 to date; commodities furnished by Commodity Credit Corporation, 1949-59 to date; defense public housing, 1953-54; school

milk, 1954-55 to date; distribution to State accounts in unemployment insurance trust fund of certain tax collections, 1955-56 to 1957-58; White House Conference on Aging, 1959-60 and 1960-61; Federal share of value of food stamps redeemed, 1961-62 to date; manpower development, 1962-63 to date; housing demonstration, 1963-64 and 1964-65; economic opportunity programs: work experience, community action, and Neighborhood Youth Corps, 1964-65 to date; adult training and development, veterans' nursing homes, 1966-67 to date; mental retardation, and work incentive activities, 1968-69.

⁶ Cooperative construction of rural post roads, 1929-30 to 1939-40; Federal-aid highways (regular and emergency, prewar and postwar) and trust fund activities, restoration of roads and bridges, flood relief, secondary and feeder roads, grade-crossing elimination, 1930-31 to date; National Industrial Recovery Act highway activities, 1933-34 to 1943-44, 1946-47 to 1948-49, and 1950-51; emergency relief activities, 1935-36 to 1943-44 and 1946-47 to 1951-52; access roads, flight strips, strategic highway network, 1941-42 to 1956-57 and 1958-59; public land highways, 1942-43 to date; payment of claims, 1945-46 to 1951-52; war damage in Hawaii, 1947-48 to 1955-56; reimbursement of D. C. highway fund, 1954-55 to 1957-58; forest highways, 1957-58 to date; Appalachia highways, 1965-66 to date; and beautification and control of outdoor advertising, highway safety, and landscaping and scenic enhancement, 1966-67 to date.

⁷ Forestry cooperation including watershed protection and flood prevention, 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; wildlife restoration, 1938-39 to date; war public works, 1941-42 to 1943-44; Public Works Administration, 1941-42 to 1949-50; farm labor supply, 1942-43 to 1948-49; community facilities and defense community facilities, 1944-45 to 1948-49, 1952-53, and 1954-55 to 1958-59; public works advance planning, 1946-47 to 1948-49; Federal airport program, 1947-48 to date; cooperative marketing project and disaster, drought, and other emergency relief, 1948-49 to date; civil defense, 1951-52 to date; slum clearance, 1952-53 to 1954-55; urban planning and renewal, 1955-56 to date; library services and waste-treatment works construction, 1956-57 to date; National Science Foundation installations, 1957-58; small business management research, 1958-59 to 1964-65; area redevelopment assistance and accelerated public works, 1962-63 to date; open space land, 1963-64 to date; urban and mass transportation, water resources research, commercial fisheries research, arts and humanities, law enforcement, State technical services of Commerce Department, and rural water and waste disposal, 1965-66 to date; economic development facilities, Appalachian assistance, technical and community assistance, and water pollution control, 1966-67 to date; model cities, meat inspection, and economic development planning, 1967-68; cropland adjustment and metropolitan development, 1968-69.

⁸ Promotion of welfare and hygiene of maternity and infancy.

Source: *Annual Reports of the Secretary of the Treasury, Combined Statement of Receipts, Expenditures and Balances of the United States Government, and agency reports.* Beginning with 1968-69 data: Department of the Treasury, *Federal Aid to States, Fiscal Year 1969, 1970.*

In previous years, all manpower development activities grants (which began in 1962-63) had been reported in combined form and were reported in this series as miscellaneous social welfare. In 1968-69, for the first time the classroom instruction costs of these programs were reported

separately. The instruction grants were placed among the education grants, adding \$86 million to the group. The remaining manpower grants were placed, as usual, with the miscellaneous social welfare grants.

The \$402 million increase in grants for mis-

TABLE 2.—Federal grants to State and local governments,

[Amounts in thousands]

