

# Federal Grants, 1962-63

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THE DEVICE of the Federal grant-in-aid as a way of achieving program objectives goes back to the beginning of our history as a Nation. The earliest grants, to townships, were of Federal land to be used primarily for popular education or internal improvements.<sup>1</sup> Money grants on a continuing basis began in a small way in 1879, with aid for the printing and distribution of education materials for the blind, and were followed shortly by a whole series of grants to States under permanent legislation. The concept of cost-sharing had been added to the grant device. But it was not until the Federal Aid Road Act of 1916 and the Smith-Hughes Act of 1917 (vocational education) that the modern allocation-formula grant with State and/or local matching requirements entered the picture.

The World War I period also saw the beginnings of grants-in-aid to private individuals and institutions for program achievement purposes—as differentiated from such payments as veterans' pensions. But it was not until the establishment of the extensive Federal direct relief programs and the rise of the agricultural and natural resources programs in the 1930's that Federal grants to individuals reached sizable proportions.

The grant-in-aid has been used with increasing frequency as a fiscal device of the Federal Government; each year more programs distribute Federal funds in an effort to equalize differences in the financial capacity of States and localities, private persons, and institutions. In its fifth annual report the Advisory Commission on Intergovernmental Relations noted this continuing trend and, in reviewing the legislation for new programs of grants to States, called attention to several other trends:

an increasing emphasis on "project grants" on an allo-

cations formula basis matched by State money; provision by the Congress of safeguards against possible arbitrary exercise of administrative powers by Federal agencies in the administration of grant-in-aid programs by providing in the statute for judicial review of administrative action taken; and increasing sentiment in favor of a periodic five-year review of grants-in-aid.<sup>2</sup>

## I. Grants to State and Localities

The purpose and financial characteristics of grants-in-aid to the States and localities vary considerably. The term "grants," as used in this section, is confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/or local level and for those programs in which the bulk of the funds is channeled through agencies of State and local governments. Emergency grants and the value of grants-in-kind have been included when they conform to this definition. Federal aid granted directly to individuals and private institutions is reviewed in another part of the article. Reimbursements to State and local governments for expenditures incurred by them as agents of the Federal Government in administering programs primarily national in character, shared revenues, and payments in lieu of taxes have been excluded. This review covers 55 separate Federal grant programs, which are arranged in seven groups according to purpose.

Grants to States and localities rose to an all-time high of \$8.3 billion in the fiscal year 1962-63, topping by 8 percent the earlier peak of \$7.7 billion reached in 1961-62. Increases in the amounts granted were recorded for all groups but employment security administration, which was one-fourth less than in 1961-62. The increases ranged from 1 percent for programs of welfare other than public assistance to 14 percent for edu-

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<sup>1</sup> Northwest Ordinances of 1785 and 1787. See Byron L. Johnson, *The Principle of Equalization Applied to the Allocation of Grants-In-Aid* (Bureau of Research and Statistics Memorandum No. 66, September 1947), appendix B and chapter 4.

<sup>2</sup> Advisory Commission on Intergovernmental Relations, *Fifth Annual Report*, January 31, 1964, page 2.

cation and to 23 percent for the miscellaneous group.

Three new programs began functioning: radiological health grants, Area Redevelopment Act assistance grants,<sup>3</sup> and accelerated public works grants. Table 1 shows the growth of Federal grants to States and localities since the fiscal year 1929-30, and table 2 their distribution among the States in 1962-63.

## **PUBLIC ASSISTANCE**

Grants during 1962-63 for the five federally aided categorical public assistance programs amounted to \$2.7 billion, an increase for the year of 12 percent. Public assistance grants rose to one-third of all grants, although they lagged behind highway construction grants for the fifth consecutive year.

Nearly \$150 million was granted for medical assistance for the aged in 1962-63, an increase of 26 percent. Puerto Rico, the Virgin Islands, and American Samoa were the only jurisdictions that began programs in 1962-63; they received an aggregate of \$380,000. The same 24 States received grants in 1962-63 and 1961-62. The nine States participating in the program in its first year (1960-61) received a total of \$20 million.

## **EMPLOYMENT SECURITY ADMINISTRATION**

Grants for employment security administration dropped 26 percent to \$330 million in 1962-63, the lowest level for 3 years. This figure represents grants for administration of State unemployment insurance and State employment services. It does not mirror program trends but rather the timing of the advances, since funds are transferred in advance of use as in several other Federal grant programs. A comparatively large transfer to a State dated a day or so after instead of before the close of the fiscal year diminishes that year's total and adds to the succeeding year's expenditure. Appropriations for the employment security

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<sup>3</sup> Grants to States and localities under the Area Redevelopment Act of 1961 were introduced in 1961-62 but were not included in the series because State data were not available.

grants for the fiscal years 1961-62 and 1962-63 were within \$5 million of each other.

The grants come from the unemployment trust fund. Employment security administration is one of two grant programs in this series financed from trust revenues rather than general revenues. The other program, Federal-aid highways, is financed from the highway trust fund, which has statutory authorization only until 1972.

## **HEALTH SERVICES**

The 1962-63 grants for health services amounted to \$343 million and represented an increase of 12 percent from the amount in the preceding year. Grants for the control of cancer, for maternal and child health services, and for water pollution control remained at about the 1961-62 level, and grants for crippled children's services were somewhat less than those of 1961-62.

Grants for all other health services programs increased in 1962-63 but by varying degrees. The amount granted for the construction of health research facilities again reached \$2 million; it had been cut in half in 1961-62. Programs with an increase of less than 10 percent were maternal and child health (\$24 million granted), community health practices and research (\$17 million), mental health activities (\$7 million), hospital construction (\$183 million), and tuberculosis control (\$4 million). Waste-treatment grants (\$52 million) were nearly a fourth higher than in the preceding year, and grants for heart disease control (\$6 million) were a third higher. Grants for venereal disease control, now made exclusively on a project basis, amounted to \$4 million or two-thirds more than in 1961-62—the last year of allocation-formula grants.

The 2-year-old program of geriatric health grants disbursed \$11 million to the States, a 125-percent increase from the first year. In 1961-62 the program was operative in all jurisdictions except Alaska, New Hampshire, and Utah. At the end of 1962-63 all jurisdictions but Alaska were participating. Larger amounts were granted to each of the States as the program was extended within the State. The following types of services, among others, could qualify under this program: improvement in nursing-home care through con-

sultation services and provision of direct health services to patients, extension of health department nursing services to the sick at home, estab-

lishment and expansion of homemaker services, and coordination of home care.

