

Social Welfare Expenditures, 1929-67

by IDA C. MERRIAM*

THE LONG-TIME UPWARD trend in social welfare expenditures, both in absolute amounts and as a percent of the gross national product, continued in the fiscal year 1967. So did the increasing importance of the Federal sector. Total social welfare expenditures for the first time passed the \$100 billion mark and amounted to 13 percent of the gross national product (\$763 billion). Federal funds accounted for 54 percent of all social welfare expenditures. The largest single increase was the \$3.3 billion for health insurance for the aged under the Social Security Act (Medicare).

Just before the turn of the century, total social welfare expenditures amounted to about 2.4 percent of the gross national product with expenditures for education—almost entirely from State and local funds—making up almost half the total. Veterans' benefits, more than one third of the total, were the only significant Federal social welfare expenditures. The great depression of the 1930's brought the Federal Government into the area of social welfare activities in a major way. Significant growth in the population and in the number of risks covered by social insurance, as well as an accelerating Federal involvement in health and education programs, has been largely responsible for the rising trends in social welfare expenditures since the late 1950's. The increasing number of children and older persons in the population, accompanied by the prolonging of school years and a trend toward early retirement have had their effect on both transfer payments and service programs.

As recently as the fiscal year 1965, State and local funds had provided more than half of all social welfare expenditures. In fiscal year 1966 the State and local share dropped to 48 percent, and it declined to 46 percent the following year (chart 1). If account is taken of Federal grants to the States and localities, the proportion of funds going to programs administered by State or local agencies was 56 percent in 1966-67.

THE REVISED SERIES

For the past several years, the Office of Research and Statistics has been reviewing the estimates used in this social welfare expenditure series. The concepts and classifications have been reexamined in the light of new program developments and of questions raised by users. The sources of data and methods of estimating have been extended and refined. The series has been carried back to 1929, and revisions, which earlier had been made only for the 5-year interval data presented in the BULLETIN, have now been made in the year-to-year figures, along with other changes dictated by this review.

A monograph—*Social Welfare Expenditures Under Public Programs in the United States, 1929-1966*—presenting the revised estimates in great detail, together with an explanation of the sources of data and methods of estimates, will be issued in 1968. A summary table with figures for the major categories of expenditures for each year from 1929 through 1967 is included here (table 1a.)

There has been increasing interest in the past few years in a system of accounts related to the Nation's investment in human resources and its expenditures on social programs. The Subcommittee on Economic Progress of the Joint Economic Committee last year initiated a major inquiry in this area. Summary data from the social welfare expenditure series were published by the Committee along with detailed data from departments and agencies of the Federal Government.¹ This report highlighted both the problems of classification and the need for more analytic studies.

A growing recognition of the importance of public expenditures in major areas of consumption has stimulated increasing interest in their distributional effects and their relation to economic stability and growth and related issues. The Office of Research and Statistics has under way

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¹ *Federal Programs for the Development of Human Resources* (Joint Committee Print), 89th Congress, 2d session, December 1966.

a number of analytical studies designed to explore some of these questions. The prerequisite for any major study in depth is a set of aggregate measures that are constructed around meaningful components and with sufficient explanation of the procedures to enable the user to interpret the data properly for his purposes. It is this latter obligation to the user that the Office of Research and Statistics has tried to meet more effectively than ever before in the forthcoming monograph.

The conceptual basis of the social welfare expenditures series has been described in previous articles in the BULLETIN. There are few changes in the conceptual framework of the revised series. The basic grouping of data on a program basis has been retained. The summary historical table presented here also shows a functional total for health expenditures. This is the functional area with the greatest demand for a combined total and also the area in which such categorization presents fewest difficulties. A broad definition of health expenditures—one that in-

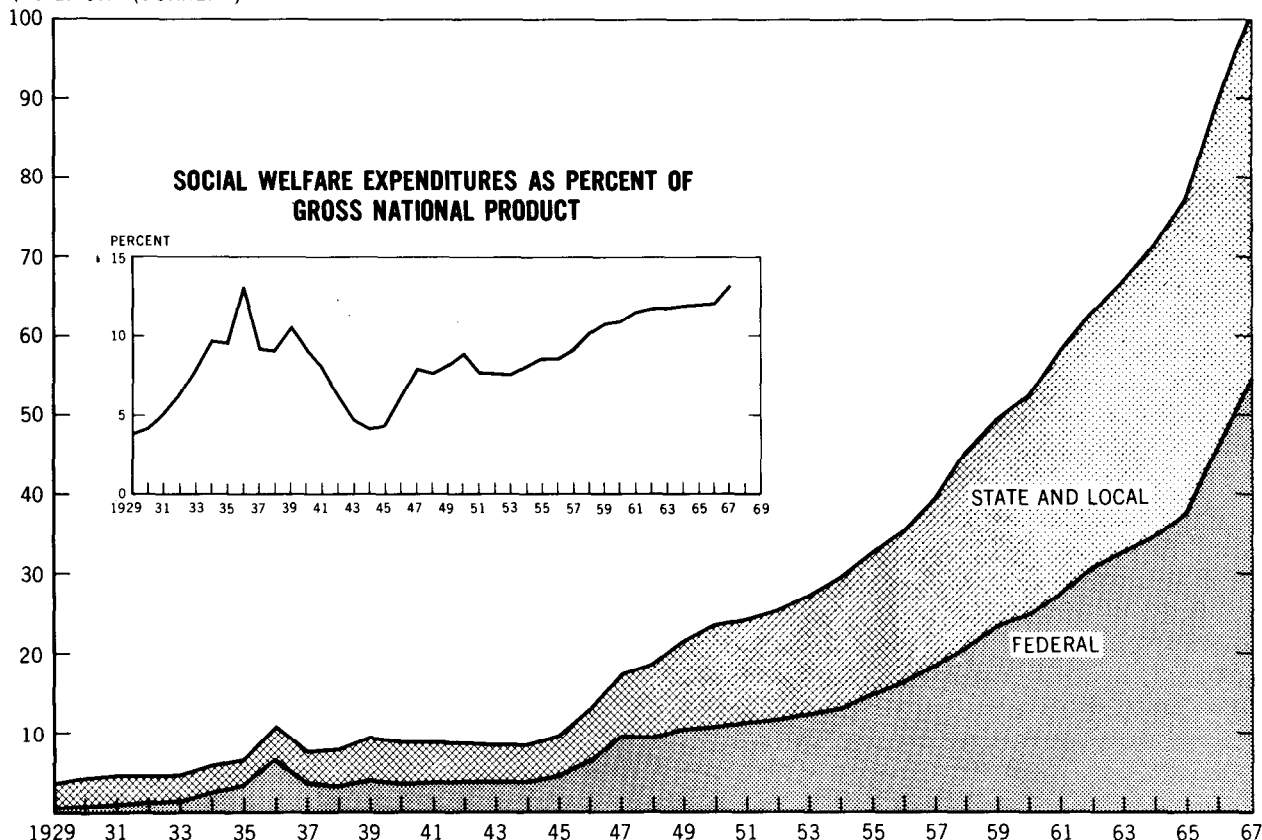
cluded good housing, adequate nutrition, and the like—would have great fuzziness and present great difficulties. By focusing on medical care—an organized and recognized body of services—and the institutional arrangements surrounding these services, a basis for classification is created.

In the field of education, the more analytic tables presented in the BULLETIN continue to show an educational expenditure total that includes veterans' educational benefits. Whether specialized training—in the Job Corps or Neighborhood Youth Centers, for example—should be functionally grouped with education is an open question. In general, no attempt has been made to identify the "education" component in all other programs.

The proliferation of social programs, particularly in the antipoverty area, is posing new questions for the social welfare expenditure series. Many of these programs combine elements of several different types of established programs and involve crossovers of purpose and technique

CHART 1.—Social welfare expenditures, by source of funds and as a percent of gross national product, 1929-67

\$ BILLION (CURRENT)



that make categorization difficult. Where the purpose is reasonably clear—as in Head Start, for example—the subprogram is grouped under the relevant major heading (in this case, education). A category now labeled “special OEO (Office of Economic Opportunity) programs” and shown under the major heading “other social welfare” may at some later time come to have a more descriptive title or may be further sub-

divided, depending on the way these programs actually develop.

Ten years from today programs now omitted from the social welfare series may appear to be obviously an aspect of social welfare policy that should be included. For the present, the general boundary line of programs designed specifically to deal with individual welfare has been retained, and the series continues to exclude such com-

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1966–67¹

[In millions; revised estimates as of October 1967]