States ranked by 1966-68 average per capita personal income	All grants ¹	Social welfare											
		Total		Public assistance		Health				Education			
		Amount	Percent of all grants	Amount	Percent of all grants	Total		Services	Con-struction	Total		Services	Con-struction
						Amount	Percent of all grants			Amount	Percent of all grants		
Total ²	\$19,764,625	\$13,862,358	70.1	\$6,280,335	31.8	\$865,602	4.4	\$484,105	\$381,497	\$2,726,373	13.8	\$2,699,937	\$26,436
United States ³	19,551,875	13,673,593	69.9	6,234,552	31.9	846,325	4.3	472,078	374,247	2,688,706	13.8	2,662,716	25,991
High-income group.....	9,382,679	6,630,108	70.7	3,573,440	38.1	365,830	3.9	218,570	147,260	1,002,241	10.7	992,198	10,040
D.C.....	158,919	111,635	70.2	23,957	15.1	12,666	8.0	9,949	2,718	10,223	6.4	9,996	227
Conn.....	262,676	158,053	60.2	74,225	28.3	7,322	2.8	4,995	2,327	26,816	10.2	26,817	-1
N.Y.....	2,045,274	1,673,095	81.8	1,104,621	54.0	57,365	2.8	38,433	18,932	148,296	7.3	148,081	216
Alaska.....	95,589	36,767	38.5	4,760	5.0	2,007	2.1	1,209	799	17,486	18.3	17,342	144
Ill.....	895,518	563,369	62.9	254,698	28.4	36,613	4.1	23,856	12,757	90,286	10.1	90,092	194
Calif.....	2,189,966	1,721,605	78.6	1,104,102	50.4	68,943	3.1	45,518	23,425	224,904	10.3	221,132	3,772
N.J.....	501,525	298,368	59.5	99,820	19.9	18,821	3.8	9,800	9,021	58,611	11.7	58,042	569
Nev.....	58,652	28,350	48.3	8,609	14.7	2,628	4.5	1,682	946	5,511	9.4	5,351	160
Del.....	41,844	29,600	70.7	9,984	23.9	3,239	7.7	1,998	1,241	7,743	18.5	7,704	38
Mass.....	574,188	390,456	68.0	219,018	38.1	19,772	3.4	10,195	9,577	55,200	9.6	55,142	58
Md.....	279,233	207,535	74.3	91,078	32.6	18,330	6.6	9,789	8,540	49,373	17.7	48,811	562
Mich.....	672,252	471,856	70.2	221,644	33.0	35,533	5.3	21,275	14,257	94,823	14.1	94,795	28
Wash.....	313,951	201,886	64.3	86,994	27.7	15,056	4.8	8,534	6,522	42,703	13.6	42,368	334
R.I.....	104,251	70,267	67.4	32,741	31.4	5,050	4.8	2,266	2,784	11,136	10.7	11,042	94
Hawaii.....	85,835	49,673	57.9	14,278	16.6	5,380	6.3	4,069	1,311	14,406	16.8	11,919	2,486
Ohio.....	784,276	467,848	59.7	183,009	23.3	43,307	5.5	19,303	24,004	101,934	13.0	101,832	401
Ind.....	183,730	149,746	47.0	39,902	12.5	13,798	4.3	5,699	8,099	42,900	13.4	42,032	758
Middle-income group.....	5,306,800	3,557,775	67.0	1,407,737	26.5	267,594	5.0	150,379	117,213	861,091	16.2	853,269	7,823
Pa.....	988,441	640,515	64.8	285,889	28.9	51,375	5.2	26,772	24,603	113,046	11.4	113,025	20
Wis.....	311,812	245,126	78.6	122,385	39.2	12,615	4.0	8,014	4,601	49,325	15.8	49,143	182
Oreg.....	186,414	113,617	60.9	38,562	20.7	7,863	4.2	4,856	3,008	28,834	15.5	28,768	66
Iowa.....	221,917	147,573	66.5	57,304	25.8	9,705	4.4	6,069	3,636	42,537	19.2	42,142	396
Minn.....	364,758	237,983	65.2	104,183	28.6	16,482	4.5	8,512	7,971	51,859	14.2	51,857	2
Colo.....	242,149	160,681	66.4	65,746	27.2	13,714	5.7	10,290	3,423	39,235	16.2	37,926	1,310