Federal aid was first available in 1962-63 "to

TABLE 1.—Federal grants to State and local governments, amount and percent of total grants by purpose, fiscal years 1929-30 through 1962-63

[Amounts in thousands; on a checks-issued basis]

Fiscal year	Total	Public assistance <sup>1</sup>		Employment security administration <sup>2</sup>		Health services <sup>3</sup>		Other welfare services <sup>4</sup>		Education <sup>5</sup>		Highway construction <sup>6</sup>		All other <sup>7</sup>	
		Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1929-30	\$100,499					\$10	(8)	\$1,296	1.3	\$17,647	17.6	\$75,881	75.5	\$5,666	5.6
1930-31	180,282							1,406	.8	19,274	10.7	153,637	85.2	5,965	3.3
1931-32	213,879							1,672	.8	19,907	9.3	186,280	87.1	6,020	2.8
1932-33	190,052							1,710	.9	19,058	10.0	163,398	86.0	5,885	3.1
1933-34	1,802,703			\$616	(8)			1,382	.1	18,076	1.0	221,715	12.3	1,560,914	86.6
1934-35	2,196,577			1,257	0.1			1,516	.1	21,302	1.0	274,668	12.5	1,897,833	86.4
1935-36	1,014,666	\$28,424	2.8	3,068	.3	4,389	0.4	34,117	3.4	31,937	3.1	224,073	22.1	688,649	67.9
1936-37	818,434	143,934	17.6	11,484	1.4	12,758	1.6	24,489	3.0	32,044	3.9	340,717	41.6	253,007	30.9
1937-38	790,392	216,074	27.3	45,939	5.8	15,329	1.9	39,655	5.0	41,877	5.3	247,024	31.3	184,494	23.3
1938-39	1,030,576	246,898	24.0	62,858	6.1	14,754	1.4	71,493	6.9	43,233	4.2	191,572	18.6	399,768	38.8
1939-40	967,073	271,131	28.0	119,852	12.4	21,873	2.3	67,581	7.0	43,663	4.5	164,517	17.0	278,456	28.8
1940-41	915,357	329,845	36.0	65,632	7.2	25,869	2.8	90,255	9.9	105,978	11.6	171,042	18.7	126,737	13.8
1941-42	926,221	374,568	40.4	74,034	8.0	29,057	3.1	64,947	7.0	144,361	15.6	157,911	17.0	81,342	8.8
1942-43	991,212	395,623	39.9	39,800	4.0	30,396	3.1	54,518	5.5	163,812	16.5	174,323	17.6	132,739	13.4
1943-44	982,700	404,942	41.2	35,229	3.6	60,223	6.1	64,109	6.5	128,832	13.1	144,120	14.7	145,246	14.8
1944-45	917,065	409,985	44.7	33,730	3.7	78,555	8.6	73,978	8.1	96,414	10.5	87,429	9.5	136,974	14.9
1945-46	843,721	439,132	52.0	54,547	6.5	71,169	8.4	78,233	9.3	50,633	6.0	74,529	8.8	75,479	8.9
1946-47	1,548,896	613,831	39.6	99,252	6.4	63,134	4.1	460,934	29.8	57,600	3.7	198,774	12.8	55,371	3.6
1947-48	1,575,394	718,359	45.6	157,744	10.0	55,309	3.5	171,888	10.9	113,255	7.2	318,457	20.2	40,383	2.6
1948-49	1,835,544	927,897	50.6	161,138	8.8	66,647	3.6	129,125	7.0	68,988	3.8	410,307	22.4	71,353	3.9
1949-50	2,208,019	1,123,418	50.9	214,526	9.7	123,831	5.6	183,553	8.3	69,861	3.2	428,780	19.4	64,049	2.9
1950-51	2,250,127	1,185,764	52.7	175,642	7.8	174,342	7.7	171,707	7.6	80,265	3.6	400,050	17.8	62,358	2.8
1951-52	2,326,998	1,177,688	50.6	183,157	7.9	187,361	8.1	147,143	6.3	143,503	6.2	420,135	18.1	68,011	2.9
1952-53	2,756,829	1,329,933	48.2	197,537	7.2	172,810	6.3	200,522	7.3	246,691	8.9	517,311	18.8	92,025	3.3
1953-54	2,956,155	1,437,516	48.6	200,136	6.8	140,233	4.7	308,312	10.4	235,231	8.0	538,496	18.2	96,231	3.3
1954-55	3,093,925	1,426,599	46.1	188,898	6.1	119,194	3.9	369,254	11.9	277,839	9.0	568,699	19.3	115,442	3.7
1955-56	3,438,225	1,455,275	42.3	260,347	7.6	133,166	3.9	488,281	14.2	252,086	7.3	739,997	21.5	109,073	3.2
1956-57	3,933,005	1,556,422	39.6	319,511	8.1	163,249	4.2	526,288	13.4	253,562	6.4	954,733	24.3	159,240	4.0
1957-58	4,791,833	1,794,687	37.5	324,135	6.8	192,610	4.0	489,275	10.2	283,693	5.9	1,518,520	31.7	188,015	3.9
1958-59	6,313,504	1,966,394	31.1	297,261	4.7	247,371	3.9	597,330	9.5	350,979	5.6	2,613,897	41.4	240,272	3.8
1959-60	6,836,590	2,058,896	30.1	317,156	4.6	254,746	3.7	575,872	8.4	417,878	6.1	2,941,652	43.0	270,389	4.0
1960-61	6,920,005	2,166,986	31.3	358,552	5.2	283,871	4.1	722,544	10.4	436,348	6.3	2,622,587	37.9	329,115	4.8
1961-62	7,701,987	2,432,141	31.6	448,725	5.8	305,399	4.0	898,370	11.7	465,183	6.0	2,782,840	36.1	369,329	4.8
1962-63	8,319,530	2,729,582	32.8	330,430	4.0	343,366	4.1	911,199	11.0	528,380	6.4	3,022,550	36.3	454,023	5.5

<sup>1</sup> Old-age assistance, aid to dependent children, and aid to the blind, 1935-36 to date; aid to the permanently and totally disabled, 1950-51 to date; and, beginning 1960-61, medical assistance for the aged; all under the Social Security Act as amended.

<sup>2</sup> Unemployment insurance administration under the Social Security Act, 1935-36 to date; employment service administration, 1933-34 to 1942-43 and 1946-47 to date; administration of veterans' unemployment and self-employment allowances, 1947-48 to 1952-53; and (not primarily for administration) distribution to State accounts in unemployment insurance trust fund of certain tax collections, 1955-56 to 1957-58. Beginning 1960-61, employment security administration is paid from the unemployment trust fund.

<sup>3</sup> Promotion of welfare and hygiene of maternity and infancy, 1929-30; maternal and child health services, services for crippled children, and general public health services, under the Social Security Act, 1935-36 to date; venereal disease control (communicable disease activities, 1960-61), 1940-41 to date; emergency maternity and infant care, 1942-43 to 1948-49 and 1950-51; construction of community facilities, 1944-45 and 1953-54 to 1955-56; tuberculosis control, 1944-45 to date; mental health activities, cancer control, and hospital survey and construction, 1947-48 to date; heart disease control, 1949-50 to date; construction of cancer research facilities, 1949-50 to 1953-54; construction of heart disease research facilities, 1949-50 to 1952-53; industrial waste studies, 1949-50 to 1952-53; emergency poliomyelitis vaccination and liquidation of program, 1955-56 to 1960-61; water pollution control (sanitary engineering, environmental health activities), waste-treatment works construction, and health research construction, 1956-57 to date; chronic diseases and health of the aged, 1961-62 to date; and radiological health, 1962-63.

<sup>4</sup> Vocational rehabilitation, and State and Territorial homes for disabled soldiers and sailors, 1929-30 to date; child welfare services, 1935-36 to date; removal of surplus agricultural commodities under sec. 32 of Act of Aug. 24, 1935, 1935-36 to date; school lunch, and Federal annual contributions to public housing authorities, 1939-40 to date; community war-service day care, 1942-43; veterans' re-use housing, 1946-47 to 1950-51; commodities furnished by the Commodity Credit Corporation, 1949-50 to date; school milk, 1954-55 to date; and food-stamp distribution, 1961-62 to date.

<sup>5</sup> Colleges for agriculture and mechanic arts, vocational education, education of the blind, agricultural extension work, State marine schools, 1929-30 to date; Office of Education emergency grants, 1935-36 to 1940-41; training of defense (war production) workers, 1940-41 to 1945-46; maintenance and operation of schools, 1946-47 to date; veterans' educational facilities, 1947-48

to 1949-50; survey and construction of schools, 1950-51 to date; State and local preparation for White House Conference on Education, 1954-55; library services, 1956-57 to date; defense education activities, 1958-59 to date; and training for education of mentally retarded, 1959-60 to date.