Program	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67 ²
	Total expenditures									
Total.....	\$3,921.2	\$6,548.3	\$8,795.1	\$9,205.3	\$23,508.4	\$32,639.9	\$52,293.3	\$77,261.5	\$87,973.3	\$100,238.5
Social insurance.....	342.4	406.3	1,271.8	1,409.4	4,946.6	9,834.9	19,306.7	28,090.0	31,905.0	37,377.1
Old-age, survivors, disability, and health insurance ³			40.4	266.8	784.1	4,436.3	11,032.3	16,997.5	20,295.3	24,579.3
Health insurance for the aged ⁴									63.6	3,393.1
Railroad retirement ⁵			116.8	145.0	306.4	556.0	934.7	1,128.1	1,211.6	1,272.3
Public employee retirement ⁵	113.1	208.8	283.4	355.0	817.9	1,388.5	2,569.9	4,520.5	5,145.4	6,021.0
Unemployment insurance and employment service ⁶		9.2	553.0	216.7	2,190.1	2,080.6	2,829.6	3,002.6	2,662.3	2,752.1
Railroad unemployment insurance.....			18.9	4.3	119.6	158.7	215.2	76.7	52.4	38.7
Railroad temporary disability insurance.....										
State temporary disability insurance ⁷					31.1	54.2	68.5	46.5	42.6	38.7
Hospital and medical benefits ⁸				5.1	72.1	217.5	347.9	483.3	507.3	520.0
Workmen's compensation ⁹	229.3	188.4	259.2	416.6	625.1	943.0	1,308.5	1,834.8	1,988.2	2,155.0
Hospital and medical benefits ⁸	75.0	65.0	90.0	122.0	193.0	315.0	420.0	580.0	630.0	685.0
Public aid.....	60.0	2,997.6	3,597.0	1,030.6	2,496.2	3,003.0	4,101.1	6,283.4	7,301.4	8,901.6
Public assistance ¹⁰	59.9	623.9	1,124.3	1,028.8	2,490.2	2,941.1	4,041.7	5,874.9	6,497.5	7,780.4
Vendor medical payments ⁸					51.3	211.9	492.7	1,367.1	1,709.9	2,318.3
Other ¹¹.....	.1	2,373.7	2,472.7	1.7	6.0	61.9	59.4	408.5	803.9	1,121.2
Health and medical programs ¹²	351.1	427.2	615.5	2,354.2	2,063.5	3,103.1	4,463.8	6,418.5	7,161.0	8,113.3
Hospital and medical care.....	146.3	253.1	343.0	1,995.9	1,222.3	2,853.3	3,629.9	4,069.9	4,513.4	4,513.4
Civilian programs.....	117.1	225.3	297.6	364.8	886.1	1,297.6	1,973.2	2,514.8	2,720.3	2,790.8
Defense Department ¹³	29.2	27.7	45.4	1,631.1	336.2	744.8	880.1	1,115.1	1,349.5	1,722.6
Maternal and child health programs ¹⁴	6.2	6.9	13.8	62.1	29.8	92.9	141.3	227.5	281.5	312.8
Medical research ⁸.....						.2	.6	4.3	5.3	6.0
Medical research ¹⁵.....		.3	2.6	2.5	69.2	132.8	448.9	1,165.6	1,305.9	1,456.5
School health (educational agencies).....	9.4	10.0	16.4	23.3	30.6	65.9	101.0	132.0	135.0	140.0
Other public health activities ¹⁵	88.8	112.2	154.5	178.0	350.8	383.7	401.2	671.5	723.8	900.9
Medical-facilities construction.....	100.4	44.8	85.2	92.4	360.8	385.4	518.1	592.0	645.0	789.6
Defense Department.....				38.9	1.1	33.0	40.0	34.8	28.6	58.5
Other.....	100.4	44.8	85.2	53.5	359.8	352.4	478.1	557.2	616.4	731.2
Veterans' programs.....	657.9	597.5	629.0	1,125.8	6,865.7	4,833.5	5,479.2	6,038.8	6,360.3	7,011.7
Pensions and compensation ¹⁶	434.7	386.5	443.3	766.6	2,092.1	2,689.7	3,402.7	4,156.0	4,423.8	4,554.8
Health and medical programs.....	50.9	50.8	75.8	101.8	748.0	761.1	954.0	1,239.0	1,301.9	1,369.2
Hospital and medical care.....	46.7	47.8	61.5	85.5	582.8	721.5	879.4	1,120.9	1,175.2	1,271.3
Hospital construction.....	4.2	3.0	14.3	16.3	161.5	34.1	59.6	81.2	86.0	51.0
Medical and prosthetic research.....					3.7	5.6	15.1	36.9	40.7	46.9
Education.....				9.8	2,691.6	706.1	409.6	43.4	36.9	378.3
Life insurance ¹⁷	136.4	122.8	77.0	201.2	475.7	490.2	494.1	446.9	455.4	557.9
Welfare and other ¹⁸	35.8	37.5	32.9	46.4	858.3	186.5	218.8	153.6	142.3	151.5
Education ^{19, 18}	2,433.7	2,007.5	2,561.2	3,076.3	6,674.1	11,157.2	17,626.2	28,050.2	32,566.9	35,632.7
Elementary and secondary.....	2,216.2	1,820.1	2,267.4	2,620.6	5,596.2	9,734.3	15,109.0	22,353.9	25,054.9	27,427.1
Construction ⁸	377.0	123.3	258.0	82.5	1,019.4	2,231.9	2,661.8	3,267.0	3,449.9	3,600.6
Higher.....	182.1	147.9	217.6	314.4	914.7	1,214.4	2,190.7	4,784.6	6,319.6	6,943.4
Construction ⁸.....	.2	(20)	20.6	42.3	310.3	198.6	357.9	1,230.0	1,814.3	1,813.0
Vocational and adult ¹⁹	34.9	39.1	75.4	139.2	160.8	204.9	298.0	852.4	1,067.1	1,121.7
Housing ¹⁴		13.2	4.2	11.1	14.6	89.3	176.8	318.1	334.8	374.6
Public housing.....		13.2	4.2	11.1	14.5	74.7	143.5	234.5	249.2	277.7
Other.....					.1	14.6	33.2	83.6	85.6	96.8
Other social welfare.....	76.2	99.0	116.4	197.9	447.7	619.0	1,139.4	2,062.4	2,343.8	2,827.5
Vocational rehabilitation.....	1.6	2.3	4.2	10.2	30.0	42.4	96.3	210.5	298.6	411.3
Medical services ⁸.....	.1	.2	.3	1.4	7.4	9.1	17.7	34.2	48.0	80.5
Medical research ⁸.....						.3	6.6	22.4	27.9	31.0
Institutional care ²¹	74.7	70.7	62.4	82.9	145.5	195.3	420.5	784.4	766.7	840.1
School meals ²²			4.0	47.4	160.2	239.6	398.7	617.4	537.4	582.6
Child welfare ²³		26.0	45.0	55.5	104.9	135.1	211.5	356.1	399.5	445.8
Special OEO programs ²⁴								51.7	287.3	464.5
Social welfare, not elsewhere classified ²⁵.....			.9	2.0	7.1	6.5	12.4	42.3	54.2	83.1

See footnotes at end of table.

munity services as urban transportation, city planning and urban renewal, water and sewer works, preservation of law and order, and parks and recreation. Admittedly, the dividing line is arbitrary. Some legal aid services are included with the special OEO programs and some juvenile delinquency services with child welfare. But the maintenance of courts, police departments, reform schools, and prisons seem better treated as a general function of government and omitted from this series. Similarly, one can

recognize the importance of urban transportation in assuring access to jobs and steady earnings without classifying it as a social welfare program. Recreational facilities, or at least organized recreational services, and library services may be regarded as closer to the borderline. They continue to be omitted, however, except where they may be hidden in expenditures for schools or other activities. Unless such distinctions were retained, the series would become almost a listing of government expenditures for nondefense purposes and

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928-29 through 1966-67¹—Continued

[In millions; revised estimates as of October 1967]

