

# Federal Grants to State and Local Governments, 1970-71

by SOPHIE R. DALES\*

*Aid to State and local governments in the form of Federal grants totaled \$29.2 billion in fiscal year 1970-71, about 25 percent more than the preceding year's total and four and one-fourth times the figure 10 years earlier. In this series, such grants, grouped by purpose, are reviewed annually with special concentration on those directed to social welfare functions and on their relation to other grants. To measure the extent to which grants are used as a redistributive income tool and a means of equalizing fiscal resources among the States, the grants on a State-by-State basis are related to population, total personal income within the States, and State and local revenues.*

*Not all the grant groups contributed to the 1970-71 rise, and those that did rose unequally. Highway grants were up 6 percent from the 1969-70 figure but continued to represent a declining proportion of all grants. Total social welfare grants rose substantially, representing an increasing proportion of all grants.*

AID TO STATE and local governments in the form of Federal grants totaled \$29.2 billion in the fiscal year 1970-71, an increase of about 24 percent over the Federal grants of 1969-70. Slightly more than 72 percent of the grants, \$21.1 billion, were for programs with a social welfare purpose. The \$15.0 billion of grants by the Department of Health, Education, and Welfare represented more than 51 percent of the total and about 71 percent of all social welfare grants (table 1).

The Federal grant-in-aid as a fiscal device for achieving program objectives through government channels is almost as old as the Nation. The modern allocation-formula grant with matching requirements for the recipient State or local government, however, made its appearance only as recently as the World War I era with the Federal Aid Road Act of 1916 and the Smith-Hughes (vocational education) Act of 1917. A newer development—the project grant, in which the money is channeled directly to the assisted activity—began to receive increased emphasis in

the mid-fifties. Most of the more recently inaugurated programs have been this type of grant. Nonetheless, allocation-formula grants continue to dominate Federal grants by their sheer magnitude, most notably for public assistance, which accounted for a third of all 1971 grants.

Grants-in-aid are but one of the Federal fiscal aids to State and local governments, although quantitatively they are the most significant. Federal grants are also made to other types of recipients (individuals and institutions), but these are not included here; the amounts are much less than grants to the lower governmental levels.

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 act solely as agents of the Federal Government. Loans are excluded by definition.

In 1970-71, as in many preceding years, about 98 percent of all Federal aid to State and local governments took the form of grants as defined by these criteria. The proceeds of certain special funds, certain income from public land, and shared revenues form the bulk of the remainder.

The basic source of Federal grants data by State is the Department of the Treasury publication, *Federal Aid to States* (until recently a multipage table in the *Treasury Annual Report . . . on the State of the Finances*). *Federal Aid to States* attempts no classification other than by agency of the executive branch of the Federal Government responsible for administering the grants program. For analytical social science research, however, it is desirable to have a consistent grouping of the grants by function over time. (The Special Analyses of the U.S. Budget,

\* Office of Research and Statistics, Division of Economic and Long-Range Studies. The author gratefully acknowledges the aid of the Statistical Processing Unit in preparing the statistical data for presentation.

which partially meet these criteria, are discussed below.)

Perhaps the most useful regrouping of the grants is by the social welfare functions of health, education, public assistance, economic opportunity and manpower, and other social welfare programs. Such a classification permits historical analysis of the relative amounts and proportions of all grants devoted to these functions, and a comparison of these grants with grants devoted to such "non-social welfare" categories as highways, agriculture and natural resources, and urban affairs. On a State-by-State basis the relation of grants to population, to total personal income within the States, and to State and local government revenues measures the extent to which grants are used as a redistributive income tool and means of equalizing fiscal resources among the States.

Historically, the development of the Federal grant-in-aid as a device to finance the income-maintenance and medical-care provisions of the categorical public assistance programs has been of special interest to the Social Security Administration. Until January 1963, these grants (inaugurated by the Social Security Act) were administered by the Social Security Administration. They were then transferred by a departmental reorganization to the Welfare Administration (later the Social and Rehabilitation Service).

Another source of grants data is the Special Analysis on Federal Aid prepared by the Office of Management and Budget (and its predecessor, the Bureau of the Budget) in connection with the annual *Budget of the United States Government*. That analysis, however, does not present State-by-State distributions but deals mainly with national aggregates and occasionally with regional

TABLE 1.—Federal grants: Total to State and local governments, by purpose, fiscal years 1929-30 to 1970-71

(Amounts in millions)