<sup>6</sup> Cooperative construction of rural post roads, 1929-30 to 1939-40; Federal-aid highways, including regular and emergency, prewar and postwar, and trust fund activities, restoration of roads and bridges, flood relief, secondary and feeder roads, and 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 Appropriation Acts activities, 1935-36 to 1943-44 and 1946-47 to 1951-52; access roads, flight strips, strategic highway network, and surveys and plans, 1941-42 to 1956-57 and 1958-59; public land highways, 1942-43 to date; payment of claims, 1945-46 to 1951-52; war and emergency damage in Hawaii, 1947-48 to 1955-56; reimbursement of District of Columbia highway fund, 1954-55 and 1957-58; and forest highways, 1957-58 to date.

<sup>7</sup> Agricultural experiment stations, 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; Public Works Administration and liquidation of program, 1941-42 to 1949-50; war public works, 1941-42 to 1943-44; supply and distribution of farm labor, 1942-43 to 1948-49; community facilities, 1944-45 to 1955-56; public works advance planning, 1946-47 to 1948-49; cooperative projects in marketing, 1948-49 to date; Federal airport program, 1947-48 to date; disaster, drought, and other emergency relief, 1948-49 to date; civil defense, 1951-52 to date; slum clearance and urban redevelopment, 1952-53 to 1954-55; urban planning, urban renewal, 1955-56 to date; National Science Foundation facilities and installations, 1957-58; small business management research, 1958-59 to date; White House Conference on Aging, 1959-60 and 1960-61; and area redevelopment assistance and accelerated public works, 1962-63.

<sup>8</sup> Less than 0.05 percent.  
Source: *Annual Reports of the Secretary of the Treasury, and the Combined Statement of Receipts, Expenditures and Balances of the United States Government*. Grants for the school lunch program from 1939-40 to 1942-43 and for the removal of surplus agricultural commodities from 1935-36 to 1946-47, as reported by the Department of Agriculture; tax collections distributed under title IX of Social Security Act, 1955-56, from unpublished Treasury report; grants for management research in 1958-59, as reported by Small Business Administration.

assist the States . . . to protect the public from unnecessary exposure to radiation." <sup>4</sup> As the grant for this new health service is on a 1-for-1 match-

ing basis, the initial Federal grants of \$1.4 million indicate an equal sum spent by the States for radiological health. The Federal allocation formula takes into consideration the sources of radiation within the State: the number of atomic

<sup>4</sup> Section 314c, Public Health Service Act.

TABLE 2.—Federal grants to State and local governments, by State and purpose, fiscal year 1962-63 <sup>1</sup>

[Amounts in thousands]

States ranked by 1960-62 average per capita personal income	Total	Social welfare							Highway construction		All other	
		Total amount	Public assistance		Employment security administration	Health services	Other welfare services	Education		Amount		Percent of all grants
			Amount	Percent of all grants				Amount	Percent of all grants			
Total <sup>2</sup> .....	\$8,319,562	\$4,842,989	\$2,729,582	32.8	\$330,430	\$343,366	\$911,230	\$528,380	6.4	\$3,022,550	36.3	\$454,023
United States <sup>3</sup> .....	8,248,086	4,783,090	2,719,676	33.0	327,788	332,033	880,130	523,463	6.3	3,016,297	36.6	448,699
High-income group.....	3,952,580	2,319,239	1,337,021	33.8	203,167	131,428	414,264	233,360	5.9	1,393,702	35.3	239,638
District of Columbia.....	52,929	20,864	9,204	17.4	2,803	2,190	6,367	300	.6	31,162	58.9	903
Delaware.....	27,277	9,687	2,902	10.6	780	1,876	2,495	1,635	6.0	13,851	50.8	3,740
Nevada.....	29,540	9,612	3,059	10.4	1,443	1,325	896	2,889	9.8	17,543	59.4	2,385
Connecticut.....	97,350	51,289	28,572	29.3	4,407	3,186	8,805	6,259	6.4	28,666	29.4	17,396
New York.....	605,734	406,819	239,134	39.5	49,741	17,144	83,252	17,547	2.9	162,650	26.9	36,257
California.....	801,182	513,216	344,231	43.0	38,776	17,243	43,137	69,830	8.7	256,289	32.0	31,676
New Jersey.....	177,496	94,648	39,758	22.4	12,778	6,423	23,984	11,706	6.6	67,122	37.8	15,725
Illinois.....	386,052	211,754	128,959	33.4	15,370	12,480	42,070	12,875	3.3	160,952	41.7	13,347
Alaska.....	42,728	14,671	1,531	3.6	1,303	1,381	895	9,563	22.4	25,032	58.6	3,025
Massachusetts.....	205,800	143,842	92,113	44.8	11,427	6,279	20,712	13,311	6.5	53,054	25.8	8,905
Maryland.....	118,599	66,009	26,772	22.6	5,227	5,100	13,353	15,558	13.1	37,656	31.8	14,934
Washington.....	161,326	92,508	55,080	34.1	5,797	4,094	13,276	14,262	8.8	61,580	38.2	7,238
Ohio.....	373,496	180,897	104,486	28.0	12,027	13,802	36,089	14,493	3.9	171,910	46.0	20,690
Hawaii.....	34,239	22,427	5,968	17.4	1,366	4,356	2,989	7,749	22.6	5,952	17.4	5,860
Michigan.....	296,333	153,698	78,848	26.6	13,508	11,453	39,856	10,033	3.4	121,737	41.1	20,898
Colorado.....	119,795	71,985	44,520	37.2	2,994	4,858	8,699	10,913	9.1	41,272	34.5	6,538
Pennsylvania.....	422,701	255,311	131,884	31.2	23,360	18,239	67,391	14,438	3.4	137,267	32.5	30,123
Middle-income group.....	2,002,359	1,041,398	587,796	29.4	64,180	88,145	180,668	120,610	6.0	866,319	43.3	94,642
Missouri.....	215,580	129,049	86,569	40.2	5,559	7,527	21,568	7,825	3.6	79,266	36.8	7,266
Rhode Island.....	41,714	23,498	10,611	25.4	2,960	1,809	4,392	3,726	8.9	15,142	36.3	3,075
Oregon.....	109,527	41,106	22,075	20.2	3,972	4,045	7,199	3,815	3.5	63,825	58.3	4,595
Indiana.....	143,012	61,172	27,920	19.5	5,165	6,018	15,673	6,366	4.5	73,153	51.2	8,687
Wisconsin.....	136,873	69,678	36,150	26.4	4,654	7,310	15,225	6,339	4.6	58,225	42.5	8,969
Wyoming.....	48,173	8,014	3,051	6.3	984	747	1,441	1,791	3.7	38,891	80.7	1,267
Nebraska.....	70,183	29,369	12,878	18.3	1,549	3,927	4,038	6,975	9.9	3,414	54.7	2,401
Minnesota.....	149,526	77,883	44,806	30.0	4,238	7,357	15,788	5,694	3.8	64,234	43.0	7,409
New Hampshire.....	28,463	12,647	4,510	15.8	1,079	1,902	2,590	2,566	9.0	14,081	49.5	1,735
Kansas.....	87,279	54,217	28,651	32.8	2,461	4,784	7,693	10,629	12.2	27,422	31.4	5,641
Iowa.....	102,130	60,521	33,817	33.1	2,955	5,399	12,659	5,691	5.6	34,056	33.3	7,553
Arizona.....	88,754	39,854	19,160	21.6	4,091	2,382	6,250	7,971	9.0	46,272	52.1	2,629
Montana.....	62,947	18,709	6,477	10.3	1,760	1,780	2,665	6,026	9.6	42,420	67.4	1,819
Florida.....	179,328	120,060	69,076	38.5	6,187	11,092	20,337	13,669	7.6	53,675	29.9	5,593
Utah.....	64,993	28,562	14,008	21.6	2,997	2,576	4,067	4,914	7.6	34,539	53.1	1,892
Texas.....	443,332	255,265	161,397	36.4	12,712	18,096	37,426	25,633	5.8	164,680	37.1	23,387
Vermont.....	30,545	11,796	6,639	21.7	828	1,394	1,956	980	3.2	18,025	59.0	724
Low-income group.....	2,262,376	1,392,729	794,860	35.1	52,334	112,208	285,687	147,641	6.5	755,540	33.4	114,197
Virginia.....	180,940	78,969	22,892	12.7	3,376	7,956	17,997	26,747	14.8	92,260	51.0	9,712
South Dakota.....	46,194	22,235	9,309	20.2	944	2,008	3,422	6,552	14.2	22,687	49.1	1,273
Maine.....	50,360	27,947	15,995	31.8	1,505	2,279	4,281	3,888	7.7	20,195	40.1	2,218
Oklahoma.....	186,699	137,342	92,734	49.7	4,314	6,235	20,013	14,046	7.5	34,841	18.7	14,516
North Dakota.....	38,521	19,687	9,141	23.7	1,292	1,952	3,009	4,293	11.1	17,103	44.4	1,731
Idaho.....	50,947	20,857	9,248	18.2	1,966	3,025	2,354	4,265	8.4	28,341	55.6	1,750
New Mexico.....	79,159	41,241	19,008	24.0	1,857	4,138	7,461	8,777	11.1	35,269	44.6	2,649
West Virginia.....	98,021	74,893	45,064	46.0	2,605	5,181	18,972	3,071	3.1	17,950	18.3	5,178
Georgia.....	206,104	130,746	76,633	37.2	4,310	9,581	27,108	13,115	6.4	63,816	31.0	11,542
Louisiana.....	251,394	172,097	128,596	51.2	4,300	9,011	25,422	4,768	1.9	75,150	29.9	4,147
North Carolina.....	166,758	120,799	64,042	38.4	5,472	13,051	26,474	11,759	7.1	28,269	22.9	7,690
Kentucky.....	171,595	98,748	56,646	33.0	3,342	6,591	25,615	6,553	3.8	66,176	38.6	6,672
Tennessee.....	206,988	93,055	46,435	22.4	3,842	9,372	25,259	8,147	3.9	98,310	47.5	15,624
Alabama.....	182,544	134,089	84,776	46.4	3,967	6,825	27,917	10,603	5.8	40,578	22.2	7,877
South Carolina.....	90,824	59,170	24,460	26.9	3,090	10,432	11,779	9,410	10.4	27,049	29.8	4,605
Arkansas.....	121,504	75,869	44,102	36.3	3,181	5,728	17,152	5,706	4.7	38,035	31.3	7,600
Mississippi.....	133,820	84,986	45,780	34.2	2,971	8,841	21,452	5,941	4.4	39,422	29.5	9,412
Outlying areas:												
Guam.....	257	257	139	3.2	19	87	13					
Puerto Rico.....	65,316	55,813	9,533	14.6	2,527	10,743	29,424	3,585	5.5	6,253	9.6	3,250
Virgin Islands.....	1,836	1,776	234	12.7	96	389	845	212	11.6			59
Other.....	4,067	2,053				114	818	1,120	25.9			2,015