Program	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67 ²
	From Federal funds									
Total.....	\$798.4	\$3,207.2	\$3,443.1	\$4,339.4	\$10,541.1	\$14,622.9	\$24,956.7	\$37,881.0	\$45,623.1	\$54,141.7
Social insurance.....	55.9	118.9	393.8	734.9	2,103.0	6,385.0	14,307.2	21,806.6	25,663.5	30,686.6
Old-age, survivors, disability, and health insurance ³			40.4	266.8	784.1	4,436.3	11,032.3	16,997.5	20,295.3	24,579.3
Health insurance for the aged ⁴									63.6	3,393.1
Railroad retirement ⁵			116.8	145.0	306.4	556.0	934.7	1,128.1	1,211.6	1,272.3
Public employee retirement ⁶	51.9	102.6	136.3	158.7	507.9	808.5	1,519.9	2,780.5	3,220.4	3,885.8
Unemployment insurance and employment service ⁷		7.4	67.1	145.5	328.6	320.8	473.5	699.8	761.8	789.6
Railroad unemployment insurance.....			18.9	4.3	119.6	158.7	215.2	76.7	52.4	38.7
Railroad temporary disability insurance.....										
Workmen's compensation ⁸	4.0	8.9	14.2	14.7	25.1	54.2	68.5	46.5	42.6	38.7
Hospital and medical benefits ⁹.....	.6	3.0	5.2	4.7	5.2	6.9	9.0	11.3	11.8	12.0
Public aid.....		2,373.7	2,243.1	420.1	1,103.2	1,504.2	2,116.9	3,593.9	4,366.3	5,399.1
Public assistance ¹⁰			280.1	418.4	1,097.2	1,442.3	2,057.5	3,185.4	3,562.4	4,277.9
Vendor medical payments ¹¹						23.3	199.8	555.0	758.0	1,134.7
Other ¹¹		2,373.7	1,963.1	1.7	6.0	61.9	59.4	408.5	803.9	1,121.2
Health and medical programs ¹²	46.7	49.5	96.6	1,801.4	603.5	1,150.3	1,737.1	2,963.7	3,391.9	4,163.8
Hospital and medical care.....	37.7	39.4	60.9	1,660.8	382.6	811.5	983.5	1,253.1	1,495.8	1,880.9
Civilian programs.....	8.5	11.6	15.5	29.7	46.4	66.7	103.4	138.0	146.2	158.3
Defense Department ¹³	29.2	27.7	45.4	1,631.1	336.2	744.8	880.1	1,115.1	1,349.5	1,722.6
Maternal and child health programs ¹⁴	1.2		7.8	55.2	20.1	23.7	35.3	74.1	113.4	134.6
Medical research ¹⁵.....						.2	.6	4.3	5.3	6.0
Medical research ¹⁵.....		.3	2.6	2.5	69.2	132.8	425.9	1,110.6	1,244.9	1,391.5
Other public health activities ¹⁵	6.9	6.6	22.7	44.0	63.8	65.0	57.3	222.9	228.8	342.1
Medical-facilities construction.....	.9	3.3	2.7	38.9	67.8	117.4	235.1	303.0	309.0	414.6
Defense Department.....				38.9	1.1	33.0	40.0	34.8	28.6	58.5
Other.....	.9	3.3	2.7	(²⁰)	66.8	84.4	195.1	268.2	280.4	356.2
Veterans' programs.....	657.9	597.5	619.8	1,118.5	6,386.2	4,771.9	5,367.3	6,018.4	6,339.0	6,989.5
Pensions and compensation ¹⁶	434.7	386.5	443.3	766.6	2,092.1	2,689.7	3,402.7	4,156.0	4,423.8	4,564.8
Health and medical programs.....	50.9	50.8	75.8	101.8	748.0	761.1	954.0	1,239.0	1,301.9	1,369.2
Hospital and medical care.....	46.7	47.8	61.5	85.5	582.8	721.5	879.4	1,120.9	1,175.2	1,271.3
Hospital construction.....	4.2	3.0	14.3	16.3	161.5	34.1	59.6	81.2	86.0	51.0
Medical and prosthetic research.....					3.7	5.6	15.1	36.9	40.7	46.9
Education.....				9.8	2,691.6	706.1	409.6	43.4	36.9	378.3
Life insurance ¹⁷	136.4	122.8	77.0	201.2	475.7	490.2	494.1	446.9	455.4	557.9
Welfare and other ¹⁸	35.8	37.5	23.7	39.1	378.8	124.9	106.9	133.2	121.0	129.3
Education ¹⁸	36.5	52.7	74.7	187.3	156.7	485.1	867.9	2,446.3	4,571.9	5,232.9
Elementary and secondary.....	9.6	21.2	14.7	48.5	47.1	309.2	441.9	761.3	2,025.4	2,457.8
Construction ¹⁹	(²⁰)	8.0	(²⁰)	14.5	5.2	139.9	70.6	77.0	46.5	54.6
Higher.....	12.1	11.9	18.9	43.2	48.5	101.8	293.1	1,219.6	1,876.6	2,113.7
Construction ¹⁹.....	.2	(²⁰)	(²⁰)	(²⁰)	5.7	5.1	1.2	324.0	664.3	721.3
Vocational and adult ¹⁹	14.3	19.1	40.4	93.5	58.7	70.5	104.5	406.2	544.6	520.8
Housing ¹⁸		13.2	4.2	11.1	14.6	74.7	143.5	238.2	250.8	284.6
Public housing.....		13.2	4.2	11.1	14.5	74.7	143.5	234.5	249.2	277.7
Other.....					.1			3.6	1.6	6.8
Other social welfare.....	1.4	1.7	10.9	66.1	174.0	251.7	416.7	813.7	1,039.7	1,385.3
Vocational rehabilitation.....	.7	1.1	2.1	7.5	21.0	27.1	64.3	143.3	218.0	320.5
Medical services ²⁰.....	.1	.1	.1	1.0	5.1	5.7	11.2	21.2	32.4	60.4
Medical research ²¹.....						.3	6.6	22.4	27.9	31.0
Institutional care ²¹.....	.7	.7	2.4	7.9	20.5	40.3	20.5	34.4	21.7	20.1
School meals ²²			4.0	47.4	121.2	170.7	306.1	503.7	415.4	447.6
Child welfare ²³			1.6	1.4	4.2	7.1	13.4	38.3	43.0	49.4
Special OEO programs ²⁴								51.7	287.3	464.5
Social welfare, not elsewhere classified ²⁵.....			.9	2.0	7.1	6.5	12.4	42.3	54.2	83.1

See footnotes at end of table.

lose much of its intended character and usefulness.

The series continues to relate to direct expenditures and to exclude such indirect types of subsidy or support as loans, loan guarantees, or income-tax

exemptions. The basic series relates to public programs. Related private expenditures for health, education, and income maintenance and welfare services are brought together in the regular BULLETIN series, as heretofore. The forthcoming

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1966–67¹—Continued
[In millions; revised estimates as of October 1967]

Program	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67 ²
	From State and local funds ³⁷									
Total	\$3,122.8	\$3,341.1	\$5,351.0	\$4,865.9	\$12,967.3	\$18,017.1	\$27,336.6	\$39,380.6	\$42,350.1	\$46,096.8
Social insurances	286.5	287.4	878.0	674.5	2,843.6	3,449.9	4,999.4	6,283.4	6,241.5	6,690.5
Public employee retirement ⁴	61.2	106.2	147.1	196.3	810.0	580.0	1,050.0	1,740.0	1,925.0	2,135.0
Unemployment insurance and employment service ⁵		1.7	485.9	71.2	1,861.5	1,759.9	2,356.1	2,302.8	1,900.5	1,962.5
State temporary disability insurance ⁷				5.1	72.1	217.5	347.9	483.3	507.3	520.0
Hospital and medical benefits ⁸					2.2	20.0	40.2	50.9	54.3	56.0
Workmen's compensation ⁹	225.3	179.5	245.0	401.9	900.0	892.5	1,245.4	1,757.3	1,908.7	2,073.0
Hospital and medical benefits ⁸	74.4	62.0	84.8	117.3	187.8	308.1	411.0	568.7	618.2	673.0
Public aid	60.0	623.9	1,352.8	610.4	1,393.0	1,498.8	1,984.2	2,689.5	2,935.1	3,502.5
Public assistance ¹⁰	59.9	623.9	843.2	610.4	1,393.0	1,498.8	1,984.2	2,689.5	2,935.1	3,502.5
Vendor medical payments ⁸					51.3	188.6	292.9	812.1	951.9	1,183.6
Other ¹¹.....	.1		509.6							
Health and medical programs ¹²	304.4	377.7	618.9	552.8	1,460.0	1,952.8	2,726.8	3,454.8	3,769.1	3,949.5
Hospital and medical care.....	108.6	213.7	282.1	335.1	839.7	1,230.9	1,869.8	2,376.8	2,574.1	2,632.5
Maternal and child health programs.....	5.0	6.9	6.0	6.8	9.7	69.2	106.1	153.4	168.1	178.2
Medical research ¹³							23.0	55.0	61.0	65.0
School health (educational agencies).....	9.4	10.0	16.4	23.3	30.6	65.9	101.0	132.0	135.0	140.0
Other public health activities ¹⁴	81.9	105.6	131.9	134.0	287.0	318.8	343.9	448.6	494.9	558.8
Medical-facilities construction.....	99.5	41.5	82.5	53.5	283.0	268.0	283.0	289.0	336.0	375.0
Veterans' programs			9.2	7.4	479.5	61.6	111.9	20.4	21.3	22.2
Education ¹⁵	2,397.2	1,954.8	2,486.6	2,889.0	6,517.5	10,672.1	16,758.3	25,603.9	27,995.0	30,399.9
Elementary and secondary.....	2,206.6	1,798.9	2,252.8	2,572.2	5,549.1	9,425.1	14,667.1	21,592.6	23,029.5	24,969.3
Construction ¹⁶ ¹⁹	377.0	115.3	258.0	68.0	1,014.2	2,091.9	2,591.2	3,190.0	3,403.4	3,546.1
Higher.....	170.0	136.0	198.7	271.2	866.3	1,112.6	1,897.7	3,565.0	4,443.0	4,829.7
Construction ¹⁶	(²⁰)	(²⁰)	20.6	42.3	304.6	193.4	356.7	905.0	1,150.0	1,091.7
Vocational and adult ¹⁹	20.6	19.9	35.1	45.6	102.1	134.4	193.5	446.2	522.5	600.9
Housing ¹⁵						14.6	33.2	80.0	84.1	90.0
Other social welfare	74.8	97.2	105.5	131.8	273.7	367.3	722.8	1,248.6	1,304.1	1,442.2
Vocational rehabilitation.....	.8	1.2	2.1	2.7	9.0	15.3	32.1	67.1	80.5	90.8
Medical services ⁸.....	.1	.1	.1	.4	2.3	3.5	6.6	13.0	15.5	20.1
Institutional care.....	74.0	70.0	60.0	75.0	125.0	155.0	400.0	750.0	745.0	820.0
School meals ²²					39.0	69.0	92.6	113.7	122.0	135.0
Child welfare ²³		26.0	43.4	54.1	100.7	128.0	198.1	317.8	356.5	396.4

¹ Expenditures from Federal, State, and local revenues (general and special) and trust funds and other expenditures under public law; includes capital outlay and administrative expenditures unless otherwise noted. Includes some expenditures and payments outside the United States. Fiscal years ended June 30 for Federal Government, most States, and some localities.

² Preliminary estimates.

³ Excludes financial interchange transactions between OASDHI and railroad retirement.

⁴ Hospital insurance and supplementary medical insurance included in total shown directly above. Benefit payments began July 1, 1966; 1965-66 data represent administrative expenses only.

⁵ Excludes refunds of employee contributions; includes payments to retired military personnel and survivors. Data for administrative expenses not available for Federal noncontributory retirement.

⁶ Includes unemployment compensation under State programs, programs for Federal employees and ex-servicemen, and cash training allowances.

⁷ Cash and medical benefits in the 4 States with programs. Includes private plans where applicable and State costs of administering State plans and supervising private plans. Data for administrative expenses of private plans not available.

⁸ Included in total shown directly above; excludes administrative expenditures, not available separately but included for entire program in preceding line.

⁹ Cash and medical benefits paid under Federal laws and under State laws, by private insurance carriers, State funds, and self-insurers. Includes Alaska and Hawaii beginning 1959-60; excludes administrative costs of private carriers and self-insurers.

¹⁰ Represents payments under the Social Security Act and, from State and local funds, general assistance. Data for 1939-40 include \$1.0 million in administrative costs for which distribution by source of funds is not available.