Kans.....	183,477	119,107	64.9	51,640	28.1	6,473	3.5	3,691	2,782	35,486	19.3	34,946	540
Nebr.....	124,130	85,276	68.7	31,241	25.2	7,428	6.0	3,219	4,208	24,290	19.6	24,204	90
Mo.....	441,839	326,174	73.8	148,345	33.6	25,999	5.9	14,314	11,685	65,248	14.8	64,493	755
N.H.....	60,088	31,317	52.1	9,803	16.3	2,476	4.1	1,712	764	8,024	13.4	8,022	2
Wyo.....	65,599	19,575	29.8	4,451	6.8	2,119	3.2	1,944	1,175	6,771	10.3	6,733	38
Fla.....	426,310	326,698	76.6	113,380	26.6	30,138	7.1	18,475	11,662	74,307	17.4	73,804	503
Vt.....	74,947	36,140	48.2	17,239	23.0	3,644	4.9	2,235	1,409	6,580	8.8	6,580	0
Va.....	367,598	211,037	57.4	36,587	10.0	19,083	5.2	8,570	10,512	84,957	23.1	84,461	495
Tex.....	942,177	684,280	72.6	281,497	29.9	47,466	5.0	26,121	21,345	178,541	18.9	177,298	1,244
Mont.....	108,313	47,879	44.2	12,894	11.9	3,003	2.8	1,724	1,279	17,409	16.1	17,361	48
Ariz.....	196,822	124,797	63.4	26,591	13.5	8,011	4.1	4,861	3,150	34,638	17.6	32,506	2,132
Low-income group.....	4,719,443	3,342,625	70.8	1,253,363	26.6	205,035	4.3	103,126	101,907	817,812	17.3	809,823	7,988
Okla.....	373,969	280,809	75.1	134,283	41.2	10,844	2.9	5,713	5,131	31,988	13.9	31,008	979
Utah.....	130,450	69,879	53.6	24,900	19.1	7,856	6.0	4,751	3,105	17,187	13.2	16,862	325
S. Dak.....	89,948	51,297	57.0	18,236	20.3	3,161	3.5	1,154	2,007	15,905	17.7	15,832	74
Maine.....	93,037	65,336	70.2	26,814	28.8	3,813	4.1	2,303	1,510	16,257	17.5	16,186	71
Ga.....	488,820	371,540	76.0	156,486	32.0	20,962	4.3	6,317	14,644	78,371	16.0	76,572	1,789
N. Dak.....	73,686	47,309	64.3	17,162	23.3	3,822	4.9	2,321	1,301	13,096	17.8	13,082	14
Idaho.....	82,422	45,913	55.7	14,057	17.1	2,853	3.5	1,943	910	17,148	20.8	16,805	343
N. Mex.....	174,023	112,803	64.8	40,465	23.3	7,150	4.1	3,959	3,190	32,858	18.9	31,162	1,696
N.C.....	438,517	344,681	78.6	94,899	21.6	28,538	6.5	11,418	17,120	105,592	24.1	105,099	493
La.....	460,343	342,043	74.3	180,869	39.5	13,076	2.9	7,998	5,678	59,607	12.7	59,059	548
Ky.....	454,712	296,454	65.2	124,632	27.4	16,133	3.5	8,773	7,360	63,883	14.0	63,469	414
Tenn.....	383,822	254,477	66.3	84,210	21.9	21,340	5.6	11,554	9,786	64,448	16.8	64,364	84
W. Va.....	264,332	144,838	54.8	48,513	18.4	9,235	3.5	4,338	4,897	34,490	13.0	34,186	304
S.C.....	227,273	175,940	77.4	37,119	16.3	15,065	6.6	8,761	6,303	59,039	26.0	58,874	164
Ala.....	414,802	310,000	74.7	110,108	26.5	16,294	3.9	8,729	7,566	75,320	18.2	74,802	518
Ark.....	242,816	177,681	73.2	65,898	27.1	11,117	4.6	6,769	4,348	46,432	19.1	46,253	179
Miss.....	317,471	251,535	79.2	54,722	17.2	13,376	4.2	6,325	7,051	66,192	20.8	66,138	53
Outlying areas:													
P. R.....	193,178	174,285	90.2	44,155	22.9	17,505	9.1	10,454	7,051	33,362	17.3	33,159	203
V.I.....	6,447	5,505	85.4	1,241	19.3	1,560	24.2	1,361	199	276	4.3	276	0
Other.....	13,124	8,975	68.4	388	3.0	212	1.6	212	0	4,029	30.7	3,787	242