Fiscal year	All grants <sup>1</sup>	Social welfare										Highways <sup>7</sup>		All other <sup>8</sup>	
		Total		Public assistance <sup>2</sup>		Health <sup>3</sup>		Education <sup>4</sup>		Economic opportunity and manpower <sup>5</sup>		Miscellaneous social welfare <sup>6</sup>	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			(9)		\$22	21 8			\$1	\$76	75 5	\$1
1930-31.....	180	25	13 9					24	13 1			1	154	85 2	2
1931-32.....	214	26	12 1					24	11 3			2	186	87 1	2
1932-33.....	190	25	13 2					23	12 3			2	163	86 0	2
1933-34.....	1,803	24	1 4					22	1 2			2	222	12 3	1,557
1934-35.....	2,197	28	1 3					26	1 2			3	275	12 5	1,893
1935-36.....	1,015	107	10 5	\$28	2 8	\$4	0 4	37	3 7			37	224	22 1	684
1936-37.....	818	230	28 1	144	17 6	13	1 6	38	4 6			36	341	41 6	247
1937-38.....	790	365	46 2	216	27 3	15	1 9	48	6 1			86	247	31 2	178
1938-39.....	1,031	448	43 2	247	24 0	15	1 4	50	4 8			134	192	18 6	393
1939-40.....	967	531	54 9	271	28 0	22	2 3	51	5 2			187	165	17 0	272
1940-41.....	915	624	68 2	330	36 0	26	2 8	113	12 3			156	171	18 7	120
1941-42.....	926	694	74 9	375	40 4	29	3 1	151	16 3			139	158	17 1	74
1942-43.....	991	691	69 7	398	39 9	30	3 1	171	17 2			94	174	17 6	126
1943-44.....	983	700	71 3	405	41 2	60	6 1	136	13 8			99	144	14 7	138
1944-45.....	17	700	76 3	410	44 7	79	8 6	103	11 3			108	87	9 5	130
1945-46.....	844	701	83 1	439	52 0	71	8 4	68	6 8			133	75	8 8	68
1946-47.....	1,549	1,302	84 1	614	39 6	63	4 1	65	4 2			560	199	12 8	48
1947-48.....	1,581	1,229	77 8	718	45 4	55	3 5	120	7 6			335	318	20 2	33
1948-49.....	1,840	1,366	74 2	928	60 4	67	3 6	76	4 2			295	410	22 3	64
1949-50.....	2,212	1,731	78 2	1,123	60 8	123	5 6	82	3 7			402	429	19 4	53
1950-51.....	2,253	1,802	80 0	1,186	52 6	174	7 7	93	4 1			350	400	17 8	50
1951-52.....	2,329	1,854	79 6	1,178	50 6	187	8 0	156	6 7			333	420	18 0	56
1952-53.....	2,759	2,162	78 4	1,330	48 2	173	6 3	259	9 4			400	517	18 8	80
1953-54.....	2,968	2,346	79 3	1,438	48 6	140	4 7	248	8 4			619	538	18 2	74
1954-55.....	3,096	2,403	77 6	1,427	46 1	119	3 8	296	9 6			561	597	19 3	97
1955-56.....	3,441	2,615	76 0	1,455	42 3	133	3 9	276	8 0			751	740	21 5	85
1956-57.....	3,936	2,848	72 4	1,556	39 6	162	4 1	280	7 1			848	955	24 3	133
1957-58.....	4,794	3,095	64 6	1,795	37 4	176	3 7	308	6 4			818	1,519	31 7	181
1958-59.....	6,316	3,450	54 6	1,966	31 1	211	3 3	376	6 0			897	2,614	41 4	251
1959-60.....	6,838	3,610	52 8	2,059	30 1	214	3 1	441	6 5			896	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	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	2,783	36 1	385
1962-63.....	8,324	4,825	58 0	2,730	32 8	292	3 5	558	6 7	\$334	4 0	912	3,023	36 3	477
1963-64.....	9,774	5,352	54 8	2,944	30 1	322	3 3	579	5 9	413	4 2	1,094	3,644	37 3	778
1964-65.....	10,630	5,672	53 4	3,059	28 8	346	3 3	705	6 6	527	5 0	1,033	4,018	37 8	941
1965-66.....	12,519	7,634	61 0	3,528	28 2	365	2 9	1,595	12 7	1,131	9 0	1,016	3,975	31 8	909
1966-67.....	14,820	9,845	66 4	4,175	28 2	436	2 9	2,370	16 0	1,610	10 9	1,254	4,022	27 1	953
1967-68.....	18,173	12,455	68 5	5,319	29 3	823	4 5	2,725	15 0	2,050	11 3	1,538	4,197	23 1	1,520
1968-69.....	19,771	13,806	69 8	6,280	31 8	866	4 4	2,670	13 5	2,087	10 5	1,904	4,182	21 0	1,803
1969-70.....	23,585	16,545	70 2	7,445	31 6	1,043	4 4	3,016	12 8	2,565	10 9	2,476	4,392	18 6	2,649
1970-71.....	29,221	21,067	72 1	9,640	33 0	914	3 1	3,540	12 1	2,989	10 2	3,985	4,659	15 9	3,495

or urban area subtotals. Constructing a time series from these data is difficult because the program groupings have varied from *Budget to Budget*, as have the years for which data are presented. To assist legislators who pass on the Federal Budget, the groupings of national aggregate grants have, for the most part, followed agency or legislative committee breakdowns, thus limiting the usefulness of the data for social science research.

The data on the right compare the Social Security Administration series with those of the Department of the Treasury and the Office of Management and Budget for the past dozen fiscal years. The titular designation under which each series is published and the basis of the data are also given.

The yearly totals in the Social Security Administration series are always smaller than the total of the Treasury series. The former can be

reconciled with the latter by the addition of the amounts listed by the Treasury for the several programs of payments in lieu of taxes, proceeds of public land funds and other shared revenues,

Fiscal year	Social Security Administration <sup>1</sup>	Department of the Treasury <sup>2</sup>	Office of Management and Budget <sup>3</sup>
1960.....	\$6,838	\$7,011	\$7,040
1961.....	6,921	7,102	7,112
1962.....	7,703	7,895	7,893
1963.....	8,324	8,597	8,634
1964.....	9,774	10,060	10,141
1965.....	10,630	10,904	10,904
1966.....	12,619	12,833	12,960
1967.....	14,820	15,193	15,240
1968.....	18,173	18,601	18,599
1969.....	19,771	20,287	20,255
1970.....	23,685	24,211	23,954
1971.....	29,221	29,845	29,844

<sup>1</sup> Series "Federal Grants to State and Local Governments" Checks issued or adjusted to that basis

<sup>2</sup> Series "Federal Aid Payments to States and Local Units." In 1968, series was "Federal Grants-in-aid Payments to State and Local Governments," thereafter, "Federal Aid to States" with various subtitles Checks adjusted to that basis

<sup>3</sup> Series "Special Analyses Federal Aid to State and Local Governments." Expenditures

#### Footnotes to table 1

<sup>1</sup> On checks-issued basis, or adjusted to that basis for most programs, includes small amounts of adjustments and undistributed sums, and grants under a few programs to American Samoa, Canal Zone, Guam, and the Trust Territory of the Pacific Islands

<sup>2</sup> 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 1969-70, aid to the aged, blind, or disabled, 1963-64 to date, and medical assistance, 1965-66 to date. All programs include administration. In 1968-69 same programs reported by source as maintenance payments, medical assistance, public assistance (administration), and social service demonstration projects. Starting 1969-70, same programs reported in summary as public assistance

<sup>3</sup> Promotion of welfare and hygiene of maternity and infancy, 1929-30, maternal and child health services, services for crippled children, and 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 1952-54 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 heart disease research facilities, and industrial waste studies, 1949-50 to 1952-53, construction of cancer research facilities, 1949-50 to 1953-54, emergency poliomylitis vaccination, 1945-56 to 1960-61, water pollution control (sanitary engineering environmental health activities), 1956-57 to 1965-66, health 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, and air pollution control, 1964-65 to 1969-70, nursing services, 1965-66 to date, medical care services, 1966-67, comprehensive health planning and services and regional medical services, 1967-68 to date; child welfare services, 1968-69 to 1969-70, and environmental control and patient care and special health services, 1969-70

<sup>4</sup> Colleges for agriculture and mechanic arts, vocational education, education of blind, 1929-30 to date, cooperative State research service (agricultural experiment stations, 1929-30 to 1966-67 see footnote 8); agricultural extension work, 1929-30 to date, State marine schools, 1929-30 to 1968-69 and 1970-71, 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 1969-70, education of handicapped, 1959-60 to date, educational television, higher education facilities construction, 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, 1968-69 to date, and educational broadcasting facilities construction, 1968-69