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

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

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

Source: Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1963.

reactors; the number of firms licensed by the Atomic Energy Commission to use, produce, distribute, or sell atomic byproduct materials; and the number of physicians, osteopaths, and dentists who are not Federal employees.

Relative financial need for the grant is established by reference to the 5-year average of the State per capita personal income. Per capita personal income is used in many equalization formulas as a measure of need. In some instances it is averaged for 3 years to dampen the effect of single-year fluctuations; in many of the Public Health Service programs a 5-year average was established by statute for that purpose.

### **OTHER WELFARE SERVICES**

With the exception of employment security administration, all the grants discussed to this point are administered by constituent agencies of the Department of Health, Education, and Welfare. The public assistance grants and grants for maternal and child health services and for crippled children's services are administered by the recently created Welfare Administration, and all other grants for health services by the Public Health Service.

In the group of grants for welfare services other than public assistance, however, about 90 percent (dollar value) is administered by other Federal departments and independent agencies. A small increase brought total grants for this group to \$911 million in 1962-63. Grants for child welfare services—one of the two programs in the group administered by the Department of Health, Education, and Welfare—rose 38 percent to \$26 million, a sum more than double the amount granted 3 years earlier and more than quadruple that of a decade ago. The other program of the Department in this group—grants for vocational rehabilitation—increased 12 percent to \$73 million.

Five of the other grant programs in this group are agricultural commodity distribution programs. Two are grants-in-kind—the removal of surplus agricultural commodities ("section 32" commodities) and the Commodity Credit Corporation price-support program ("section 416" commodities). Funds are interchangeable between these

programs as the availability of individual commodities is subject to variation; for welfare distribution purposes they should therefore be considered together as, indeed, should all five of the crop programs. In 1962-63 the value of the commodities distributed under the surplus-removal and price-support programs totaled \$353 million, 7 percent less than in 1961-62. Foreign distribution is excluded from the grant series; it amounts to at least as much as the domestic distribution and in some years to more. One grant in the group of five food programs—the school lunch program—is in both money and in kind. In 1962-63 it remained at the level of the preceding year, \$167 million. In addition to "section 6" commodities distributed under the National School Lunch Act, the school lunch program in the States also receives surplus-removal and price-support commodities. Grants under the two remaining food programs are in money only. The special milk program, which increased 4 percent in 1962-63 to \$95 million, began in 1954-55 on its present basis.

The other all-money grant is the food stamp program, in which the grant represents the Federal share of the value of food stamps redeemed under the pilot food stamp plan. In 1962-63, the second year of operation, grants amounted to \$19 million in 21 States. In the preceding year, when only eight States were participating, \$13 million was granted. Under the program, low-income persons (not necessarily assistance recipients) may purchase stamps at 40-60 percent of face value and may use them in their regular stores for the purchase of any foods they choose.

The two remaining welfare grant programs are the Federal contribution to local public housing authorities, which went up 10 percent to \$170 million in 1962-63, and the grants to State and Territorial homes for disabled soldiers and sailors, which remained at the 1961-62 level of slightly more than \$7 million.

The soldiers' home grants are among the early money grant programs. They date from an act of 1888, under which \$250,000 was appropriated on the basis of \$100 a year per inmate. The following year the act was changed to require 50-50 matching by the recipient State; this provision is still in effect. Over the years the apportionment basis has been revised upward until it now stands

at \$912.50 a year (at the rate of up to \$2.50 a day) per inmate in each of the 28 States that now maintain soldiers' and sailors' homes. The program is administered by the Veterans Administration.

## EDUCATION

The total of \$528 million granted for educational purposes in 1962-63 was \$63 million or 14 percent more than the 1961-62 amount. Eight of the 10 grant programs in the education group are administered in the Department of Health, Education, and Welfare—seven of them by the Office of Education. The eight programs accounted for \$457 million in 1962-63, or 85 percent of the grouped education grants.