¹¹ Work relief, other emergency aid, surplus food for the needy, food stamps, and Job Corps, Neighborhood Youth Corps, and work-experience programs under the Economic Opportunity Act.

¹² Excludes expenditures for domiciliary care in institutions other than

mental or tuberculosis and services in connection with OASDHI, State temporary disability insurance, workmen's compensation, public assistance, vocational rehabilitation, and veterans' and antipoverty programs. (Included in total expenditures for these programs.)

¹³ Includes cost of medical care for military dependent families.

¹⁴ Includes services for crippled children.

¹⁵ For detailed description of this item and its components, see forthcoming monograph, *Social Welfare Expenditures Under Public Programs in the United States, 1929-66*.

¹⁶ Includes burial awards.

¹⁷ Excludes servicemen's group life insurance.

¹⁸ Federal expenditures for administrative costs (Office of Education) and research not shown separately but included in total.

¹⁹ Construction costs of vocational and adult education programs included under elementary-secondary construction expenditures.

²⁰ Not available.

²¹ Includes surplus food for institutions.

²² Cash and commodities under the National School Lunch Act; special milk, pilot school breakfasts, and nonfood cash assistance under the Child Nutrition Act of 1966; and surplus food for schools. State and local funds represent direct appropriations only.

²³ Represents primarily child welfare services under title V of the Social Security Act.

²⁴ Includes community action, migrant workers, and VISTA programs and all administrative expenses of the Office of Economic Opportunity. Other OEO programs listed in appropriate subsections under public aid and education.

²⁵ Includes administrative expenses of the Commissioner of Welfare and the Secretary of Health, Education, and Welfare; Indian welfare and guidance; aging activities; certain manpower activities; and other items.

²⁶ Less than \$50,000.

²⁷ Except as otherwise noted (see footnotes 7 and 9).

Source: Data taken or estimated from Treasury reports, Federal budgets, and available reports of Federal, State and local administrative agencies. For detailed description of sources, see forthcoming monograph, *Social Welfare Expenditures under Public Programs in the United States, 1929-66*.

TABLE 1a.—Social welfare expenditures under public programs, by major category: Total and Federal as percent of total, fiscal years, 1928–29 through 1966–67

(Amounts in millions)

Fiscal year	Total	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Housing	Other social welfare	All health and medical care ¹
Total expenditures									
1928–29	\$3,921.2	\$342.4	\$60.0	\$351.1	\$657.9	\$2,433.7		\$76.2	\$477.1
1929–30	4,084.9	360.9	77.8	378.1	667.8	2,522.8		77.5	512.6
1930–31	4,200.8	368.3	164.0	405.8	744.3	2,439.6		78.8	549.2
1931–32	4,303.4	355.3	255.9	434.5	825.0	2,351.8		80.9	590.6
1932–33	4,462.2	343.9	689.1	417.6	818.8	2,104.0		88.8	545.7
1933–34	5,832.0	361.8	2,530.5	400.3	529.5	1,913.8	\$ 4.	95.8	497.7
1934–35	6,548.3	406.3	2,997.6	427.2	597.5	1,818.7	13.2	99.0	543.2
1935–36	10,184.2	455.6	3,079.4	453.9	3,825.5	2,227.6	41.7	100.5	582.3
1936–37	7,858.2	545.2	3,436.0	500.1	892.7	2,375.7	3.1	105.4	637.6
1937–38	7,923.5	848.6	3,232.9	539.5	627.3	2,563.0	3.9	108.2	684.5
1938–39	9,212.9	1,181.2	4,229.6	575.2	606.1	2,503.7	3.4	113.8	724.2
1939–40	8,795.1	1,271.8	3,597.0	615.5	629.0	2,561.2	4.2	116.4	791.6
1940–41	8,953.4	1,390.0	3,523.7	724.4	612.9	2,617.2	8.9	136.4	892.6
1941–42	8,609.2	1,375.6	2,777.1	948.7	645.4	2,694.2	14.3	153.9	1,125.5
1942–43	8,283.1	1,258.7	1,549.7	1,885.8	623.3	2,793.3	13.6	158.6	2,071.5
1943–44	8,227.6	1,255.7	1,031.5	2,225.1	720.0	2,800.4	13.3	181.6	2,428.9
1944–45	9,205.3	1,409.4	1,030.6	2,354.2	1,125.8	3,076.3	11.1	197.9	2,579.5
1945–46	12,797.9	3,652.1	1,150.6	1,904.1	2,402.9	3,296.8	158.7	232.7	2,282.0
1946–47	17,337.0	4,160.0	1,441.8	1,367.0	5,682.5	4,089.0	280.9	315.6	2,098.6
1947–48	18,652.3	3,602.8	1,702.0	1,416.0	6,638.2	4,897.3	27.3	368.8	2,152.7
1948–49	21,164.9	4,185.8	2,089.1	1,753.1	6,926.7	5,806.6	7.7	395.9	2,657.4
1949–50	23,508.4	4,946.6	2,496.2	2,063.5	6,865.7	6,674.1	14.6	447.7	3,065.3
1950–51	24,054.7	4,772.2	2,591.7	2,782.8	5,996.0	7,415.1	35.0	461.9	3,812.8
1951–52	25,576.4	5,671.0	2,584.7	3,331.3	5,255.6	8,245.7	37.1	451.0	4,483.0
1952–53	27,044.9	6,607.3	2,727.9	3,190.4	4,734.7	9,230.9	50.6	503.0	4,377.8
1953–54	29,546.8	8,264.7	2,788.2	3,099.1	4,630.9	10,084.4	67.4	612.1	4,335.9
1954–55	32,639.9	9,834.9	3,003.0	3,103.1	4,833.5	11,157.2	89.3	619.0	4,420.6
1955–56	35,130.6	10,646.1	3,114.7	3,307.1	5,061.2	12,154.4	111.7	735.4	4,689.3
1956–57	39,350.4	12,471.8	3,308.5	3,775.8	5,118.8	13,732.3	120.2	823.0	5,246.4
1957–58	45,456.9	15,956.7	3,615.4	4,090.9	5,426.7	15,312.6	134.2	920.4	5,675.5
1958–59	49,821.4	18,286.5	3,997.9	4,400.6	5,472.3	16,498.3	156.2	1,009.6	6,164.8
1959–60	52,293.3	19,306.7	4,101.1	4,463.8	5,479.2	17,626.2	176.8	1,139.4	6,395.2
1960–61	58,236.0	22,364.9	4,444.3	4,927.0	5,623.7	19,337.2	196.1	1,342.8	7,058.7
1961–62	62,658.7	24,193.8	4,945.3	5,229.8	5,654.0	21,004.6	216.6	1,414.5	7,637.5
1962–63	66,767.2	25,613.5	5,295.9	5,594.5	5,751.2	22,670.7	248.1	1,593.4	8,305.3
1963–64	71,491.1	26,971.3	5,642.1	6,003.5	5,861.5	24,989.0	277.7	1,746.0	8,970.9
1964–65	77,261.5	28,090.0	6,283.4	6,418.5	6,038.8	28,050.2	318.1	2,062.4	9,717.8
1965–66	87,973.3	31,905.0	7,301.4	7,161.0	6,360.3	32,566.9	334.8	2,343.8	11,044.7
1966–67*	100,238.5	37,377.1	8,901.6	8,113.3	7,011.7	35,632.7	374.6	2,827.5	16,166.6
Federal funds as percent of total expenditures									
1928–29	20.4	16.3		13.3	100.0	1.5		1.8	20.6
1929–30	20.0	16.7		12.5	100.0	1.6		1.9	21.0
1930–31	21.7	18.7		12.5	100.0	1.9		2.2	21.8
1931–32	23.8	21.0		12.7	100.0	2.0		2.1	23.0
1932–33	30.0	23.6	50.0	12.4	100.0	1.9		1.9	22.4
1933–34	47.5	26.1	79.2	12.0	100.0	4.9	100.0	1.7	18.3
1934–35	49.0	29.3	79.2	11.6	100.0	2.6	100.0	1.7	19.0
1935–36	63.9	29.2	75.0	12.0	100.0	6.2	100.0	3.2	19.2
1936–37	48.2	35.5	72.6	13.9	98.6	6.0	100.0	3.9	21.4
1937–38	41.1	34.8	64.2	13.5	98.1	7.3	100.0	4.6	20.5
1938–39	43.3	30.3	67.9	13.7	98.4	2.9	100.0	6.1	21.1
1939–40	39.1	31.0	62.4	15.7	98.5	2.9	100.0	9.4	22.7
1940–41	40.9	35.3	62.1	32.0	98.6	5.2	101.0	16.1	34.3
1941–42	41.9	38.7	61.1	49.6	98.7	8.1	100.0	23.3	48.5
1942–43	44.5	44.9	52.8	73.3	99.0	9.0	100.0	22.8	70.5
1943–44	45.7	50.2	41.4	77.5	99.1	6.9	100.0	30.6	74.8
1944–45	47.1	52.1	40.8	76.5	99.3	6.1	100.0	33.4	74.0
1945–46	49.6	52.4	39.0	66.9	97.7	3.8	100.0	32.0	66.7
1946–47	56.5	62.6	42.8	40.6	96.9	3.2	100.0	32.5	54.2
1947–48	50.8	56.6	42.5	29.7	90.4	2.9	100.0	34.6	46.0
1948–49	48.4	50.2	45.1	29.8	92.4	2.4	100.0	35.3	46.9
1949–50	44.6	42.5	44.2	29.2	93.0	2.3	100.0	38.9	44.4
1950–51	46.3	57.1	46.2	42.0	94.4	2.4	61.7	37.4	49.3
1951–52	45.9	58.9	46.9	47.6	97.3	3.7	67.7	32.1	53.0
1952–53	45.3	63.9	49.9	43.3	97.6	4.7	74.9	38.0	49.1
1953–54	44.0	61.6	50.9	39.0	97.8	4.2	79.8	43.6	45.7
1954–55	44.8	64.9	50.1	37.1	98.7	4.3	83.7	40.7	44.1
1955–56	46.1	70.8	49.9	38.0	98.2	3.9	82.4	44.4	43.9
1956–57	46.1	71.6	51.1	37.4	99.2	3.9	84.2	46.3	42.9
1957–58	45.4	71.4	50.8	38.3	97.8	4.0	82.4	37.9	44.2
1958–59	47.3	74.1	52.1	39.0	98.9	4.6	81.8	38.8	45.3
1959–60	47.7	74.1	51.6	38.9	98.0	4.9	81.2	36.6	45.6
1960–61	47.1	75.6	52.6	39.6	98.5	5.2	81.2	33.6	46.1
1961–62	48.9	75.4	55.4	42.9	98.3	5.2	80.1	37.5	48.6
1962–63	48.9	75.8	56.6	43.7	99.7	5.8	77.6	35.8	49.4
1963–64	48.9	76.5	56.9	45.8	99.7	6.5	76.4	37.3	49.7
1964–65	49.0	77.6	57.2	46.2	99.7	8.7	74.9	39.5	49.6
1965–66	51.9	80.4	59.8	47.4	99.7	14.0	74.9	44.4	51.0
1966–67*	54.0	82.1	60.7	51.3	99.7	14.7	76.0	49.0	63.6