<sup>5</sup> Employment security administration, 1962-63 to date (see footnote 6); manpower development activities and related programs, 1962-63 to date; work experience, community action, and Neighborhood Youth Corps, 1964-65 to date, adult training and development, 1966-67 to date, work incentive activities, 1968-69 to date

<sup>6</sup> Vocational rehabilitation and State homes for disabled servicemen, 1929-30 to date, employment service administration, 1933-34 to 1942-43 and 1946-47 to 1961-62 (see footnote 5), child welfare services, 1935-36 to 1967-68 and 1970-71, 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 1960-61, 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, 1938-54; 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 to 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 program work experience, community action, and Neighborhood Youth Corps, 1964-65 to date, adult training and development, veterans' nursing homes, 1966-67 to date, and mental retardation and work incentive activities, 1968-69

<sup>7</sup> 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 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

<sup>8</sup> 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; basic agriculture research, 1964-65 to 1968-69, urban and mass transportation, water resources research, commercial fisheries research, arts and humanities, law enforcement, State technical assistance, and water pollution control, 1966-67 to date, model cities, meat inspection, economic development planning, and cooperative State research (agricultural experiment stations, see footnote 4), 1967-68 to date; cropland adjustment and metropolitan development, 1968-69 to date, and oceanographic and atmospheric research and development and preservation of historic properties, 1970-71

<sup>9</sup> Promotion of welfare and hygiene of maternity and infancy, \$9,552

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...*

such "aid" programs as the National Guard (in which the States act as agents of the Federal Government), and such miscellaneous "aids" as expenditures in Hawaii for the Department of State Center for Cultural and Technical Exchange between East and West (\$4.8 million in 1970-71). The Social Security Administration series usually encompasses about 98 percent of the Treasury series total, as stated above.

Although the Treasury and Budget series are not far apart, the Budget series<sup>1</sup> has usually been the larger of the two. In fiscal year 1969-70, however, the Treasury series was larger—primarily because it included \$13 million for adult basic education and \$223 million for the Commodity Credit Corporation.<sup>2</sup>

The Federal Government operated more than 100 different grants programs during fiscal year 1970-71 to assist the States and localities in financing specific activities. For presentation here, the grants programs have been consolidated according to general purpose into nine groups (table 2) and, because of space limitations, further consolidated into seven groups (tables 1 and 3). As far as possible the classification is in conformity with the Social Security Administration statistical series on social welfare expenditures.<sup>3</sup> Special variations are described in each article on Federal grants.

This year a new grants group, economic opportunity and manpower, has been separated from the miscellaneous social welfare category starting with data for 1962-63. Grants under programs in this newly established group totaled \$3.0 billion in fiscal year 1970-71 (leaving \$4.0 billion in the miscellaneous social welfare group); they accounted for 43 percent of the formerly combined group, 14 percent of the social welfare grants, and 10 percent of all 1970-71 grants. The new grants group has been made because grants in this category represent such significant proportions of all grants and of social welfare grants.

The new economic opportunity and manpower group includes grants to administer employment

security—(\$745 million in 1970-71), plus the following programs: work experience (\$402 million); equal employment opportunity (\$1 million); community action (\$716 million); work incentive (\$123 million); manpower training (\$189 million); concentrated employment (\$122 million); Job Corps (\$111 million); JOBS (\$120 million); MDTA summer program (\$77 million); Neighborhood Youth Corps (\$284 million); Operation Mainstream (\$69 million); public service careers (\$24 million); manpower research, experiment, demonstration, and evaluation (\$5 million); supplemental training and employment (\$2 million); minor amounts in a few States for trade adjustment administration; and a few other programs.<sup>4</sup>

Another change this year is the removal of the grants for cooperative State research (formerly agricultural experiment stations) from the education group and their incorporation with the grants for the promotion of agriculture and preservation of natural resources, starting with data for fiscal year 1967-68. This change is made to conform the grants series with the social welfare expenditures series. For the latter, it had become evident that the emphasis of the agricultural experiment program in recent years was less on training of research personnel and more on the research *per se* with resulting loss of direct social welfare consequence.

## GRANTS IN FISCAL YEAR 1970-71

The \$29.2 billion in 1970-71 Federal grants represented a total outlay nearly four and one-fourth times as large as the total 10 years ago. Grants in 1970-71 were about 25 percent more than the grants of 1969-70 and almost half again the 1968-69 grants total.

Not all the grants groups contributed to the increase, and those that did rose unequally. Dollar increases ranged from 255 percent for the agriculture and natural resources group (from \$216 million to \$771 million—largely attributable to grants of \$478 million for a new program of environmental protection construction) to 6 percent for highway construction, safety, and beauti-

<sup>1</sup> *Special Analyses, Budget of the U.S. Government, Fiscal Year 1973*, Special Analysis P, page 239

<sup>2</sup> *Federal Aid to States, 1970*, footnote 64, page 22.

<sup>3</sup> See Alfred M. Skolnik and Sophie R. Dales, "Social Welfare Expenditures, 1970-71," *Social Security Bulletin*, December 1971. Social welfare is defined as cash benefits, services, and administrative costs of all programs operating under public law that are of direct benefit to individuals and families.

<sup>4</sup> An earlier review of grants (in the August 1969 *Social Security Bulletin*) also showed economic opportunity grants separately, but grants for employment security administration were not included.

fication. At \$914 million, health services and construction grants were more than 12 percent below the 1969-70 counterparts. "Miscellaneous" grants (not to be confused with miscellaneous social welfare grants) were down fractionally despite the addition of two new grants programs: one for oceanographic and atmospheric research, development, and facilities (\$4.6 million) and the other for preservation of historic properties (\$1.6 million).

The relative importance of highway grants has been falling steadily for a decade—from a post-World War II peak of 43 percent of all 1959-60 grants to less than 16 percent of the 1970-71 total. The broad category of social welfare grants, however, has been more than holding its own with an irregular climb from 53 percent of the 1959-60 grants (their post-World War II low) to more than 72 percent in 1970-71.

Social welfare grants are subdivided into the following groups of grants: Public assistance, health, education, economic opportunity and manpower, and miscellaneous social welfare. Within this broad category—which rose 27 percent above the \$16.5 billion of 1969-70—the range extended from a 61-percent increase for the reorganized miscellaneous social welfare grants group (as it is presently constituted) to the 12-percent decrease in health services and construction grants.