Amounts granted under three Office of Education programs declined during the year. The largest percentage decrease was in the 7-year-old program for library services, where grants declined 11 percent to \$7 million. A peak amount of more than \$8 million had been granted in 1961-62. The next largest decrease, more than 4 percent (to \$63 million), was in grants for activities under the National Defense Education Act, now in its fifth year of operation. In 1961-62, grants for this program had increased almost one-third, from \$50 million to \$66 million. (These figures relate only to grants to State and local governments. Additional sums are expended under other titles of the act to provide student loans and fellowships and loans, contracts, and grants to institutions and to public and private agencies.)

The related programs of school construction and school operation and maintenance in "federally impacted" areas—school systems serving families living on or employed on Federal property—increased to \$53 million and \$277 million, respectively. The grants for these two programs combined were almost one-fourth higher than they were in 1961-62. Together they accounted for almost three-fourths of all the Department's education grants in 1962-63 and for more than three-fifths of all education grants to States and localities.

Grants for teaching the mentally retarded decreased very slightly, and grants for the two remaining education programs of the Department increased in 1962-63. Vocational education grants

rose slightly to \$41 million. The amount for distribution of Braille textbooks and other educational materials for blind children rose to an all-time peak of \$708,000, almost quadruple the grants of a decade ago and nearly double the annual grants of fiscal years 1958-59 through 1960-61. After 13 years (from 1939-40 to 1951-52) at \$125,000 a year, this program began to grow with the arrival at school age of the retrolental fibroplasia babies of the late forties and early fifties. During that period, 10,000 premature babies were blinded by overdoses of the oxygen that was used to save their lives.

Cooperative agricultural extension grants, administered by the Department of Agriculture, increased 6 percent to \$71 million. Grants of \$75,000 each to the five States<sup>5</sup> that operate training schools for the United States merchant marine represented a 30-percent reduction in that program. The program is administered in the Department of Commerce.

## TOTAL GRANTS FOR SOCIAL WELFARE PURPOSES

All the grant groups discussed up to this point fall into the overall category of social welfare: public assistance, employment security administration, health and other welfare services, and education. Grants for the totality of social welfare purposes amounted to \$4.8 billion in 1962-63, or nearly three-fifths of all Federal grants to States and localities. They exceeded the 1961-62 amount by \$293 million or 6 percent.

Total social welfare grants are shown in table 2, by State. The States have been ranked according to per capita personal income (averaged for the 3 most recent calendar years to lessen the effect of single-year fluctuations) and divided into high-, low-, and middle-income groups. For the high-income group, social welfare grants represented 59 percent of total grants; they were 52 percent of all grants received in the middle-income States and 62 percent in the low-income States. The high-income group received the largest share of the social welfare grants—48 percent—compared with 22 percent received by the

<sup>5</sup> California, Maine, Massachusetts, New York, and Texas.

middle-income States and 29 percent by the low-income States—proportions closely paralleling the distribution of all grants in the three groups.

Part of the explanation for this distribution is that the public assistance grants bulk very large in the Federal grant picture. They form one-third of the total and are surpassed only by highway con-

struction grants. They form an even larger proportion (56 percent) of all social welfare grants. Relatively large expenditures for public assistance result, up to a point, in relatively high Federal grants because of the Federal matching requirements of the Social Security Act. This correlation is seen even more clearly when grants

TABLE 3.—Per capita Federal grants to State and local governments, by State and purpose, fiscal year 1962-63<sup>1</sup>

States ranked by 1960-62 average per capita personal income	Total grants as percent of personal income, 1962	Average per capita personal income, 1960-62	Per capita grants							
			Total	Public assistance	Employment security administration	Health services	Other welfare services	Education	Highway construction	All other
Total <sup>2</sup> .....			\$44.13	\$14.48	\$1.75	\$1.82	\$4.83	\$2.80	\$16.03	\$2.41
United States <sup>3</sup> .....	1.88	\$2,283	44.39	14.64	1.76	1.79	4.74	2.82	16.23	2.41
High-income group.....	1.48		39.96	13.52	2.05	1.33	4.19	2.36	14.09	2.42
District of Columbia.....	2.10	3,080	67.08	11.67	3.55	2.78	8.07	.38	39.50	1.14
Delaware.....	1.87	3,036	58.41	6.21	1.67	4.02	5.34	3.50	29.66	8.01
Nevada.....	2.69	2,981	84.40	8.74	4.12	3.79	2.56	8.25	50.12	6.82
Connecticut.....	1.21	2,968	37.09	10.88	1.70	1.21	3.35	2.38	10.92	6.63
New York.....	1.19	2,846	34.62	13.67	2.84	.98	4.76	1.00	9.30	2.07
California.....	1.63	2,806	47.05	20.21	2.28	1.01	2.53	4.10	15.05	1.86
New Jersey.....	.98	2,773	27.92	6.25	2.01	1.01	3.77	1.84	10.56	2.47
Illinois.....	1.34	2,734	38.23	12.77	1.52	1.24	4.17	1.27	15.94	1.32
Alaska.....	6.51	2,696	176.56	6.33	5.38	5.70	3.70	39.52	103.44	12.50
Massachusetts.....	1.44	2,643	39.67	17.75	2.20	1.21	3.99	2.57	10.23	1.72
Maryland.....	1.39	2,535	36.68	8.28	1.62	1.58	4.13	4.81	11.65	4.62
Washington.....	2.16	2,381	53.60	18.30	1.93	1.36	4.41	4.74	20.46	2.40
Ohio.....	1.55	2,349	37.21	10.41	1.20	1.37	3.60	1.44	17.13	2.06
Hawaii.....	2.15	2,345	49.41	8.61	1.97	6.29	4.31	11.18	8.59	8.46
Michigan.....	1.53	2,339	36.91	9.82	1.68	1.43	4.96	1.25	15.16	2.60
Colorado.....	2.65	2,332	63.28	23.52	1.58	2.57	4.60	5.77	21.80	3.45
Pennsylvania.....	1.57	2,301	37.14	11.59	2.05	1.60	5.92	1.27	12.06	2.65
Middle-income group.....	1.99		43.90	12.89	1.41	1.93	3.96	2.64	18.99	2.07
Missouri.....	2.08	2,287	49.95	20.06	1.29	1.74	5.00	1.81	18.37	1.68
Rhode Island.....	2.03	2,275	47.51	12.09	3.37	2.06	5.00	4.24	17.24	3.50
Oregon.....	2.52	2,262	60.61	12.22	2.20	2.24	3.98	2.11	35.32	2.54
Indiana.....	1.29	2,256	30.67	5.99	1.11	1.29	3.36	1.37	15.69	1.86
Wisconsin.....	1.47	2,212	34.06	8.99	1.16	1.82	3.79	1.58	14.49	2.23
Wyoming.....	6.10	2,207	145.10	9.19	2.96	2.25	4.34	5.39	117.14	3.82
Nebraska.....	2.08	2,168	48.54	8.91	1.07	2.72	2.79	4.82	26.57	1.66
Minnesota.....	1.92	2,157	43.20	12.95	1.22	2.13	4.56	1.65	18.56	2.14
New Hampshire.....	2.04	2,133	45.76	7.25	1.73	3.06	4.16	4.12	22.64	2.79
Kansas.....	1.80	2,125	39.40	12.93	1.11	2.16	3.47	4.80	12.38	2.55
Iowa.....	1.68	2,105	36.82	12.19	1.07	1.95	4.56	2.05	12.28	2.72
Arizona.....	2.81	2,050	59.75	12.89	2.75	1.60	4.21	5.86	31.14	1.77
Montana.....	4.02	2,044	90.31	9.29	2.53	2.55	3.82	8.65	60.86	2.61
Florida.....	1.61	1,993	33.00	12.71	1.14	2.04	3.69	2.52	9.88	1.03
Utah.....	3.23	1,985	67.84	14.62	3.13	2.69	4.24	5.13	36.05	1.97
Texas.....	2.18	1,965	43.80	15.95	1.26	1.79	3.70	2.53	16.27	2.31
Vermont.....	3.91	1,943	78.93	17.15	2.14	3.60	5.05	2.53	46.58	1.87
Low-income group.....	3.16		54.80	19.25	1.27	2.72	6.92	3.58	18.30	2.77
Virginia.....	2.15	1,921	42.59	5.39	.79	1.87	4.24	6.30	21.72	2.29
South Dakota.....	3.10	1,912	64.07	12.91	1.31	2.78	4.75	9.09	31.47	1.77
Maine.....	2.63	1,884	51.49	16.35	1.54	2.33	4.38	3.98	20.65	2.27
Oklahoma.....	4.00	1,870	76.27	37.88	1.76	2.55	8.18	5.74	14.23	5.93
North Dakota.....	2.64	1,865	60.85	14.44	2.04	3.08	4.75	6.78	27.02	2.74
Idaho.....	3.76	1,839	72.78	13.21	2.81	4.32	3.36	6.09	40.49	2.50
New Mexico.....	4.26	1,808	79.40	19.06	1.86	4.15	7.48	8.80	35.37	2.66
West Virginia.....	3.05	1,739	54.58	25.09	1.45	2.88	10.56	1.71	9.99	2.88
Georgia.....	2.86	1,669	50.48	18.77	1.06	2.35	6.64	3.21	15.63	2.83
Louisiana.....	4.43	1,652	74.58	38.15	1.28	2.67	7.54	1.41	22.29	1.23
North Carolina.....	2.03	1,644	35.45	13.61	1.16	2.77	5.63	2.50	8.14	1.63
Kentucky.....	3.25	1,628	55.64	18.37	1.08	2.14	8.31	2.12	21.46	2.16
Tennessee.....	3.35	1,621	56.68	12.71	1.05	2.57	6.92	2.23	26.92	4.28
Alabama.....	3.47	1,506	55.03	25.56	1.20	2.06	8.42	3.20	12.23	2.37
South Carolina.....	2.41	1,453	37.10	9.99	1.26	4.26	4.81	3.84	11.05	1.88
Arkansas.....	4.43	1,430	65.96	23.94	1.73	3.11	9.31	3.10	20.65	4.13
Mississippi.....	4.63	1,231	59.19	20.25	1.31	3.91	9.49	2.63	17.44	4.16
Outlying areas:										
Guam.....			3.89	2.10	.29	1.32	.20			
Puerto Rico.....			26.55	3.88	1.03	4.37	11.96	1.46	2.54	1.32
Virgin Islands.....			52.45	6.68	2.75	11.12	24.13	6.07		1.70