¹ Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', and antipoverty

programs.
* Preliminary estimates.

monograph covers only the public program data. Some consideration is being given to the desirability of a companion volume that would describe the concepts, data sources, and methods of estimating that underlie the private expenditure figures. These items have, of course, been summarized in successive BULLETIN articles in this or other series prepared by the Social Security Administration. There is some question, however, whether the considerable amount of staff time necessary to elaborate the explanations in the same detail as was thought essential for the public expenditures can be devoted to the project.

Although many detailed refinements and revisions of estimates have been introduced, the revised figures for the major categories and for the total differ little from those previously published. The following tabulation shows the totals for selected years, by 5-year intervals, as revised and as published in the BULLETIN for December 1966.

[In millions]

Fiscal year	Dec. 1966 series	Revised series
1934-35.....	\$6,417	\$6,548
1939-40.....	8,762	8,795
1944-45.....	8,859	9,205
1949-50.....	22,973	23,508
1954-55.....	32,243	32,640
1959-60.....	52,154	52,293
1964-65.....	77,505	77,262

Most of the changes result from a cleaning-up process as duplications in data from several different sources were identified and eliminated or estimates for programs only recently of any significant size were carried back to earlier years. Other changes are the result of new estimating techniques for those expenditures for which data are not available through normal sources. One example is the new methodology developed for estimating State and local expenditures for institutional care—an item that has shown fluctuating estimates in earlier years as different techniques were applied. Another example is the development of comprehensive estimates of expenditures under public employee retirement systems.

For recent years, the major changes dollarwise have occurred within the education category. Federal expenditures for higher education were adjusted downward to exclude certain basic research, research facilities, and development expenditures that are not education-oriented—mili-

tary and space research, for example. State and local expenditures were adjusted upward to incorporate new Office of Education estimates of higher education expenditures, especially for construction. Because these two adjustments were offsetting to a large degree, however, the net effect was not great.

The tables presented here and in the monograph contain several new lines. One is veterans' life insurance, which had been excluded heretofore partly because of the voluntary nature of the coverage. This program, along with the voluntary program of supplementary medical insurance under OASDHI, is included in the series in accordance with a new conceptual framework adopted for social security and related programs. This framework calls for inclusion not only of expenditures under programs that require compulsory participation but also of those under programs authorized by public law that provide for voluntary participation in which the program or risk is underwritten or insured exclusively by the government.

Further changes include: (1) the addition of an item, "other" housing programs, that encompasses programs other than those meeting the definition of public housing, such as rent supplements, housing rehabilitation grants, rural housing, and low-income demonstration grants; (2) the establishment of a separate subsection "vocational and adult education" under education; and (3) the addition of a new subsection "social welfare, not otherwise classified" under a renamed category "other social welfare." The new subsection includes such items as Indian welfare and guidance, activities in the field of aging, certain manpower activities, and the administrative expenses of such coordinating bodies as the Office of the Secretary in the Department of Health, Education, and Welfare.

Users of the series will probably note that expenditures reported for several other lines have undergone what seem to be extensive revisions. Some of these changes, however, are merely the reshuffling of data between categories. For example, the transfer of expenditures for Job Corps and Neighborhood Youth Centers from "special OEO programs" to "other public aid" accounts largely for the changes in these two lines. The establishment of a separate subsection on vocational and adult education had its effects on the

other components of the education series, especially on data for elementary and secondary education expenditures.

Detailed description of the changes in the series are provided in the monograph, which also summarizes the factors responsible for the differences between the earlier and the revised figures and explains the current estimating techniques.

EXPENDITURES IN FISCAL YEAR 1967

The \$12 billion increase in total social welfare expenditures in the fiscal year 1967 was the largest absolute year-to-year increase in the entire period covered. The relative increase of 13.9 percent has not been exceeded since 1958 (tables 1 and 1a).

As in the preceding year, a major share of the increase was attributable to the OASDHI program. Benefits and cost of administration under the new program of health insurance for the aged amounted to \$3.4 billion. Cash benefit payments under OASDHI increased about \$1 billion.

The first full year of Medicaid (the new medical assistance program under title XIX of the Social Security Act) brought a net increase of \$608 million in vendor payments for medical care under public assistance.

Health and medical programs listed under this major category showed a rise in expenditures of almost \$1 billion that resulted from a variety of developments. Expansion of medical benefits to dependents of military personnel and the increased tempo of the Viet Nam conflict were responsible for \$375 million of the rise; medical research accounted for another \$150 million; construction for \$145 million; and other public health activities for \$175 million. The latter figure includes additional Federal expenditures of more than \$100 million in the areas of community and environmental health services, chronic disease programs, and food and drug control. Also included are the new comprehensive health planning and services program (\$4.5 million) and the new regional medical programs (\$7.5 million).

When all health expenditures are totaled (including those under such programs as OASDHI, public assistance, and the antipoverty group), the increase from fiscal year 1966 is more than \$5 billion—the largest absolute and relative increase in the history of the series, except for one year dur-

ing World War II when expenditures almost doubled because of military medical expenditures.

Expenditures for veterans' program rose \$650 million, the largest absolute increase since the years immediately following World War II. Mainly responsible for this increase is the new educational benefits program for veterans serving after the Korean conflict. Expenditures under the latter program amounted to more than \$325 million in the first full year of operation.

Contributing to the increased expenditures under public aid were the work-training antipoverty programs, which expended some \$300 million more in fiscal year 1967 than they had in the preceding year. Included in the 1967 expenditures was \$72 million for the new special "impact" programs providing employment to youth and adults in areas of high, hard-core unemployment.

Educational expenditures continued to increase, though not at the same pace as in the preceding years. Federal educational expenditures had risen by an unprecedented \$2 billion in fiscal year 1966, primarily as the result of the introduction of such new programs as assistance for educationally deprived children, economic opportunity grants, school library materials grants, supplementary educational centers, and construction of health professions teaching facilities. The year 1967 saw a continuation of these programs, with some upward expenditures but no new programs of consequence. Total Federal expenditures increased by \$660 million; State and local expenditures rose by \$2.4 billion—almost the same increase relatively as that for the preceding year.

Expenditures in fiscal year 1967 for "other social welfare" programs were higher by almost \$500 million—the largest increase since the series began. Contributing to the increase were additional expenditures of \$110 million under vocational rehabilitation and of \$180 million under the special OEO programs. Included is a pilot breakfast program added to the school lunch program; the authorization for the breakfast program was \$2.0 million (only \$600,000 was actually expended in the first year).

The reorganization within the Department of Health, Education, and Welfare, which created a new Social and Rehabilitation Service and separated the administration of cash assistance payments from social services, will in all probability be reflected in some regroupings of data in subse-

quent years. The consequences of the reorganization (effective August 1967) are as yet not fully known, and no change has been made in the series on this account as of the present time.

Housing expenditures increased by \$40 million in 1967, an above-average advance. Included in the 1967 figure are expenditures of about \$5.3 million for the two relatively new Federal programs of rent supplements and housing rehabilitation grants. The latter program makes grants to low-income owner-occupants for necessary repairs and improvements to bring their homes up to standards under local codes or urban renewal plans.

TRENDS IN EXPENDITURES

The growth in social welfare expenditures in the past few decades has resulted partly from the

growth in population, partly from higher prices, and partly from an expansion of programs and services. Since 1929, the total population of the United States has increased 63 percent and the proportion who are aged 65 and over or under age 18 has risen from 40 percent to 45 percent of the total. Prices, as measured by the implicit price deflator for personal consumption expenditures, have more than doubled during the same period.

Though actual dollar expenditures for social welfare were 25 times higher than they had been in 1929, total expenditures in fiscal year 1967, when adjusted for population growth and price change, were only six and one-half times as great as the 1929 total (table 3). This is a measure of the real increase in the level of publicly financed social welfare cash and service benefits.