Grants for public assistance include the Federal share of cash payments under the categorical assistance programs, medical assistance payments, and grants for administration, social services, training, and demonstration projects. The \$9.6 billion total for public assistance in 1970-71 was 29 percent above the 1969-70 figure although these grants have represented about the same proportion of social welfare grants (45-46 percent) and of the grants total (32-33 percent) for the past three fiscal years.

Two-fifths of the 12-percent decrease in 1970-71 grants for health services and construction was simply the result of an accounting variation in Treasury reporting. For the two preceding years Treasury consolidated child welfare with maternal and child health grants. Once again separated in the 1970-71 data, child welfare reappears with the miscellaneous social welfare grants.

An increase of one-third (\$40 million) in grants for comprehensive health planning services par-

tially offset decreases in all the other health grants programs except dental health activities. The latter, however, is a relatively small program under which \$3 million was distributed in 1969-70 and \$4 million in 1970-71.

Since their start in 1965-66, grants under the Elementary and Secondary and the Higher Education Acts of 1965 have dominated the Federal education grants picture. These massive Federal aids to education and educational opportunity for children of the poor have formed 51-60 percent of all education grants since then except in 1968-69 when they were 65 percent of the education group.

In 1970-71 grants for these two programs alone totaled \$2.1 billion—60 percent of the education grants (\$3.5 billion), 10 percent of the social welfare grants, and 7 percent of the entire Federal grants total. They increased 26 percent—about \$445 million—from the preceding year and more than offset the decreases experienced in some of the other educational grants programs (most notably a \$159 million decrease in assistance to schools in "federally impacted" areas). Grants under these two programs contributed more than nine-tenths of the 17-percent increase in the education grants group.

An increase of \$1.5 billion in miscellaneous social welfare grants (excluding the new economic opportunity group) brought the 1970-71 total for this category to \$4.0 billion. This figure represents a 61-percent jump from the similarly constituted group of 1969-70. Most of this rise is in the \$1.0 billion or 175-percent increase in the food stamp program. In a far smaller way, the reappearance of the once-again-separate grants for child welfare services added \$51 million to the group. Together the three crop programs—child nutrition, value of commodities donated by Commodity Credit Corporation, and surplus food removal—totaled \$1.3 billion in 1970-71, 29 percent more than in 1969-70.

At \$4.7 billion, grants in the highways category were up 6 percent from their 1969-70 level. Construction grants from the highway trust fund continue to dominate with 98 percent of the total; they increased \$267 million to \$4.6 billion. Forest and public land highway construction declined 14 percent to \$33 million. Grants for highway safety rose to \$66 million, a 36-percent increase.

A rise of one-fifth in urban affairs grants

brought this category to \$1.8 billion. Model cities grants grew from a \$79 million program to one of \$320 million—a threefold rise in its fourth year of operation. The largest subcategory of 1969-70—urban renewal—dropped 3 percent to \$1.0 billion; in 1970-71 it accounted for 58 percent of the group total, compared with 71 percent in the preceding year.

It should be noted that there are social welfare aspects to some of the multipurpose grants programs that are grouped with urban affairs grants and even with "miscellaneous" grants. Under the model cities legislation, for example, health clinics and other services are being operated in several metropolitan areas but, since the amounts granted are reported for the program as a whole,

TABLE 2—Federal grants to State and local governments

[Amounts in thousands]