¹ See footnotes to table 1 for programs in each group of grants.

² Includes a small amount undistributed, grants to the outlying areas

listed, and grants under a few programs to American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands.

cellaneous social welfare purposes raised the group by 11 percent to a \$4.0 billion total in 1968-69. The increase is composed of a 17-percent rise to \$2.5 billion in the subgroup that includes the various food distribution, stamp, and child nutrition programs, public housing contri-

butions, vocational rehabilitation, and employment security administration; and a 2-percent rise to \$1.5 billion in grants for economic opportunity programs. (It must be kept in mind that several of the economic opportunity programs—the Job Corps and VISTA, for instance—are

amounts and percent of total grants, by purpose, fiscal year 1968-69

[Amounts in thousands]

Social welfare—Continued				Highways		Urban affairs	Agriculture and natural resources	Miscellaneous	States ranked by 1966-68 average per capita personal income
Miscellaneous social welfare				Amount	Percent of all grants				
Total		Economic opportunity	Other						
Amount	Percent of all grants								
\$3,990,048	20.2	\$1,451,327	\$2,538,722	\$4,161,790	21.1	\$852,218	\$162,032	\$726,227	Total.
3,904,011	20.0	1,425,397	2,478,614	4,155,432	21.3	843,652	160,937	718,261	United States.
1,688,595	18.0	664,665	1,023,931	1,893,461	20.2	546,517	49,967	262,625	High-income group.
64,788	40.8	45,175	19,613	31,950	20.1	12,872	545	1,917	District of Columbia.
49,690	18.9	19,921	29,770	60,498	23.0	36,609	1,590	5,925	Connecticut.
362,813	17.7	137,347	225,466	238,801	11.7	71,294	6,944	55,140	New York.
12,515	13.1	6,744	5,771	42,281	44.2	4,638	1,937	9,965	Alaska.
181,772	20.3	71,932	109,840	230,410	25.7	70,113	4,067	27,559	Illinois.
323,655	14.8	138,394	185,262	307,046	14.0	109,097	9,361	42,858	California.
121,116	24.1	45,959	75,157	119,035	23.7	65,814	1,767	16,541	New Jersey.
11,603	19.8	5,334	7,269	27,004	46.0	724	610	1,963	Nevada.
8,633	20.6	2,419	6,214	9,652	23.1	515	1,116	962	Delaware.
96,466	16.8	38,713	57,753	106,694	18.6	61,238	1,626	14,174	Massachusetts.
48,755	17.5	13,525	35,229	49,869	17.9	10,776	2,348	8,705	Maryland.
119,856	17.8	40,221	79,635	153,448	22.8	30,247	4,408	12,293	Michigan.
57,127	18.2	21,238	35,889	83,318	26.5	10,771	3,277	14,706	Washington.
21,359	20.5	6,895	14,444	21,023	20.2	6,165	618	6,177	Rhode Island.
15,613	18.2	5,609	10,004	29,097	33.9	2,230	1,418	3,412	Hawaii.
139,598	17.8	48,402	91,196	241,634	30.8	40,146	3,841	30,907	Ohio.
53,256	16.7	17,837	35,419	141,801	44.5	13,268	4,494	9,421	Indiana.
1,021,354	19.2	362,206	659,149	1,302,509	24.5	184,766	55,498	205,802	Middle-income group.
190,205	19.2	55,947	134,258	227,608	23.0	66,872	5,179	48,266	Pennsylvania.
60,802	19.5	18,693	42,109	41,717	13.4	9,462	3,820	12,187	Wisconsin.
38,358	20.6	12,633	25,725	55,999	29.7	4,909	8,399	8,399	Oregon.
38,027	17.1	10,825	27,201	52,137	23.5	10,447	2,950	8,811	Iowa.
65,458	17.9	23,305	42,153	96,738	26.5	13,688	3,220	13,130	Minnesota.
41,986	17.3	18,631	23,354	67,662	27.9	3,839	2,146	7,823	Colorado.
25,508	13.9	8,120	17,388	49,157	26.8	6,154	3,718	4,607	Kansas.
22,312	18.0	8,099	14,214	30,288	24.4	2,115	2,416	4,035	Nebraska.
86,583	19.6	32,809	53,774	83,706	18.9	15,089	2,674	14,196	Missouri.
11,014	18.3	4,229	6,785	20,219	33.6	2,988	1,339	4,225	New Hampshire.
6,234	9.6	1,955	4,279	42,729	65.1	989	328	1,977	Wyoming.
108,874	25.6	37,072	71,802	72,277	17.0	10,461	3,637	13,246	Florida.
8,677	11.6	2,950	5,726	34,431	45.9	692	943	2,740	Vermont.
70,410	19.2	24,181	46,229	120,834	32.9	8,976	3,488	23,262	Virginia.
176,775	18.8	63,114	113,662	197,472	21.0	19,923	12,991	27,512	Texas.
14,573	13.5	7,190	7,384	52,768	48.7	1,030	1,690	4,946	Montana.
55,558	28.2	32,453	23,106	57,367	29.1	6,398	1,819	6,440	Arizona.
1,066,405	22.6	398,525	667,880	959,461	20.3	112,681	55,298	249,377	Low-income group.
63,694	17.0	21,586	42,108	51,108	13.6	21,574	9,189	22,399	Oklahoma.
19,936	15.3	6,316	13,619	53,469	41.0	2,025	1,624	3,453	Utah.
13,995	15.6	5,727	8,267	33,492	37.2	513	1,037	3,609	South Dakota.
18,452	19.8	7,619	10,833	18,968	20.4	2,512	1,319	4,902	Maine.
115,722	23.7	33,250	82,472	71,560	15.3	16,741	5,791	20,187	Georgia.
13,519	18.3	5,011	8,508	21,374	29.0	589	1,286	3,038	North Dakota.
11,855	14.4	4,439	7,416	31,871	38.7	540	1,261	2,837	Idaho.
32,330	18.6	14,838	17,492	48,343	27.8	3,467	1,453	7,957	New Mexico.
115,652	26.4	43,007	72,645	53,822	12.3	11,812	3,602	24,600	North Carolina.
87,891	18.7	30,413	57,478	105,972	22.6	6,794	3,301	11,234	Louisiana.
91,806	20.2	42,951	48,856	101,443	23.3	7,980	2,944	45,890	Kentucky.
84,479	22.0	29,382	55,097	89,635	22.4	12,111	2,656	24,943	Tennessee.
52,600	19.9	21,828	30,773	78,977	25.9	1,418	3,529	35,570	West Virginia.
64,718	28.5	21,737	42,981	35,165	19.5	4,429	1,908	9,831	South Carolina.
108,277	26.1	35,770	72,507	73,224	17.7	12,167	3,530	15,881	Alabama.
54,234	22.3	18,565	35,669	43,070	17.7	6,378	4,166	11,521	Arkansas.
117,245	36.9	56,176	61,069	45,059	14.2	1,631	6,722	12,525	Mississippi.
79,263	41.0	23,288	55,975	6,358	3.3	7,976	788	3,770	Outlying areas.
2,428	37.6	502	1,926			122	153	668	Puerto Rico.
4,346	33.1	2,139	2,207			467	153	3,528	Virgin Islands.
									Other.