The per capita growth in social welfare expendi-

TABLE 2.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1889–90 through 1966–67

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product						Total health and medical expenditures as percent of GNP ²	
		Total ¹	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education		Other social welfare
1889-90.....	\$13.0	2.4	(³)	0.3	0.1	0.9	1.1	(⁴)	(⁵)
1912-13.....	39.9	2.5	(³)	0.3	0.4	0.5	1.3	(⁴)	(⁵)
1928-29.....	101.0	3.9	0.3	.1	.3	.7	2.4	0.1	0.5
1929-30.....	96.7	4.2	.4	.1	.4	.7	2.6	.1	.5
1930-31.....	83.1	5.1	.4	.2	.5	.9	2.9	.1	.7
1931-32.....	66.9	6.4	.5	.4	.6	1.2	3.5	.1	.9
1932-33.....	56.8	7.9	.6	1.2	.7	1.4	3.7	.2	1.0
1933-34.....	60.3	9.7	.6	4.2	.7	.9	3.2	.2	.8
1934-35.....	68.7	9.5	.6	4.4	.6	.9	2.9	.1	.8
1935-36.....	77.4	13.2	.6	4.0	.6	4.9	2.9	.1	.8
1936-37.....	86.5	9.1	.6	4.0	.6	1.0	2.7	.1	.7
1937-38.....	87.6	9.0	1.0	3.7	.6	.7	2.9	.1	.8
1938-39.....	87.6	10.5	1.3	4.8	.7	.7	2.9	.1	.8
1939-40.....	95.1	9.2	1.3	3.8	.6	.7	2.7	.1	.8
1940-41.....	112.1	8.0	1.2	3.1	.6	.5	2.3	.1	.8
1941-42.....	141.2	6.1	1.0	2.0	.7	.5	1.9	.1	.8
1942-43.....	174.8	4.7	.7	.9	1.1	.4	1.6	.1	1.2
1943-44.....	200.8	4.1	.6	.5	1.1	.4	1.4	.1	1.2
1944-45.....	211.1	4.4	.7	.5	1.1	.5	1.5	.1	1.2
1945-46.....	210.3	6.1	1.7	.5	.9	1.1	1.6	.1	1.1
1946-47.....	221.2	7.8	1.9	.7	.6	2.6	1.8	.1	.9
1947-48.....	244.4	7.6	1.5	.7	.6	2.7	2.0	.2	.9
1948-49.....	260.0	8.1	1.6	.8	.7	2.7	2.2	.2	1.0
1949-50.....	263.4	8.9	1.9	.9	.8	2.6	2.5	.2	1.2
1950-51.....	310.4	7.7	1.5	.8	.9	1.9	2.4	.1	1.2
1951-52.....	337.1	7.6	1.7	.8	1.0	1.6	2.4	.1	1.3
1952-53.....	358.8	7.5	1.8	.8	.9	1.3	2.6	.1	1.2
1953-54.....	361.9	8.2	2.3	.8	.9	1.3	2.8	.2	1.2
1954-55.....	379.7	8.6	2.6	.8	.8	1.3	2.9	.2	1.2
1955-56.....	409.5	8.6	2.6	.8	.8	1.2	3.0	.2	1.1
1956-57.....	431.7	9.1	2.9	.8	.9	1.2	3.2	.2	1.2
1957-58.....	440.2	10.3	3.6	.8	.9	1.2	3.5	.2	1.3
1958-59.....	469.2	10.6	3.9	.9	.9	1.2	3.5	.2	1.3
1959-60.....	495.6	10.6	3.9	.8	.9	1.1	3.6	.2	1.3
1960-61.....	506.5	11.5	4.4	.9	1.0	1.1	3.8	.3	1.4
1961-62.....	541.7	11.6	4.5	.9	1.0	1.0	3.9	.3	1.4
1962-63.....	574.5	11.6	4.5	.9	1.0	1.0	3.9	.3	1.4
1963-64.....	611.6	11.7	4.4	.9	1.0	1.0	4.1	.3	1.5
1964-65.....	655.5	11.8	4.3	1.0	1.0	.9	4.3	.3	1.5
1965-66.....	715.2	12.3	4.5	1.0	1.0	.9	4.6	.3	1.5
1966-67 ⁶	783.1	13.1	4.9	1.2	1.1	.9	4.7	.4	2.1

¹ Includes housing, not shown separately.

² Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', and antipoverty programs.

³ Less than 0.05 percent.

⁴ "Other social welfare" included with "public aid."

⁵ Not available.

⁶ Preliminary estimates.

TABLE 3.—Per capita social welfare expenditures under public programs in the United States, Territories and possessions, in actual and 1966-67 prices, selected fiscal years, 1928-29 through 1966-67

Fiscal year	Per capita social welfare expenditures in actual prices ¹							Constant 1966-67 prices		
	Total ²	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	Total social welfare expenditures ¹		Implicit price deflators (1966-67=100)
								Amount (in millions)	Per capita	
1928-29	\$31.80	\$2.78	\$0.49	\$2.85	\$5.31	\$19.75	\$0.62	\$7,995.3	\$64.89	49.0
1934-35	50.62	3.15	23.21	3.31	4.54	15.55	.77	16,761.5	129.80	39.0
1939-40	65.56	9.49	26.84	4.59	4.61	19.11	.87	21,851.7	163.08	40.2
1944-45	64.75	9.93	7.26	16.59	7.83	21.67	1.39	18,124.0	113.59	57.0
1949-50	152.59	32.20	16.26	13.44	44.20	43.47	2.92	32,445.0	211.34	72.2
1954-55	194.50	58.72	17.98	18.58	28.29	66.68	3.71	39,616.5	237.19	82.0
1959-60	286.46	105.74	22.54	24.54	29.64	96.76	6.26	57,522.0	316.18	90.6
1964-65	392.33	142.42	32.00	32.69	30.40	142.69	10.50	80,484.8	409.95	95.7
1965-66	441.20	159.74	36.73	36.03	31.64	163.59	11.79	90,132.5	453.44	97.3
1966-67 ³	497.14	185.07	44.28	40.36	34.47	177.03	14.07	99,934.2	497.14	100.0
Percentage change for 1966-67 expenditures ³ (1966-67 prices) from—										
1928-29	+666	+3,164	+4,373	+593	+218	+339	+1,017	+1,149	+666	-----
1934-35	+283	+2,193	-26	+376	+196	+344	+614	+496	+283	-----
1949-50	+135	+315	+97	+117	-44	+194	+248	+208	+135	-----
1959-60	+57	+59	+78	+49	+5	+66	+104	+74	+57	-----
1964-65	+21	+24	+32	+18	+8	+19	+28	+24	+21	-----
1965-66	+10	+13	+17	+19	+6	+5	+16	+11	+10	-----

¹ Excludes expenditures within foreign countries for education, veterans' payments, and OASDHI benefits; see table 1 for data including such expenditures.

² Includes housing, not shown separately.

³ Preliminary estimates.

Sources: Per capita figures based on January 1 data from the Bureau of the Census for total U.S. population, including Armed Forces overseas and the civilian population of Territories and possessions. Deflators based on implicit price deflators for personal consumption expenditures prepared by National Income Division, Office of Business Economics, Department of Commerce.

tures differs considerably among the various categories in the series. Per capita expenditures for health rose 593 percent (in constant dollars) during the period under review and that of education rose 339 percent, but the growth in social insurance and public aid was several thousandfold. Since fiscal year 1950, the increase in real (price-adjusted) per capita expenditures for social insurance has been 315 percent, compared with a 135-percent rise for all social welfare expenditures.

This variation in growth patterns is reflected in chart 2, which shows the distribution of social welfare expenditures by major category for selected years since 1929. In that year, education was the single largest category, responsible for more than three-fifths of all expenditures. Social insurance and public assistance together accounted for 10 percent of the total spent. With the onset of the depression in the 1930's, public aid became the largest category. It was not until World War II that expenditures for education again represented the largest share of social welfare expenditures, a situation that was not changed until the late 1950's. At that time a rapidly growing social insurance sector supplanted education as the chief category. In fiscal year 1966 education expenditures again exceeded social insurance payments, but with the inauguration of Medicare benefits the