States ranked by 1968-70 average per capita personal income	Social welfare								
	All grants	Total		Public assistance		Health		Education	
		Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants	Amount	Percent of all grants
Total <sup>1</sup> .....	\$29,221,449	\$21,067,158	72 1	\$9,639,561	33 0	\$913,657	3 1	\$3,540,170	12 1
United States <sup>2</sup> .....	28,920,779	20,821,762	72 1	9,586,450	33 1	897,579	3 1	3,490,953	12 1
High-income group.....	15,464,306	11,398,055	73 7	5,935,061	38 4	456,751	3 0	1,760,119	11 3
District of Columbia.....	469,791	342,328	72 9	67,863	14 4	19,226	4 1	147,834	31 5
Connecticut.....	401,060	250,528	62 5	112,641	28 1	20,754	5 2	37,555	9 4
New York.....	3,283,840	2,563,881	78 1	1,499,533	45 7	86,587	2 6	349,681	10 6
New Jersey.....	820,917	592,975	72 2	279,946	34 1	21,244	2 6	103,983	12 7
Alaska.....	148,066	64,568	43 6	6,814	4 6	1,336	9	25,971	17 5
Illinois.....	1,246,782	902,685	72 4	424,474	34 0	29,457	2 4	140,354	11 3
Nevada.....	79,909	41,399	51 8	13,280	16 6	1,912	2 4	9,663	12 1
California.....	3,450,029	2,707,655	78 5	1,682,651	48 8	60,645	1 8	325,144	9 4
Hawaii.....	126,953	80,724	63 6	28,108	22 1	5,120	4 0	21,327	16 8
Delaware.....	64,862	42,392	65 4	17,035	26 3	2,739	4 2	9,278	14 3
Massachusetts.....	836,620	640,741	76 6	380,178	45 4	29,403	3 5	71,568	8 6
Maryland.....	465,320	329,886	70 9	135,053	29 0	19,305	4 1	67,817	14 6
Michigan.....	1,043,353	748,198	71 7	356,929	34 2	42,849	4 1	108,036	10 4
Washington.....	486,962	349,308	71 7	158,358	32 5	16,642	3 4	51,665	10 6
Ohio.....	1,013,427	682,905	67 4	243,326	24 0	40,892	4 0	124,231	12 3
Rhode Island.....	137,667	102,690	74 6	48,755	35 4	3,137	2 3	15,672	11 4
Pennsylvania.....	1,388,748	955,192	68 8	480,117	34 6	55,503	4 0	140,340	10 1
Middle-income group.....	6,659,353	4,467,496	67 1	1,834,126	27 5	229,702	3 4	837,948	12 6
Indiana.....	429,362	276,831	64 5	101,492	23 6	14,826	3 4	58,787	13 7
Kansas.....	264,514	169,249	64 0	76,379	28 9	8,887	3 4	38,844	14 7
Minnesota.....	530,377	346,259	65 3	172,840	32 6	14,284	2 7	49,887	9 4
Oregon.....	326,119	197,559	60 6	88,254	27 1	9,053	2 8	31,550	9 7
Colorado.....	369,062	248,467	67 3	107,661	29 2	19,888	5 4	43,063	11 7
Nebraska.....	160,709	112,913	70 3	43,595	27 1	6,927	4 3	16,394	10 2
Iowa.....	300,882	195,480	65 0	71,376	23 7	13,961	4 6	39,151	13 0
Missouri.....	605,401	422,716	69 8	174,510	28 8	22,397	3 7	67,579	11 2
Wisconsin.....	421,169	320,699	76 1	164,367	39 0	13,162	3 1	47,708	11 3
New Hampshire.....	92,096	51,618	56 0	19,408	21 1	3,166	3 4	11,530	12 5
Florida.....	647,229	475,316	73 4	178,434	27 6	23,631	3 7	92,147	14 2
Virginia.....	568,116	357,372	62 9	117,834	20 7	14,182	2 5	99,692	17 5
Wyoming.....	66,072	26,850	40 6	6,427	9 7	1,621	2 5	8,252	12 5
Arizona.....	242,170	156,188	64 5	29,839	12 3	14,368	5 9	31,029	12 8
Texas.....	1,382,365	990,038	71 6	436,593	31 6	42,399	3 1	177,797	12 9
Vermont.....	95,495	53,240	55 8	24,924	26 1	3,808	4 0	7,984	8 4
Montana.....	158,225	66,701	42 2	20,193	12 8	2,942	1 9	16,554	10 5
Low-income group.....	6,741,868	4,911,643	72 9	1,817,262	27 0	203,760	3 0	917,373	13 6
Georgia.....	695,089	547,831	78 8	251,080	36 1	21,146	3 0	86,130	12 4
Oklahoma.....	456,149	337,330	74 0	175,356	38 4	11,963	2 6	55,802	12 2
Maine.....	163,073	107,673	66 0	52,106	32 0	4,175	2 6	19,791	12 1
Utah.....	180,580	109,327	60 5	40,752	22 6	8,137	4 5	23,034	12 8
South Dakota.....	115,554	72,361	62 6	23,686	20 6	1,685	1 4	19,572	16 9
Idaho.....	103,220	58,357	56 5	20,498	19 9	2,424	2 3	15,508	15 0
North Carolina.....	641,324	504,015	78 6	173,929	27 1	26,597	4 1	110,956	17 3
New Mexico.....	243,970	162,781	66 7	48,852	20 0	9,316	3 8	30,450	12 5
North Dakota.....	111,984	62,996	56 3	22,270	19 9	2,585	2 3	16,242	14 5
Louisiana.....	632,629	505,898	80 0	201,230	31 8	19,926	3 1	72,882	11 5
Kentucky.....	543,718	405,500	74 6	148,104	27 2	15,454	2 8	73,229	13 5
Tennessee.....	603,823	420,415	69 6	143,865	23 8	19,999	3 3	80,500	13 3
West Virginia.....	404,717	217,035	53 6	69,279	17 1	6,016	1 5	38,678	9 6
South Carolina.....	364,131	252,206	77 5	60,353	16 5	15,667	4 3	62,890	17 3
Alabama.....	642,406	475,784	74 1	188,268	29 3	19,517	3 0	80,395	12 5
Arkansas.....	319,271	253,818	79 5	90,117	28 2	9,553	3 0	49,779	15 6
Mississippi.....	520,210	388,316	74 6	107,645	20 7	9,700	1 9	81,535	15 7
Outlying areas									
Puerto Rico.....	265,476	222,002	83 6	51,011	19 2	12,922	4 9	41,999	15 8
Virgin Islands.....	12,881	10,090	78 3	812	6 3	2,680	20 8	792	6 1

<sup>1</sup> See footnotes to table 1 for programs listed in each group of grants

<sup>2</sup> Includes (not listed separately) small amounts undistributed, adjust-

ments to checks-issued basis, and grants under a few programs to American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands

these clinics and other social services cannot be included with the social welfare grants where they normally would be. Other urban affairs grants programs have aspects that are borderline to the definition of social welfare used for the Social Security Administration social welfare expenditures series. Other grants are, of course, completely outside that definition although they

may contribute immeasurably to the general welfare of our urban communities (for example, such "miscellaneous" programs as grants for public libraries and for certain aspects of the Appalachia regional development programs).

Table 2 shows the distribution of the 1970-71 Federal grants by State as well as by purpose. Of the three statistical tables presented in the

amounts and percent of total grants, by purpose, fiscal year 1970-71

[Amounts in thousands]