* Includes a small amount of undistributed sums.

Source: Department of the Treasury, *Federal Aid to States, Fiscal Year 1969, 1970.*

not financed through the grants mechanism and thus fall outside the purview of this article.)

At \$4.2 billion, total grants in the highway group were down \$35 million from their 1967-68 level. Construction grants from the highway trust fund and for forest and public-land roads were down \$32 million. A combination of a \$19 million decrease in grants for landscaping and beautification with a \$15 million increase in grants for highway safety made up the rest of the drop. As the nonconstruction grants, taken together, accounted for only \$39 million of the group total, the relative decrease for the entire group was only 0.9 percent.

A 30-percent rise in the urban affairs group brought these grants to \$852 million, the bulk of which (\$534 million) went for the urban renewal program. Grants under the model cities program rose from \$1.6 million to \$9.3 million in this program's second year.

Four new grants programs were incorporated in the series in 1968-69. The new programs, aggregating about \$33 million in their first year, are work incentive activities (classified as miscellaneous social welfare), mental retardation (also miscellaneous social welfare), cropland adjustment (agriculture and natural resources), and metropolitan development, training, and technical assistance (urban affairs).

RELATION TO OTHER INDICATORS

Table 3 shows grants per capita and grants in relation to personal income and to State and local revenues. Federal grants to States and localities in 1968-69 amounted to \$97.83 for every man, woman, and child in the United States. This represents an increase of \$7.83 per person from the national average of 1967-68 and of \$23.86 per person from that of 1966-67.

As in table 2, the States are classified in three income groups by ranking the per capita personal income received in each State. Within each income group the States vary widely in per capita receipt of Federal grants. States with low population density benefit from the minimum allotment provisions in certain of the grant formulas, particularly that for highway construction. And States that spend a great deal from their own resources for federally aided programs tend to

receive more than the national average, whatever their income level. This is particularly true for the public assistance grants program and other programs with formulas of Federal matching in relation to State expenditures.

States that receive the largest per capita public assistance grants include some with the highest per capita income in the country as well as some with the lowest. Nevertheless, as a result of the equalization feature written into many of the statutory allocation formulas, grants per capita received in the States would in general be expected to be larger in the low- than in the middle-income States and larger in the middle-income States than in the high-income group.