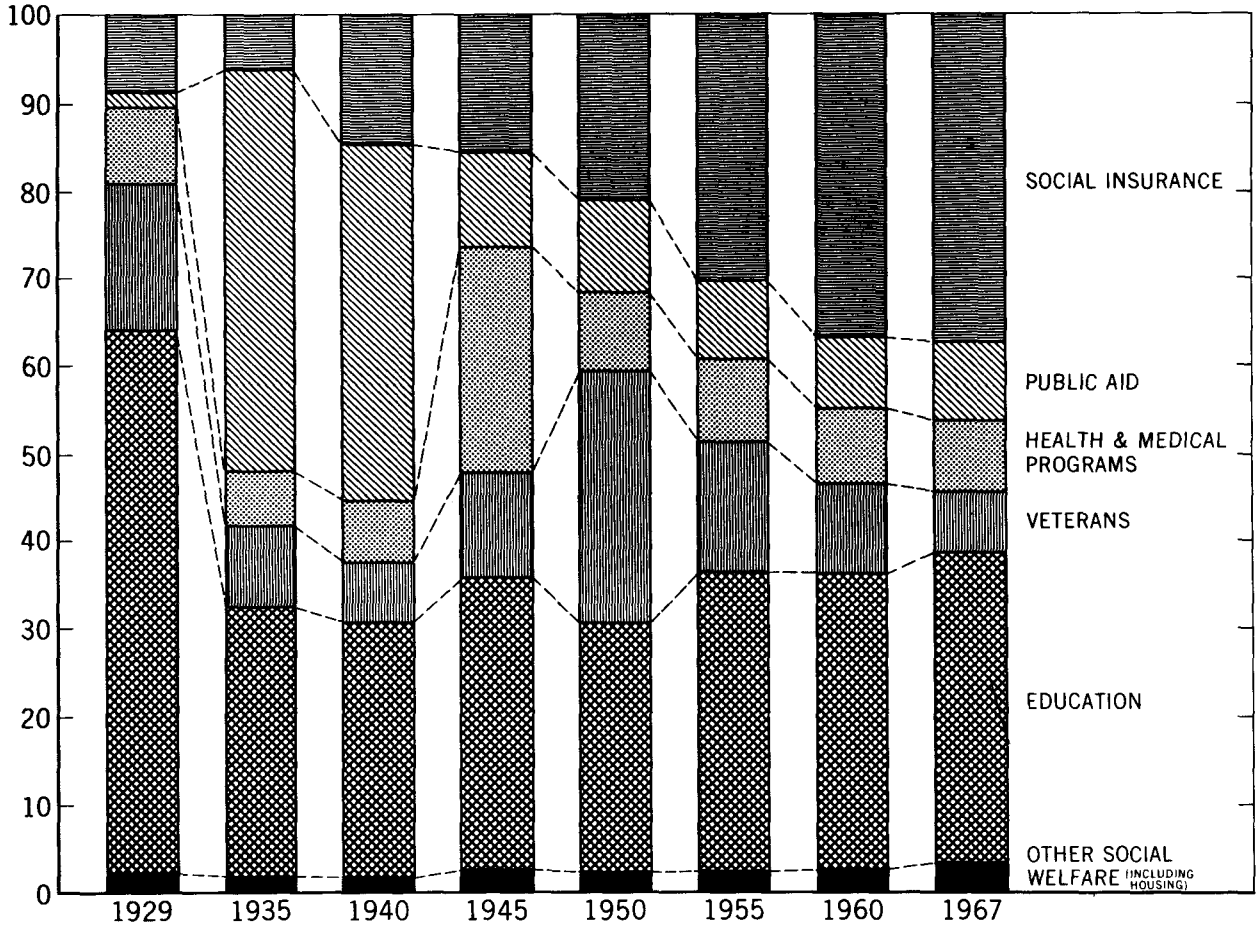
following year, social insurance once more became the dominant category, accounting for 37 percent of total expenditures.

In terms of the national output of goods and services, the growth in social insurance and education expenditures has been most significant. In fiscal year 1967, expenditures for each of these two categories, as a percent of the gross national product, were more than two and one-half times what they had been 20 years earlier (table 2). In the past 2 years alone, stimulated by 1965 Federal legislation expanding the OASDHI program and providing additional aid in support of public education, social insurance expenditures rose from 4.3 percent of the gross national product to 4.9 percent and education expenditures rose from 4.3 percent to 4.7 percent. Also rising in 1967, after years of relatively little change, were the proportions of the national output used for public aid and health and medical programs.

Although social welfare expenditures have increased tremendously since 1929, they have been almost matched by mounting expenditures for other functions of government, especially for war, defense, and international affairs. In fiscal year 1967, social welfare expenditures from public funds represented 43 percent of all government expenditures (Federal, State, and local)—a ratio

CHART 2.—Social welfare expenditures, by type of program, 1929–67

PERCENT



not much higher than the 37 percent recorded in 1929 (table 4). In fact, expenditures for social welfare in 1967 still represented a smaller proportion of all government spending than they had in the 1930's. In the State and local sector alone, the proportion going for social welfare purposes has remained fairly stable since 1950.

PRIVATE AND PUBLIC EXPENDITURES

In sharp contrast to the \$4 billion rise in the preceding year, private expenditures for health, education, and organized income-maintenance and welfare programs in the fiscal year 1967 increased only \$1 billion to a total of \$47 billion. This slowdown was due to developments in the health field, where private expenditures were estimated to have declined by more than \$600 million during the year. Combined public and private expenditures

for health, education, and welfare amounted to an estimated \$146 billion, after account is taken of the overlap that exists because small parts of private expenditures for health and education represent the spending of benefits received under public programs and, to a lesser extent, under private employee-benefit plans.

Health

The decline in private spending for health is attributable to the new Federal programs of Medicare and Medicaid, which reduced direct payments by consumers to providers of services and increased the amount of health expenditures in the public sector. As a result the proportion of all health and medical care expenditures from public funds increased from 26 percent in fiscal year 1966 to 34 percent in 1967 (table 5).

TABLE 4.—Social welfare expenditures¹ in relation to government expenditures for all purposes, selected fiscal years, 1928–29 through 1966–67

Item	1929	1935	1940	1945	1950	1955	1960	1965	1966	1967 ²
All social welfare expenditures from public funds:										
Total, as percent of total government expenditures.....	37.4	49.6	47.5	8.6	37.3	32.2	37.6	41.5	42.6	42.5
Federal, as percent of total Federal Government expenditures.....	27.5	50.9	37.8	4.6	25.5	21.3	27.1	31.6	33.6	34.0
State and local, as percent of total State and local government expenditures ³	41.2	48.3	57.4	56.6	61.0	60.4	59.2	60.6	60.9	61.2
Social welfare expenditures from general revenue:										
Total, as percent of total government expenditures from general revenue.....	37.6	49.0	44.7	8.0	33.0	26.0	29.2	33.0	33.9	33.4
Federal, as percent of total Federal Government expenditures from general revenue:										
All programs.....	27.7	50.6	36.0	4.1	22.7	13.9	15.3	18.5	20.1	20.2
Veterans' programs.....	22.7	9.5	6.9	1.2	15.9	7.6	6.7	5.9	5.6	5.3
State and local, as percent of total State and local government expenditures from general revenue: ³										
All programs.....	41.0	47.4	53.9	56.0	55.1	56.6	56.1	57.9	58.5	58.5
Education.....	31.7	29.6	29.3	37.4	34.8	38.2	40.9	43.4	43.9	43.7

¹ Expenditures from general revenues and from social insurance trust funds; that part of workmen's compensation and temporary disability insurance payments made through private carriers and self-insurance was omitted in computing percentages.

² Preliminary estimates.

³ Excludes Federal grants-in-aid.

The 1967 estimates for the private sector are provisional and are subject to revision when complete data for the fiscal year become available. At this writing, the only relatively firm figures are those for hospital care, published monthly by the American Hospital Association. Estimates for other components are based on trends in medical care prices and utilization.

When expenditures for programs specifically concerned with health are combined with expenditures for medical care under social insurance, public assistance, and veterans' and other programs, the total amount expended in fiscal year 1967 for health and medical care from public funds reaches \$16 billion. This amount represents an increase of \$5 billion from the total of \$11 billion spent in the preceding year. In relation to the gross national product, the total spent for this purpose rose from 1.5 percent in 1966 to 2.1 percent in 1967.

Despite a drop from the amount spent in 1966, the estimated total of \$31.1 billion spent in the private health sector in 1967 was still almost twice as great as that spent in the public sector. It is estimated that higher amounts were expended during the year for all items in the private sector except direct consumer payments (private health insurance benefits and the costs of providing them, industrial in-plant medical services, philanthropic expenditures for health purposes and medical facilities construction).

When public and private expenditures for health and medical care are combined, the 1967 fiscal year total of \$47.3 billion is some \$4.5 billion higher than the 1966 total. This is the largest

increase in the history of the series. Total health expenditures continued to rise as a percent of the gross national product—from 6.0 percent in 1966 to 6.2 percent in 1967. Between 1966 and 1967 the medical care index rose 7.3 percent, a much larger increase than any in recent years.

If expenditures for medical-facilities construction, medical research, general public health activities, and administration of health programs (both private and public) and of philanthropic agencies are excluded, the remaining amount (\$40 billion in 1967) represents essentially expenditures for personal health care. Public funds accounted for 31.6 percent of the total, a spurt of 9.7 percentage points from the estimate for the preceding year. Because of government's growing role in providing personal health care, the proportion of such costs met through direct payments from consumers dropped from 51.3 percent in 1966 to 45.0 percent in 1967. Similarly, the proportion covered by private health insurance benefits dipped from 24.1 to 22.5 percent during the year.

It may be worth calling attention to one addition to table 5—a special category of OEO expenditures for health and medical care. These are expenditures for health and medical care primarily through the community action program but also in connection with Job Corps, Head Start, VISTA, and other antipoverty programs. The amounts are included in the appropriate categories in table 1 but are not shown separately there because they were so small. This special category will probably grow in importance. It should be noted that expenditures under other

TABLE 5.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928–29 through 1966–67

[Amounts in millions]