Social welfare—Continued		Highways		Urban affairs	Agriculture and natural resources	Miscellaneous	States ranked by 1968-70 average per capita personal income	
Economic opportunity and manpower	Miscellaneous social welfare	Amount	Percent of all grants					
Amount	Percent of all grants							
\$2,989,214	10 2	\$3,984,556	\$4,659,001	15 9	\$1,771,421	\$770,652	\$953,218	Total.
2,944,721	10 2	3,902,058	4,649,754	16 1	1,757,075	765,199	926,990	United States
1,527,804	9 9	1,738,319	2,118,098	13 7	1,153,156	426,808	368,187	High-income group
68,441	14 6	38,964	36,012	7 7	76,499	1,366	13,586	District of Columbia
39,792	9 9	39,786	58,571	14 6	53,858	33,005	5,097	Connecticut
323,697	9 9	304,383	229,442	7 0	296,038	122,370	72,109	New York
93,965	11 4	93,836	130,513	15 9	67,050	28,153	12,226	New Jersey
16,087	10 9	14,359	61,878	41 8	4,222	5,267	12,131	Alaska.
132,155	10 6	176,245	224,429	18 0	73,846	23,064	22,757	Illinois
10,840	13 6	5,703	29,770	37 3	2,897	3,148	2,695	Nevada
302,288	8 8	336,926	494,968	14 3	145,047	34,564	67,796	California
12,753	10 0	13,416	30,157	23 8	10,061	3,550	2,460	Hawaii.
5,741	8 9	7,599	8,930	13 8	8,303	2,974	2,263	Delaware
85,999	10 3	73,594	78,854	9 4	89,015	12,469	15,542	Massachusetts.
41,726	9 0	65,985	65,272	14 0	31,254	25,943	12,966	Maryland.
101,813	9 8	138,573	169,288	15 3	67,067	45,640	23,180	Michigan
50,691	10 4	71,952	96,516	19 8	17,612	11,306	12,219	Washington
102,506	10 1	171,949	193,356	19 1	65,121	27,883	44,162	Ohio
16,462	12 0	18,665	15,415	11 2	11,614	3,105	4,842	Rhode Island.
122,848	8 8	156,384	204,747	14 7	143,652	43,001	42,156	Pennsylvania.
666,029	10 0	899,691	1,440,292	21 6	351,126	196,010	204,424	Middle-income group
39,133	9 1	62,594	104,345	24 3	22,673	16,478	9,034	Indiana.
21,957	8 3	23,182	52,181	19 7	27,246	8,518	7,320	Kansas.
41,436	7 8	67,813	99,405	18 7	50,278	17,364	17,070	Minnesota.
30,759	9 4	37,944	97,853	30 0	10,856	12,044	7,808	Oregon.
34,089	9 2	43,816	83,569	22 6	22,356	7,179	7,490	Colorado
17,704	11 0	28,292	35,617	22 2	3,050	4,993	4,136	Nebraska
26,948	9 0	44,043	70,897	23 6	15,764	10,123	8,619	Iowa
65,774	10 9	92,456	106,547	17 6	39,115	24,483	12,538	Missouri
43,129	10 2	52,333	54,807	13 0	9,612	24,412	11,638	Wisconsin.
8,089	8 8	9,424	24,809	26 9	5,917	6,385	3,367	New Hampshire.
72,096	11 1	108,809	94,327	14 6	45,993	11,400	20,283	Florida.
45,129	7 9	80,534	144,335	25 4	34,920	12,403	19,085	Virginia.
5,316	8 0	5,234	34,141	51 7	1,193	1,922	1,965	Wyoming.
51,416	21 2	29,536	63,665	26 3	6,839	3,920	11,537	Arizona
140,321	10 2	192,928	262,226	19 0	48,018	27,010	65,064	Texas
8,023	8 4	8,500	33,475	35 1	2,164	3,589	3,028	Vermont
14,700	9 3	12,253	78,093	49 4	5,222	3,787	4,422	Montana.
699,203	10 4	1,274,048	1,091,363	16 2	243,234	142,375	363,252	Low-income group.
62,768	9 0	126,707	84,022	12 1	27,368	13,124	22,747	Georgia
43,350	9 3	51,859	58,686	12 9	32,657	12,761	14,715	Oklahoma.
13,943	8 5	17,658	32,653	20 0	9,520	7,695	5,532	Maine
19,031	10 5	18,373	57,712	32 0	2,716	4,962	5,863	Utah.
12,709	11 0	14,827	33,916	29 4	3,062	2,736	3,490	South Dakota.
9,838	9 5	10,091	34,440	33 4	2,396	3,677	4,350	Idaho
74,930	11 7	117,604	70,840	11 0	29,073	10,368	27,027	North Carolina.
29,830	12 2	44,333	54,995	22 5	9,595	5,143	11,456	New Mexico
8,930	8 0	12,969	36,933	33 0	2,165	2,836	7,053	North Dakota.
60,302	9 5	151,558	100,030	15 8	6,995	7,467	12,237	Louisiana
63,340	11 6	105,373	67,479	12 4	16,606	7,960	46,174	Kentucky.
55,160	9 1	120,891	103,683	17 2	28,346	20,246	31,134	Tennessee
30,917	7 6	72,145	111,709	27 6	8,852	5,603	51,517	West Virginia.
44,942	12 3	98,354	43,680	12 0	7,605	8,223	22,537	South Carolina.
59,041	9 2	128,573	102,715	16 0	32,596	9,159	22,152	Alabama.
35,960	11 3	68,408	30,284	9 5	13,413	8,100	13,666	Arkansas.
75,212	14 5	114,325	67,686	13 0	10,281	12,315	41,612	Mississippi
38,081	14 3	77,989	9,247	3 5	13,431	4,411	16,385	Outlying areas
3,344	26 0	2,463			845	1,002	943	Puerto Rico
								Virgin Islands.

\* Includes (not listed separately) small amounts undistributed and adjustments to check-issued basis

Source Department of Treasury, *Federal Aid to States, Fiscal Year 1971*

Federal grants series each year, only this table shows the separate categories of urban affairs, agriculture and natural resources, and miscellaneous grants.

### RELATION TO OTHER INDICATORS

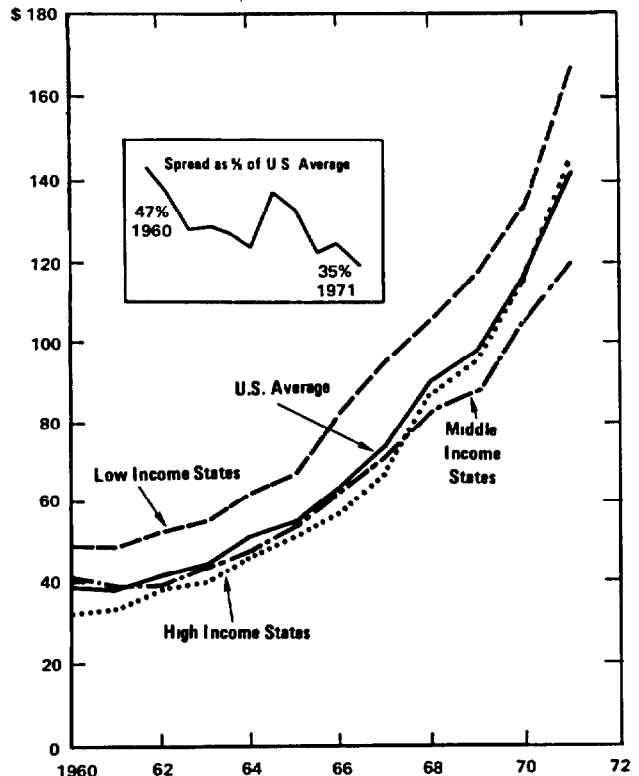
Federal grants to States and localities in 1970-71 amounted to \$141.90 for each man, woman, and child in the United States (table 3). This figure represents an increase of \$26.22 per person from the national average in 1969-70. The grants of 1960-61 averaged \$38.16 per capita; in 10 years they had increased \$103.74 per person or 272 percent. During the same period the average per capita personal income received in the country rose only 172 percent.<sup>5</sup>

Since income per capita varies considerably from one State to another, comparisons below the nationwide level are often much more meaningful. Therefore, as in table 2, for comparison with other indicators the States are divided into three income groups by ranking them according to their average per capita personal income.

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 phenomenon is particularly apparent for the public assistance grants 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.

<sup>5</sup> Personal income for 1968-70 is compared with that for 1958-60, the 3-year average being used in many grant formulas to dampen single-year fluctuations. In these formulas per capita personal income is often used as an indicator of both need and fiscal ability.