Until recently these expectations have proved true, but now a divergence has occurred with respect to the relative position of the middle-income and high-income States. Starting with 1967-68, per capita grants received in the middle-income range of States fell below those in the high-income States and fell even further below in 1968-69. (See the accompanying chart.) In the last 2 years, then, the "top" and "bottom" grant receiver groups are no longer the low- and high-income States but have become the low- and the middle-income States. The spread or gap between grants per capita received in the top and the bottom groups has widened in absolute but not in relative terms as the inset panels in the chart show.

A comparison of the relationship of the 1967-68 and 1968-69 Federal grants to State and local revenues discloses only fractional differences, as follows:

Income group of States	Total grants as percent of—			
	Total State-local general revenues ¹		State-local direct general revenues ²	
	1967-68	1968-69	1967-68	1968-69
United States.....	19.4	19.3	23.4	23.0
High.....	16.9	16.6	19.9	19.6
Middle.....	19.4	19.0	23.3	22.9
Low.....	27.8	28.0	36.1	36.3

¹ From all sources.

² From own sources.

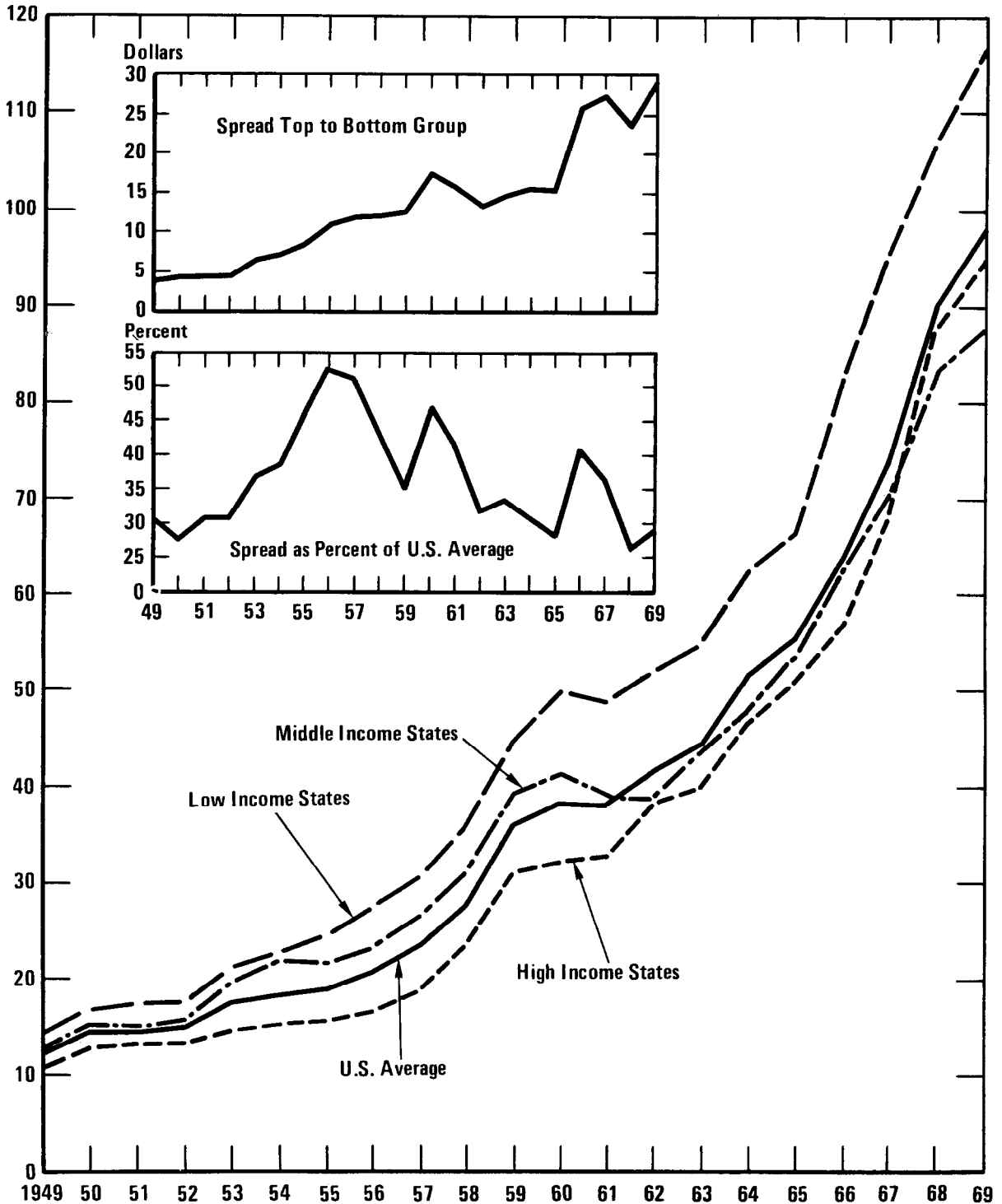
Grants for social welfare purposes represented 11.4 percent of the total (preliminary) social welfare expenditures during 1968-69 by all governments in the United States. They accounted

for more than 20 percent of all Federal social welfare expenditures and were the equivalent of

26 percent of all State and local government social welfare expenditures from their own sources.