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

<sup>2</sup> See footnote 2, table 2.

<sup>3</sup> See footnote 3, table 2.

Source: Per capita grants are based on estimates of the Bureau of the

Census for the total population, excluding the Armed Forces overseas, as of July 1, 1962. (*Current Population Reports, Population Estimates, Series P-25, No. 273.*) Personal income data are for calendar years and are from the *Survey of Current Business*, August 1963.

are considered in relation to the population of the States, as in table 3.

## HIGHWAY CONSTRUCTION

Among the grouped Federal grants the largest, for the fifth year in a row, were those made for highway construction. The \$3,023 million granted for this purpose in 1962-63 was 9 percent more than in 1961-62. In both years, however, highway grants represented 36 percent of all Federal grants, in contrast to 38 percent in 1960-61, 43 percent in 1959-60, and 41 percent in 1958-59. The Federal-aid highway program, financed from the highway trust fund, accounted for almost 99 percent of all highway grants. Total highway grants were 11 percent or \$293 million higher than the 1962-63 grants for public assistance.

## "ALL OTHER" GRANTS

The \$454 million granted in 1962-63 for the miscellany of programs not otherwise classified represents a 23-percent increase. The "all other" group—receiving about 5 percent of total grants in the past few years—consists of agricultural and natural resources conservation programs, urban planning and renewal, airport construction, civil defense and disaster relief, and small business management research. The sums granted in recent years for each program in this heterogeneous group are shown below.

Purpose of grant	Amount (in millions)		
	1962-63	1961-62	1960-61
Total.....	\$454.0	\$369.3	\$329.1
Accelerated public works.....	15.1		
Agricultural experiment.....	36.5	34.5	31.5
Airport construction.....	51.5	57.9	64.8
Area Redevelopment Act assistance.....	2.9		
Civil defense.....	21.3	16.8	12.5
Cooperative marketing.....	3.4	3.4	3.3
Disaster relief.....	30.5	14.4	7.3
Forestry cooperation.....	16.0	14.0	11.4
Small business management research.....	.2	.4	.9
Urban planning.....	12.4	6.9	3.0
Urban renewal.....	186.9	162.5	141.0
Watershed protection and flood prevention.....	57.5	38.8	32.4
Wildlife restoration.....	20.0	19.8	20.9

Two programs appear in the group for the first time in 1962-63. One is a new program of accel-

erated public works financed from funds appropriated to the President. Under this program, 37 States and Puerto Rico received funds for projects of the Housing and Home Finance Agency (\$11.8 million of the total of \$15.1 million) and of the Department of Agriculture; the Department of Commerce (Bureau of Public Roads); the Department of Health, Education, and Welfare; and the Department of the Interior. The other "new" program—assistance to the States under the Area Redevelopment Act of 1961, administered by the Department of Commerce—was in operation in late 1961-62, and in 1962-63 was in full swing in 17 States, with grants totaling \$2.9 million.

## RELATION TO POPULATION AND PERSONAL INCOME

Grants per capita are shown in table 3 by State and major purpose. As in the preceding table, the States are divided into the three income groups. Within each group the States vary widely in the amount of Federal grants received per capita. States with low population density, as well as 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. In general, however, somewhat higher grants per capita may be expected in the low-income States than in the middle-income States and in the middle-income States than in the high-income States, but there is considerable overlap from group to group.

The national average grant per capita in 1962-63 was \$44.39, and the range was \$148.64—from \$176.56 in Alaska to \$27.92 in New Jersey. Both are high-income States. The second-highest grants were in Wyoming (\$145.10 per capita), and the second-lowest in Indiana (\$30.67). Both States are middle-income States.

Grants per capita are continuing to rise rather substantially; the national average was \$2.91 higher than in 1961-62. Although the States receiving the highest and lowest grants per capita have remained the same for several years, the spread between them widens each year—in 1962-63 by \$32.59. Minimum allotment provisions in certain of the grant formulas, particularly for high-



way construction, raise per capita grants for the more sparsely populated public-land States, most of which still receive a larger proportion of Federal grants for highways than for any other purpose. Wyoming, for example, received 81 percent of its total Federal grants in 1962-63 for highway construction, Montana received 67 percent, and Nevada 59 percent.

Per capita grants for many programs tend to vary inversely with per capita personal income, since the latter is often used in grant formulas either as a measure of need, a measure of fiscal capacity, or both. The main exception to this tendency is in grants for employment security administration, which are generally higher in the States with high per capita personal income—the States of greatest economic activity. In 1962-63 these grants averaged \$1.76 per capita for the country as a whole; they averaged \$2.05 per capita in the high-income States and only \$1.27 in the low-income group.