Grants per capita: National average and average of high-, middle-, and low-income States, fiscal years 1959-60 through 1970-71



In practice, these expectations have proven true only in that the low-income group has always received larger grants per capita than has the high-income group. From 1967-68 on average per capita grants received in the middle-income States have been below the average received in the high-income States. In these years, then, the "top" and "bottom" grant receiver groups are no longer the low- and the high-income States but have become the low- and the middle-income States (see accompanying chart).

Although the long-range trend in grants per capita received<sup>6</sup> is toward a wider spread in absolute dollar terms, comparison of this spread with the national average per capita grant receipt indicates that—in relative terms—the gap is far less than it was a decade ago (in 1970-71 it was 35 percent of the United States average; 1960-61, 42 percent). The small panel in the chart shows

<sup>6</sup> In 1960-61 the difference in the low- and the high-income groups was \$15.96 per capita. In 1970-71 the gap had widened to almost \$49 per capita between the low- and the middle-income groups—more than \$20 of this increase occurred from 1969-70 to 1970-71.



TABLE 3.—1970-71 Federal grants in relation to personal income, to State and local general revenues and direct general revenues, and to population, by State<sup>1</sup>

States ranked by 1968-70 average per capita personal income	Total grants as percent of—			Per capita grants							
	Personal income 1970	Total State-local general revenues 1969-70 <sup>2</sup>	State-local direct general revenues 1969-70 <sup>3</sup>	Total	Public assistance	Health	Educational	Economic opportunity and manpower	Miscellaneous social welfare	Highways	All other
Total.....				\$141 45	\$46 66	\$4 42	\$17 14	\$14 47	\$19 29	\$22 55	\$16 92
United States.....	3 6	22 1	26 6	141 90	47 04	4 40	17 13	14 45	19 15	22 81	16 92
High-income group.....	3 3	19 9	23 5	143 31	55 00	4 23	16 22	14 16	16 02	19 63	18 06
District of Columbia.....	11 6	65 2	104 5	623 89	90 12	25 53	196 33	90 89	51 74	47 82	121 45
Connecticut.....	2 7	20 4	23 4	131 97	37 07	6 83	12 36	13 09	13 09	19 27	30 26
New York.....	3 8	20 2	23 4	179 84	82 12	4 74	19 15	17 73	16 67	12 57	26 86
New Jersey.....	2 5	19 0	21 7	114 10	38 91	2 95	14 45	13 06	13 04	18 14	13 54
Alaska.....	10 6	11 8	12 9	485 46	22 34	4 38	85 15	52 74	47 08	202 88	70 89
Illinois.....	2 5	17 0	19 9	111 95	38 11	2 64	12 60	11 87	15 83	20 15	10 75
Nevada.....	3 5	19 2	23 6	162 09	26 94	3 88	19 60	21 99	11 57	60 39	17 73
California.....	3 9	20 3	25 1	172 55	84 16	3 03	16 26	15 12	16 85	24 76	12 37
Hawaii.....	3 7	18 7	23 7	164 02	36 31	6 62	27 55	16 48	17 33	38 96	20 76
Delaware.....	2 7	17 1	19 6	117 93	30 97	4 98	16 87	10 44	13 82	16 24	24 62
Massachusetts.....	3 4	21 8	25 9	146 08	66 71	5 16	12 56	15 09	12 91	13 84	20 53
Maryland.....	2 8	17 5	20 3	118 19	34 30	4 90	17 23	10 60	16 76	16 58	17 82
Michigan.....	2 9	17 6	20 5	117 22	40 10	4 81	12 14	11 44	15 57	17 89	15 27
Washington.....	3 6	20 3	24 3	142 64	46 38	4 87	15 13	14 85	21 08	28 27	12 05
Ohio.....	2 4	18 4	21 4	94 82	22 77	3 83	11 62	9 59	16 09	18 09	12 83
Rhode Island.....	3 7	24 0	30 2	144 76	51 27	3 30	16 48	17 31	19 63	16 21	20 57
Pennsylvania.....	3 0	21 0	24 7	117 52	40 63	4 70	11 88	10 40	13 23	17 33	19 36
Middle-income group.....	3 3	20 8	24 8	119 31	32 86	4 12	15 01	11 93	16 12	25 80	13 47
Indiana.....	2 2	15 7	17 9	82 44	19 49	2 85	11 29	7 51	10 02	20 04	9 25
Kansas.....	3 1	19 4	23 0	117 67	33 98	3 95	17 28	9 77	10 31	23 21	19 17
Minnesota.....	3 6	20 5	24 3	138 77	45 22	3 74	13 05	10 84	17 74	26 01	22 16
Oregon.....	4 2	23 4	29 4	155 15	41 99	4 31	15 01	14 63	18 05	46 55	14 61
Colorado.....	4 4	25 1	30 9	165 87	48 39	8 94	19 35	15 30	19 69	37 56	16 64
Nebraska.....	2 9	17 6	20 5	107 86	29 26	4 65	11 00	11 88	18 99	23 90	8 17
Iowa.....	2 9	16 7	19 5	106 32	25 22	4 93	13 83	9 52	15 56	25 05	12 19
Missouri.....	3 5	24 7	30 4	129 00	37 19	4 77	14 40	14 02	19 70	22 70	16 22
Wisconsin.....	2 6	13 8	15 6	95 01	37 08	2 97	10 76	9 73	11 81	12 36	10 30
New Hampshire.....	3 5	25 1	30 4	124 12	26 16	4 27	15 54	10 90	12 70	33 44	21 12
Florida.....	2 6	18 1	20 8	94 55	26 07	3 48	13 46	10 53	15 90	13 78	11 33
Virginia.....	3 4	23 7	28 6	122 10	25 32	3 05	21 43	9 70	17 31	31 02	14 27
Wyoming.....	5 6	22 2	31 0	197 82	19 24	4 85	24 71	15 92	15 67	102 22	15 21
Arizona.....	3 8	20 7	25 3	135 14	16 65	8 02	17 32	28 69	16 48	35 53	12 46
Texas.....	3 5	24 2	29 5	122 83	38 79	3 77	15 80	12 47	17 14	23 30	11 56
Vermont.....	6 2	29 8	38 5	213 64	53 76	8 52	17 86	17 95	19 02	74 89	19 64
Montana.....	6 7	33 4	45 0	227 01	28 97	4 22	23 75	21 18	17 58	112 04	19 27
Low-income group.....	5 5	32 3	41 4	168 20	45 34	5 08	22 89	17 44	31 79	27 23	18 43
Georgia.....	4 5	29 0	35 8	151 04	54 56	4 59	18 72	13 64	27 53	18 26	13 74
Oklahoma.....	5 4	31 0	41 2	177 35	68 16	4 65	21 70	16 47	20 16	22 82	23 38
Maine.....	5 0	30 1	36 9	163 89	52 37	4 20	19 89	14 01	17 75	32 82	22 86
Utah.....	6 3	26 2	35 2	168 92	38 12	7 61	21 55	17 80	17 19	53 99	12 67
South Dakota.....	5 6	26 7	33 9	173 50	35 54	2 38	29 39	19 08	22 26	50 92	13 93
Idaho.....	4 6	25 6	32 2	143 96	28 59	3 38	21 63	13 72	14 07	48 03	14 54
North Carolina.....	3 9	26 7	32 3	125 97	34 16	5 22	21 79	14 72	23 10	13 91	13 06
New Mexico.....	7 7	33 5	46 2	239 66	47 99	9 15	29 91	29 30	43 55	54 02	25 73
North Dakota.....	6 1	26 8	32 9	131 20	36 04	4 18	26 28	14 45	20 99	59 76	19 61
Louisiana.....	5 7	29 8	37 5	173 61	55 22	5 47	20 00	16 55	41 59	27 45	7 33
Kentucky.....	5 5	33 3	43 1	168 65	45 94	4 79	22 71	19 65	32 68	20 93	21 94
Tennessee.....	5 0	32 6	41 9	163 57	36 59	5 09	20 47	14 03	30 75	26 37	20 28
West Virginia.....	7 7	43 8	61 4	231 80	39 68	3 45	22 15	17 71	41 32	63 98	43 51
South Carolina.....	4 8	32 3	40 0	140 27	23 25	6 04	24 23	17 31	37 89	16 79	14 78
Alabama.....	6 5	37 3	50 6	186 15	54 55	5 66	23 30	17 11	37 26	29 76	18 54
Arkansas.....	5 9	36 7	49 2	165 77	46 79	4 96	25 85	18 67	35 52	15 72	18 26
Mississippi.....	9 1	45 3	59 8	234 75	48 53	4 38	36 79	33 94	51 59	30 54	28 96
Outlying areas.....											
Puerto Rico.....				98 80	18 81	4 76	15 49	14 04	28 76	3.41	12 62
Virgin Islands.....				207 76	13 09	43 22	12 77	53 94	39 73		45 01