Grants per capita: National average and average of high-, middle-, and low-income States, fiscal years 1948-49 through 1968-69

Dollar Grants per Capita



The proportion of all social welfare expenditures provided through Federal grants for social welfare purposes declined slightly from the fiscal year 1967-68 to 1968-69. However, though the grants role was somewhat smaller than it had been in the preceding fiscal year, the continuing

growth in the part played by Federal grants in the longer range is apparent in the health and education areas and in the totality of social welfare expenditures. Federal grants have formed half or more of all public assistance expenditures for a great many years.

TABLE 3.—1968-69 Federal grants in relation to personal income, to State and local general revenues and direct general revenues, and to population, by State ¹

States ranked by 1966-68 average per capita personal income	Total grants as percent of—			Per capita grants						
	Personal income, 1968	Total State-local general revenues, 1967-68 ²	State-local direct general revenues, 1967-68 ³	Total	Public assistance	Health	Education	Miscellaneous social welfare	Highways	All other
Total.....				\$97.45	\$30.97	\$4.27	\$13.44	\$19.67	\$20.52	\$8.58
United States.....	2.9	19.3	23.0	97.83	31.20	4.23	13.45	19.54	20.79	8.62
High-income group.....	2.4	16.6	19.6	94.87	36.13	3.70	10.13	17.08	19.14	8.70
District of Columbia.....	4.4	29.3	45.3	198.15	29.87	15.79	12.75	80.78	39.84	19.12
Connecticut.....	2.1	17.7	21.1	88.71	25.07	2.47	9.06	16.78	20.43	14.90
New York.....	2.7	16.6	18.8	112.46	60.74	3.15	8.15	19.95	13.13	7.33
Alaska.....	8.4	31.8	55.3	346.34	17.24	7.27	63.35	45.34	153.19	59.93
Illinois.....	2.0	17.4	20.8	81.72	23.24	3.34	8.24	16.59	21.03	9.28
California.....	2.9	16.0	19.4	114.19	57.57	3.59	11.73	16.88	16.01	8.41
New Jersey.....	1.8	15.0	17.1	70.94	14.12	2.66	8.29	17.13	16.84	11.90
Nevada.....	3.3	18.5	22.7	130.63	19.17	5.85	12.27	25.84	60.14	7.34
Delaware.....	2.1	13.7	16.2	78.51	18.73	6.08	14.53	16.20	18.11	4.86
Massachusetts.....	2.7	19.8	23.1	105.59	40.28	3.64	10.15	17.74	19.62	14.17
Maryland.....	1.9	14.6	17.1	75.14	24.51	4.93	13.29	13.12	13.42	5.87
Michigan.....	2.1	14.4	16.7	77.51	25.56	4.10	10.93	13.82	17.69	5.41
Washington.....	2.6	16.1	19.3	95.25	26.39	4.57	12.96	17.33	25.28	8.72
Rhode Island.....	3.2	23.2	29.4	114.81	36.06	5.56	12.26	23.50	23.15	14.27
Hawaii.....	3.2	16.8	21.5	110.75	18.42	6.94	18.59	20.15	37.54	9.11
Ohio.....	2.1	17.9	21.0	73.92	17.25	4.08	9.61	13.16	22.76	7.06
Indiana.....	1.8	14.1	16.3	62.93	7.88	2.72	8.45	10.51	28.00	5.37
Middle-income group.....	2.7	19.0	22.9	87.77	23.29	4.43	14.24	16.88	21.55	7.39
Pennsylvania.....	2.5	19.7	23.5	84.12	24.33	4.37	9.62	16.19	19.37	10.24
Wisconsin.....	2.2	13.7	15.8	74.05	29.06	3.00	11.71	14.44	9.91	5.93
Oregon.....	2.8	17.1	21.6	93.02	19.24	3.92	14.39	19.14	27.64	8.68
Iowa.....	2.4	15.2	18.0	79.97	20.65	3.50	15.33	13.70	18.79	8.00