Table 3 shows the role played by all Federal grants in personal income received in each State. The nationwide average in 1962-63 was 1.88 per-

cent, and the range was from 6.51 percent in Alaska to 0.98 percent in New Jersey. Grants in the high-income States averaged 1.48 percent of personal income; in the middle-income group, 1.99 percent; and in the low-income States, 3.16 percent. A decade earlier, in 1952-53, total grants were the equivalent of 1.1 percent of income payments (a measure similar to personal income); they averaged 0.8 percent of income payments in the high-income States, 1.3 percent in the middle-income group, and 1.8 percent in the low-income States.

## II. Grants to Individuals and Institutions

About \$1.6 billion was granted by the Federal Government directly to individuals and institutions in 1962-63.<sup>6</sup> This amount was \$71 million or 5 percent more than the total granted in 1961-62;

<sup>6</sup> See the *Bulletin*, September 1962, pages 3-7, for the introductory article in this new statistical series and for a technical note on sources of the data.

TABLE 4.—Federal grants to individuals for social welfare and other purposes, fiscal years 1949-50 and 1954-55 through 1962-63

[In thousands]

Fiscal year	Total	Social welfare					National Science Foundation research	Agriculture and natural resources <sup>4</sup>
		Total	Research and training			Other social welfare <sup>3</sup>		
			Total	Veterans <sup>1</sup>	Other <sup>2</sup>			
1949-50.....	\$3,043,473	\$2,726,316	\$2,679,050	\$2,658,759	\$20,291	\$47,265		\$317,157
1954-55.....	1,076,508	738,126	729,569	676,852	52,717	8,556	\$7,857	330,525
1955-56.....	1,159,284	848,964	842,359	779,318	63,041	6,605	16,543	293,776
1956-57.....	1,826,809	928,021	922,798	787,775	135,023	5,223	31,490	867,298
1957-58.....	1,741,534	870,174	865,663	708,335	157,328	4,510	26,074	845,286
1958-59.....	1,947,256	820,877	816,750	583,063	233,686	4,127	93,004	1,033,335
1959-60.....	1,419,163	734,588	730,619	390,320	340,299	3,970	93,478	591,097
1960-61.....	1,414,960	658,237	653,146	242,802	410,344	5,091	110,550	646,173
1961-62.....	1,495,009	699,806	695,179	147,162	548,017	4,627	150,502	654,701
1962-63.....	1,566,335	867,818	<sup>5</sup> 822,730	92,407	730,323	45,088	92,980	605,536

<sup>1</sup> Subsistence, tuition, and supplies and equipment under the educational titles of the Servicemen's Readjustment Act of 1944, 1949-50 to date, and under the Veterans' Readjustment Assistance Act of 1952, 1954-55 to date; tuition and supplies and equipment under the Veterans' Rehabilitation Vocational Training Act of 1943 and, under the 1950 extension of that act, 1949-50 to date; supervision of veterans' on-the-job training, 1949-50 to date; and payments under the War Orphans' Educational Assistance Act of 1956, 1956-57 to date.

<sup>2</sup> Research grants and fellowships in the fields of cancer, dental health, heart disease, general health (Division of Research Grants of the National Institutes of Health) and mental health, 1949-50 to date; microbiology 1954-55; arthritis and metabolic diseases, neurological diseases, and blindness, 1954-55 to date; and allergy and infectious diseases, 1955-56 to date. Research in sanitary engineering, 1956-57, and in hospital construction, 1956-57 to date. Training and/or teaching grants in the fields of cancer, heart disease, and mental health, 1949-50 to date; arthritis and metabolic diseases and neurological diseases and blindness, 1954-55 to date; and dental health, nursing, general health, sanitary engineering, and general health assistance to States, 1956-57 to date. Health research facilities construction, cooperative education research, and vocational rehabilitation special research projects, 1956-57 to date. Training in allergy and infectious diseases, 1957-58 to date. Education of dependents of river and harbor personnel, 1949-50. Subsistence of merchant marine cadets, vocational rehabilitation training grants, and National Science Foundation fellowships, 1954-55 to date.

Atomic Energy Commission fellowships and school assistance, 1956-57 to date. National Defense Education Act activities, 1958-59 to date. Training of teachers of the mentally retarded, 1959-60 to date. Cooperative research and demonstration projects in the field of social security and social welfare, 1960-61 to date, and in child welfare services, 1961-62. Research and/or training grants in the following fields, 1961-62: Maternal and child health services, crippled children's services, accident prevention, community sanitation, chronic diseases and health of the aged, occupational health, radiological health, water supply and pollution. Occupational retraining facilities and services under the Area Redevelopment Act and the Manpower Development and Training Act, 1962-63. Includes health research facilities construction where applicable.

<sup>3</sup> Farm housing repair, 1949-50; specially adapted automobiles for disabled veterans, homes for paraplegic veterans, and gratuities on veterans' housing loans, 1949-50 to date; rural housing, 1961-62 to date; and assistance to repatriated U.S. nationals and to refugees in the U.S., 1962-63.

<sup>4</sup> Flood and disaster relief, 1949-50; agricultural conservation and Sugar Act administration, 1949-50 to date; forest highways, 1949-50 to 1955-56; soil bank (conservation reserve), 1956-57 to date; Great Plains conservation, 1959-60 to date.

<sup>5</sup> Includes \$36 million for research facilities construction.

Sources: *Annual Reports of the Secretary of the Treasury on the State of the Finances, Annual Reports of the Administrator of Veterans Affairs*, and unpublished tables of the Public Health Service.

it was also the largest total since the \$1.9 billion of 1958-59. Table 4 shows the dollar amounts for each grant group for several fiscal years.

The grants to individuals and institutions (referred to here as "grants to individuals") include payments to private persons and to academic and other institutions. They do not, of course, include Federal grants to State and local governments or income-maintenance payments made through social insurance and such related programs as veterans' pensions and compensation or training allowances.

In 1962-63, social welfare grants amounted to \$868 million—24 percent higher than in the preceding year and accounting for 55 percent of all grants to individuals. Grants for the agriculture and natural resources group totaled \$606 million, 8 percent less than in 1961-62 and representing 39 percent of total grants. The grants for basic research in the physical sciences of the National Science Foundation made up the remainder. At \$93 million, they were once again down to their 1959-60 level, after increases that had brought them to \$111 million in 1960-61 and to \$141 million in 1961-62.

## SOCIAL WELFARE GRANTS

Most grants to individuals for social welfare purposes are in the areas of research and training. A comparatively small proportion is granted for other social welfare purposes, largely for veterans and, in 1962-63, for assistance to refugees in the United States.

## Research and Training Grants

Grants for research and training for social welfare purposes rose to \$823 million in 1962-63, almost a fifth more than grants for those purposes in 1961-62. They constituted 90 percent of all Federal research and training grants in 1962-63 (with National Science Foundation research grants making up the remainder), and 53 percent of all grants to individuals. Of the \$823 million, \$92 million or more than 11 percent was granted for the education of war veterans and war orphans, \$276 million (34 percent) for the training of other persons, and \$454 million (55 percent) for research in various social welfare fields.

*Health and education grants.*—Grants for health research and training continued to expand. In 1962-63 they totaled \$593 million, 72 percent of all social welfare research and training grants. They exceeded the preceding year's grants by about 28 percent; the 1961-62 health grants, in turn, had been 40 percent higher than those in 1960-61. Two new programs of research grants began payments—in radiological health (\$1 million) and in accident prevention (\$2 million)—complementing training grants in these fields, which began in 1961-62.