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

<sup>2</sup> Revenues (except trust revenues) from all sources

<sup>3</sup> Revenues (except trust revenues) from own sources

Source: State and local revenues data from *Government Finances in 1969-70* 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, 1970.

the fluctuations of this spread in relation to the national average.

Comparison of the relationship of Federal grants to State and local revenues discloses very small year-to-year differences, but here too the trend is upward. In table 3, 1970-71 grants are compared with revenues of the preceding fiscal

year, the most recent revenues data available. The comparison of fiscal year 1971 grants with 1970 revenues yields a ratio of 26.6. The ratio will undoubtedly be somewhat smaller when the 1971 State-local revenues from their own sources become the divisor. The historical ratio of grants to revenues raised in the States and localities from

their own sources in the same year is as follows:

Year	Percent
1950	11.7
1955	10.9
1960	15.6
1965	16.7
1966	17.7
1967	19.1
1968	21.2
1969	20.5
1970	21.4

The shift toward greater Federal grants supplementation of State and local revenues is clear: In 1950, for every dollar that the States and their localities raised the Federal Government added grants of 11.7 cents. For every State and local dollar raised during 1960, an additional 15.6 cents came from Federal grants. In 1970, the State and local revenue dollar was supplemented by 21.4 cents in Federal grants. These figures reflect not only the proliferation of Federal grants since World War II but also population growth and urbanization that have created a demand for more "old" services and the need for new ones.

The level of governmental services dispensed under many of the federally assisted programs varies widely among the States—usually in direct relationship to the average personal income within the State. Thus, generally speaking, the high-income States have more and better services than the low-income States. However, much more Federal grants money is required to maintain the lower level of services in the low-income States than is required for the higher level of services in the high-income States. The ratios of Federal grants to general revenues for the United States and for the income groups of States for 1968-69 and for 1969-70 are shown below. Despite the year-to-year fluctuations, it is clear that the widest part of the spread is between the middle- and low-income group of States.

Use of the Federal grant as a fiscal device for achieving program objectives is especially notable

Income group of States	Federal grants as percent of direct general revenues	
	1968-69	1969-70
United States	20.5	21.4
High	17.2	17.4
Middle	20.2	23.9
Low	32.6	33.5

in the social welfare area. In 1970-71 the upward trend in the social welfare role of Federal grants continued. Grants for social welfare purposes represented 12.8 percent of total social welfare expenditures by all levels of government; they were 11.2 percent in 1968-69 and 11.8 percent in 1969-70. These grants accounted for 22.9 percent of all Federal social welfare expenditures (compared with 20.3 percent and 21.5 percent, respectively, for the 2 preceding years) and added 29.2 percent to the sums disbursed for social welfare by the States and localities from their own sources (compared with 25.3 percent and 26.4 percent for the 2 preceding years).

The Department of Health, Education, and Welfare (HEW) administers a large proportion of the Federal grants to State and local governments. In the past 6 to 8 years, HEW grants have almost quadrupled in dollar amount, and as a proportion of all Federal grants they have grown from two-fifths to well over one-half. (And this growth occurred during a period when a very large number of economic opportunity grants—administered largely outside the Department—were also being funded.) The following tabulation shows the rise in all HEW grants and in HEW grants for social welfare purposes<sup>7</sup> from 1963-64 to the present. Fiscal year 1964 was chosen as a base because it immediately precedes the entry into the series of both the economic opportunity grants and the HEW grants for elementary, secondary, and higher education.

[In millions]

Fiscal year	All HEW grants		HEW social welfare grants	
	Amount	Percent of all grants	Amount	Percent of all social welfare grants
1964	\$3,985.8	40.8	\$3,846.8	71.9
1965	4,325.4	40.7	4,136.8	72.9
1966	5,756.2	46.0	5,599.5	73.3
1967	7,325.1	49.4	7,267.4	73.8
1968	9,369.1	51.6	9,217.5	74.0
1969	10,194.2	51.6	10,126.4	73.3
1970	12,287.3	52.1	12,186.6	73.7
1971	15,088.8	51.6	14,920.9	70.8

<sup>7</sup> The Department administers or participates in administering a few grant programs that are not in the social welfare area as defined in this series. During the period these included grants for public libraries, accelerated public works, waste-treatment works, and arts and humanities