Minnesota.....	3.0	16.7	20.1	99.58	28.44	4.50	14.16	17.87	26.41	8.20
Colorado.....	3.5	21.2	26.1	117.15	31.81	6.63	18.98	20.31	32.73	6.68
Kansas.....	2.4	16.6	19.6	80.09	22.54	2.83	15.49	11.13	21.46	6.64
Nebraska.....	2.7	17.3	20.7	85.43	21.50	5.11	16.72	15.36	20.85	5.90
Missouri.....	2.9	23.1	28.5	95.84	32.18	5.64	14.15	18.78	18.16	6.93
New Hampshire.....	2.6	20.8	25.7	85.47	13.94	3.52	11.41	15.67	28.76	12.17
Wyoming.....	6.5	26.2	37.3	203.72	13.82	6.58	21.03	19.36	132.70	10.23
Florida.....	2.2	15.5	18.0	68.65	18.26	4.85	11.97	17.53	11.64	4.40
Vermont.....	5.7	30.7	42.2	174.70	40.18	8.49	15.34	20.23	80.26	10.20
Virginia.....	2.6	19.8	23.9	79.84	7.95	4.14	18.45	15.29	26.25	7.76
Texas.....	2.8	21.4	26.6	85.55	25.56	4.31	16.21	16.05	17.93	5.49
Montana.....	5.3	27.7	35.8	155.62	18.53	4.32	25.01	20.94	75.82	11.01
Arizona.....	3.9	22.1	27.8	118.07	15.95	4.81	20.78	33.33	34.41	8.79
Low-income group.....	4.5	28.0	36.3	116.57	30.95	5.06	20.21	26.33	23.69	10.30
Oklahoma.....	5.2	29.4	39.8	147.12	60.69	4.27	20.45	25.06	20.07	16.58
Utah.....	4.5	23.7	31.8	126.53	24.15	7.62	16.67	19.34	51.86	6.89
South Dakota.....	4.8	25.1	32.7	135.26	27.42	4.75	23.92	21.04	50.36	7.76
Maine.....	3.4	23.7	29.1	95.13	27.42	3.90	16.62	18.87	19.39	8.93
Georgia.....	3.8	25.5	32.1	106.75	34.17	4.58	17.12	25.27	16.28	9.33
North Dakota.....	4.3	19.6	24.3	118.09	27.50	5.80	20.99	21.67	34.25	7.87
Idaho.....	4.4	23.4	29.2	116.25	19.83	4.02	24.19	16.72	44.95	6.54
New Mexico.....	6.5	29.1	41.1	175.07	40.71	7.19	33.06	32.53	48.63	12.96
North Carolina.....	3.2	23.5	28.6	85.46	18.50	5.56	20.68	22.54	10.49	7.80
Louisiana.....	4.8	26.2	33.0	126.51	48.75	3.69	16.07	23.69	28.56	5.75
Kentucky.....	5.3	34.2	46.6	141.04	38.66	5.00	19.81	28.48	31.47	17.62
Tennessee.....	3.7	25.9	33.3	97.12	21.31	5.40	16.31	21.38	22.68	10.05
West Virginia.....	5.9	34.1	46.3	145.32	26.67	5.08	18.96	28.92	43.42	22.27
South Carolina.....	3.6	25.9	32.1	85.15	13.91	5.64	22.12	24.25	13.18	6.06
Alabama.....	5.0	31.1	41.4	117.77	31.26	4.63	21.39	30.74	20.79	8.97
Arkansas.....	5.3	34.4	47.8	122.45	33.23	5.61	23.42	27.35	21.72	11.13
Mississippi.....	6.5	37.3	49.7	135.15	23.30	5.69	28.18	49.91	19.18	8.89
Outlying areas:										
Puerto Rico.....				70.94	16.22	6.43	12.25	29.11	2.33	4.60
Virgin Islands.....				115.96	22.33	28.05	4.96	43.67		16.96
Other.....				71.40	2.11	1.15	21.92	23.64		22.57

¹ See the appropriate footnote to table 1 for the programs in each group of grants and for components of total and United States lines.

² Revenues (except trust revenues) from all sources.

³ Revenues (except trust revenues) from own sources.

Source: State and local revenues data from *Government Finances in 1967-68*

of the Bureau of the Census. Per capita data are based on estimates of the Bureau of the Census for the total population, excluding the Armed Forces overseas, as of July 1, 1968. Personal income data are for calendar years and are from the *Survey of Current Business*, August 1969.