Type of expenditure	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67 ¹
Total.....	\$3,589.1	\$3,123.2	\$3,804.6	\$7,914.4	\$12,129.5	\$17,923.6	\$26,391.1	\$39,989.8	\$42,813.9	\$47,266.6
Private expenditures.....	3,112.0	2,580.0	3,023.0	5,335.0	9,064.0	13,503.0	19,996.0	29,272.0	31,789.2	31,100.0
Health and medical services.....	3,010.0	2,570.0	2,992.0	5,305.0	8,849.0	13,178.0	19,518.0	28,038.5	30,458.8	29,730.0
Direct payments.....	2,900.0	2,500.0	2,900.0	4,875.0	7,146.0	9,448.0	13,087.0	17,386.0	18,981.0	18,000.0
Insurance benefits.....					879.0	2,344.0	4,674.0	8,280.5	8,935.4	9,000.0
Expenses for prepayment.....					274.0	596.0	792.0	1,212.0	1,347.4	1,500.0
Industrial in-plant services.....	30.0	30.0	40.0	90.0	150.0	210.0	255.0	330.0	345.0	390.0
Philanthropy.....	80.0	40.0	52.0	340.0	400.0	580.0	700.0	850.0	850.0	870.0
Medical-facilities construction.....	102.0	10.0	31.0	30.0	215.0	325.0	478.0	1,233.5	1,310.4	1,370.0
Public expenditures.....	477.1	543.2	781.6	2,579.5	3,065.3	4,420.6	6,395.2	9,717.8	11,044.7	16,166.6
Health and medical services.....	372.5	495.1	679.5	2,468.2	2,470.2	3,862.3	5,346.3	7,815.3	8,933.9	13,785.4
OASDHI (health insurance for the aged).....									63.6	3,393.1
Temporary disability insurance (medical benefits) ²					2.2	20.0	40.2	50.9	54.3	56.0
Workmen's compensation (medical benefits) ²	75.0	65.0	90.0	122.0	193.0	315.0	420.0	580.0	630.0	685.0
Public assistance (vendor medical payments).....					51.3	211.9	492.7	1,367.1	1,709.9	2,318.3
General hospital and medical care.....	117.1	225.3	297.6	364.8	886.1	1,297.6	1,973.7	2,514.8	2,720.3	2,790.8
Defense Department hospital and medical care.....	29.2	27.7	45.4	1,631.1	336.2	744.8	820.1	1,036.8	1,273.4	1,571.8
Military dependents' medical care.....							60.1	78.3	76.2	150.8
Maternal and child health services.....	6.2	6.9	13.8	62.1	29.8	92.7	140.7	223.2	276.2	306.8
School health (educational agencies).....	9.4	10.0	16.4	23.3	30.6	65.9	101.0	132.0	135.0	140.0
Other public health activities.....	88.8	112.2	154.5	178.0	350.8	383.7	401.2	671.5	723.8	900.9
Veterans' hospital and medical care.....	46.7	47.8	61.5	85.5	582.8	721.5	879.4	1,120.9	1,175.2	1,271.3
Medical vocational rehabilitation.....	.1	.2	.3	1.4	7.4	9.1	17.7	34.2	48.0	80.5
OEO health and medical care.....								5.6	48.2	120.2
Medical research.....		3	2.6	2.5	72.9	138.9	471.2	1,229.2	1,379.7	1,540.5
Medical-facilities construction.....	104.7	47.8	99.6	108.7	522.3	419.4	577.7	673.2	731.0	840.6
Defense Department.....	(³)	(³)	(³)	38.9	1.1	33.0	40.0	34.8	28.6	58.5
Veterans Administration.....	4.2	3.0	14.3	16.3	161.5	34.1	59.6	81.2	86.0	51.0
Other.....	100.4	44.8	85.2	53.5	359.8	352.4	478.1	557.2	616.4	731.2
Total expenditures as a percent of gross national product.....	3.6	4.5	4.0	3.7	4.6	4.7	5.3	5.9	6.0	6.2
Public expenditures as a percent of total expenditures.....	13.3	17.4	20.5	32.6	25.3	24.7	24.2	24.9	25.8	34.2
Personal care expenditures ⁴	3,272.2	2,941.5	3,502.1	7,506.1	10,578.2	15,906.7	23,481.7	33,742.4	37,025.0	40,000.3
Private expenditures.....	2,990.0	2,560.0	2,979.0	5,220.0	8,475.0	12,437.0	18,551.0	26,619.0	28,898.9	27,360.0
Public expenditures.....	282.2	381.5	523.1	2,286.1	2,103.2	3,469.7	4,930.7	7,123.4	8,126.1	12,640.3
Percent from:										
Private expenditures.....	91.4	87.0	85.1	69.5	80.1	78.2	79.0	78.9	78.1	68.4
Direct payments.....	88.6	85.0	82.9	64.9	67.6	59.4	55.7	51.5	51.3	45.0
Insurance benefits.....					8.3	14.7	19.9	24.5	24.1	22.5
Public expenditures.....	8.6	13.0	14.9	30.5	19.9	21.8	21.0	21.1	21.9	31.6

¹ Preliminary estimates.

² Includes any insurance benefits and expenses for prepayment (insurance premiums less insurance benefits).

³ Includes medical benefits paid under public law by private insurance carriers and self-insurers.

⁴ Data not available.

⁵ Includes all items shown under "health and medical services" except (1) "expenses for prepayment" and one-fourth of "philanthropy" under private expenditures and (2) "other public health activities" and administrative expenses for "health insurance for the aged" and "veterans' hospital and medical care" under public expenditures.

programs—such as Medicaid, Medicare, or various health programs—for services provided in OEO community health centers or clinics are included in the total expenditures for the specific program.

Education

Total public and private expenditures for education reached \$43.4 billion in fiscal year 1967. The increase of \$4.1 billion did not match the increase of the previous year but otherwise was the largest during the period under review.

Public expenditures for education continued to account for 83 percent of public and private educational expenditures combined, a ratio that has hardly changed since the mid-1950's. Public ex-

penditures for higher and other education as a proportion of total higher and other education expenditures again increased slightly. The 1967 increase was, however, entirely the result of public expenditures for veterans' educational benefits (table 6).

Income-Maintenance Programs

The grouping of public and private programs for income maintenance and welfare services has always presented problems. As noted in earlier articles, it is not possible to aggregate expenditures for income security in the same way that total private and public expenditures for health or education are measured. In previous years, the

TABLE 6.—Expenditures for education, selected fiscal years, 1949–50 through 1966–67

[Amount in millions]

Program	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67 ¹
Total amount.....	\$10,914	\$14,202	\$21,706	\$33,965	\$39,234	\$43,397
Public expenditures for education.....	9,366	11,863	18,036	28,094	32,604	36,011
Current operations ²	8,036	9,433	15,016	23,598	27,340	30,597
Elementary and secondary.....	4,577	7,502	12,447	19,087	21,605	23,826
Higher.....	604	1,016	1,833	3,556	4,505	5,130
Veterans'.....	2,692	706	410	43	37	378
Vocational and adult.....	161	205	298	852	1,067	1,122
Construction.....	1,330	2,431	3,020	4,496	5,264	5,414
Elementary and secondary.....	1,019	2,232	2,662	3,267	3,450	3,601
Higher.....	310	199	358	1,229	1,814	1,813
Private expenditures ³ for education.....	1,548	2,339	3,670	5,871	6,630	7,386
Current operations.....	1,266	1,829	3,126	5,155	5,788	6,519
Elementary and secondary.....	436	719	1,232	1,882	1,974	2,175
Higher.....	830	1,110	1,894	3,273	3,814	4,344
Construction.....	282	510	544	716	842	867
Public expenditures for education as percent of:						
Total.....	85.8	83.5	83.1	82.7	83.1	83.0
Current operations.....	86.4	83.8	82.8	82.1	82.5	82.4
Elementary and secondary.....	91.3	91.3	91.0	91.0	91.6	91.5
Other.....	80.6	63.5	57.3	57.6	59.5	60.4
Higher.....	42.1	47.8	49.2	52.1	54.2	54.1
Construction.....	82.5	82.7	84.7	86.3	86.2	86.2

¹ Preliminary estimates.

² Includes expenditures for administration (U.S. Office of Education) and research, not shown separately below.

³ Includes expenditures by privately controlled schools, and private expenditures in publicly controlled schools for current educational purposes, in the form of students' tuition and fees and private gifts.

article has presented a table showing the total expenditures under organized income-maintenance and welfare service programs. For public expenditures, this was essentially a residual figure after health and education were subtracted from the total. With the growth of public welfare service expenditures and the lack of any really comparable private component, this grouping appears less and less meaningful.

A more useful comparison is that between public and private cash transfer payments. Table 7 groups cash benefits under social insurance, veterans' cash benefits, and cash payments under public assistance and compares these expenditures

with those under private employee-benefit plans (excluding health benefits).

Despite the rapid growth of OASDHI and other social insurance programs, public funds accounted for a smaller proportion of all cash transfer payments in fiscal year 1967 than in 1950. The expansion of benefits under employee-benefit plans, and especially under private pension plans, has more than matched percentagewise the growth of social insurance benefits. In addition, the dollar amounts expended by the government for veterans and for the needy have been increasing at less than half the pace of that for other income-maintenance programs. Veterans' and public assistance programs, which accounted for more than half the cash transfer payments under public programs in the fiscal year 1950, paid out less than a fourth in 1967.

TABLE 7.—Expenditures from public and private funds for cash transfer payments, (excluding administration), selected fiscal years, 1949–50 through 1966–67

[Amounts in millions]

Source of funds	1949-50	1954-55	1959-60	1964-65	1965-66	1966-67 ¹
Total cash transfer payments.....	\$10,112	\$16,609	\$28,718	\$40,526	\$45,219	\$48,830
Public.....	9,147	14,714	25,173	34,861	38,884	41,695
Social insurance ²	4,447	9,118	18,151	26,426	30,007	32,043
Veterans' programs ³	2,423	3,094	3,810	4,518	4,790	5,025
Public assistance.....	2,277	2,502	3,212	3,918	4,087	4,627
Private employee benefits ⁴	965	1,895	3,545	5,665	6,335	7,135
Public as percent of total.....	90.5	88.6	87.7	86.0	86.0	85.4

¹ Preliminary estimates.

² Includes cash benefits paid under workmen's compensation and temporary disability insurance laws by private insurance carriers and self-insurers.

³ Veterans' pension and compensation, burial awards, and life insurance.

⁴ Under private pension plans; group life (including government employee programs), accidental death and dismemberment, and voluntary sickness insurance; paid sick leave; and supplemental unemployment benefit plans. Temporary disability insurance benefits under State legislation excluded here and included under social insurance above.

Some small part of philanthropic expenditures for welfare purposes, estimated at about \$1.6 million in fiscal year 1967, goes for cash payments to needy persons. The estimate itself is so rough that a break-out of an amount for cash transfers has not been attempted. The major part of philanthropic welfare expenditures in recent years has gone for institutional care, family counseling, day care, and other social services.

Nevertheless, it is evident that public programs are the major source of organized income maintenance for the nonearning groups in the population and account for 85 percent of total expenditures.