About \$35 million of the health research grants went for construction of health research facilities—\$1 million specifically for cancer research. In the past few years the construction grants have been in the \$20-\$30 million range. A certain proportion goes to public institutions, not reported separately.

TABLE 5.—Federal grants to individuals for research and training <sup>1</sup>

[In millions]

Fiscal year	Total	Research				Training			
		Total	Social welfare		National Science Foundation	Total	Veterans	Health	Other
			Health <sup>2</sup>	Other					
1949-50.....	\$2,679.1	\$12.9	\$12.9	-----	\$2,666.2	\$2,658.8	\$6.8	\$0.6	
1954-55.....	737.4	44.1	36.3	-----	693.3	676.9	13.8	2.7	
1955-56.....	858.9	57.3	40.7	-----	801.6	779.3	17.8	4.5	
1956-57.....	954.3	121.6	87.0	\$3.1	832.7	787.8	35.9	9.0	
1957-58.....	891.7	131.3	100.0	5.1	760.5	708.3	37.0	15.1	
1958-59.....	909.8	245.8	147.2	5.5	664.0	583.1	61.6	19.3	
1959-60.....	824.1	309.9	208.3	8.1	514.2	390.3	82.6	41.3	
1960-61.....	763.7	358.6	238.1	10.0	405.1	242.8	101.0	61.2	
1961-62.....	835.7	487.9	334.3	13.1	347.7	147.2	130.5	70.1	
1962-63.....	915.7	547.1	433.7	20.4	368.6	92.4	159.0	117.3	

<sup>1</sup> See table 4 for list of grant programs and sources.

<sup>2</sup> Includes construction of health research facilities where applicable.

Grants to individuals for health research antedate all other social welfare research grants. The oldest programs of these other research grants are the cooperative research grants of the Office of Education and the special projects of the Vocational Rehabilitation Administration, both of which made their first payments in 1956-57—\$300,000 for education and \$2.8 million for vocational rehabilitation. By 1962-63, cooperative education research grants amounted to \$5.1 million and grants for vocational rehabilitation research projects to \$9.8 million.

By 1962-63, three other grant programs had been added. Grants of less than \$200,000 were paid out in 1960-61 for cooperative research in social welfare problems, now jointly administered by the Social Security Administration and the Welfare Administration. In 1962-63, five times that amount was granted. Grants for research in juvenile delinquency and youth offenses and for research and demonstration projects in child welfare services both began in 1961-62. In 1962-63, almost \$4 million was granted for the former and somewhat more than \$700,000 for the latter program.

In 1962-63, \$117 million was granted for education or training under other than veterans' legislation and in fields other than health. More than \$92 million represented programs administered by the Department of Health, Education, and Welfare, including \$33 million disbursed under three new grant programs.

The largest of the Department's new grants, \$29 million, was for facilities and services in connection with a new vocational training program for the unemployed under the Manpower Development and Training Act of 1962. The act is administered jointly by the Department's Office of Education and the Labor Department through appropriate State agencies acting as agents of the Federal Government.<sup>7</sup> Three million dollars was granted under the Area Redevelopment Act for a similar function. Under the third new program—designed to facilitate education of the deaf—about \$1 million was granted.

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<sup>7</sup> Training allowances, administered by the Department of Labor, are excluded from grants to individuals by definition. For the purpose of this series they are regarded as an income-maintenance program closely related to unemployment insurance.

*Grants for veterans.*—Among the grants for social welfare purposes, those for veterans of World War II and the Korean conflict play an ever-decreasing role the farther these two conflicts recede into the past. The \$92 million paid in 1962-63 under veterans' training (education) programs was about 37 percent less than the 1961-62 grants for these programs, and the latter were 40 percent less than those in 1960-61. Training grants for veterans of the Korean conflict—\$62 million in 1962-63—were about half the total of the preceding year. For World War II veterans a tag-end grant of \$42,000 still remained in 1962-63; and rehabilitation training for disabled veterans of all wars had sunk to about \$3 million.

Although the grants for the training of veterans are diminishing, those for the education of the children of deceased veterans are increasing as the children grow up to school and college age. From \$2 million in the first year, 1956-57, these grants have risen, year by year, to a total of \$26 million in 1962-63.

*Relationship of research and training grants.*—In table 5 all Federal expenditures for research and training made through the fiscal device of grants to individuals have been classified according to purpose. The table also brings together the amounts granted for research in the social sciences and in areas related to social welfare and for research in the basic physical sciences.

Through 1960-61, training grants to individuals were larger than research grants, although with an ever-declining margin. The trend began to reverse in 1961-62, because of the diminution of education grants for veterans. The reversal was confirmed in 1962-63, despite a decrease of one-third in the National Science Foundation research grants and a slight increase in total training grants. In 1962-63, research grants totaled \$547 million, 48 percent more than the \$369 million granted for all types of training.

### **Other Social Welfare Grants**

Up to the year under review there were only four programs in this series making grants to individuals for social welfare purposes other than research and training. Three are programs for

veterans. In 1962-63, \$3.0 million was granted for homes for paraplegics and \$1.5 million for automobiles especially adapted for the disabled. The third, 4-percent gratuities on Veterans Administration housing loans, is now less than \$500 a year.

Grants under the fourth program—rural housing—began in 1950 and were also made in 1951 and 1952. After a lapse of several years, these grants were reinstated in 1961-62, and in 1962-63 they amounted to almost \$1 million. Under the program, grants of up to \$1,000 may be made to owners of rural housing who live on their own property for the minor repair or improvement of their homes.

Beginning in 1962-63, two additional programs appear in the series. The largest, in dollar terms, is for assistance to refugees in the United States. Started in the fiscal year 1960-61 for the benefit of the Cuban refugees, the program was first financed from contingency funds available to the President under the Mutual Security Act of 1954, as amended. It was paid for in 1961-62 from the President's contingency funds, under the Foreign Assistance Act of 1961. In 1962-63, however, a

regular appropriation was made to the Department of Health, Education, and Welfare, and \$39 million was expended for refugee assistance under Public Law 87-510. The other new program in the series is for assistance to certain repatriated United States nationals, including the mentally ill. In 1962-63, \$400,000 was expended in their behalf.

## AGRICULTURE AND NATURAL RESOURCES

This group consisted in 1962-63 of the program for payments under the Sugar Act and four conservation programs. Payments under the Sugar Act declined 12 percent to \$69 million. Together, the conservation payments decreased 7 percent to \$537 million—\$306 million in connection with the remaining unexpired contracts under the conservation reserve (soil bank) program. Under a new land-use adjustment program, authorized in the Food and Agricultural Act of 1962, \$4 million was granted for the conversion of crop land into pasture, forest, wild-life habitat, and income-producing recreational uses.

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## Notes and Brief Reports

### Disability and Old-Age Benefits, by State, December 31, 1963\*

Benefits under the old-age, survivors, and disability insurance program were being paid at the end of 1963 to 827,000 disabled workers under age 65 and to 10,263,000 retired workers aged 62 or over. In the accompanying tables, the beneficiaries have been classified according to their State of residence<sup>1</sup> at the end of 1963. The tables also show the average old-age and disability benefits being paid in December 1963, as well as the percentage distribution of the beneficiaries according to the size of their benefit.

The year's growth in the number of beneficiaries

\* Prepared in the Division of the Actuary.

<sup>1</sup> Data for American Samoa, Guam, Puerto Rico, the Virgin Islands, and foreign countries are excluded from the State comparisons made later in this note.

was substantial both for those receiving benefits because of disability and for retired workers. The number of disabled-worker beneficiaries increased by 86,000 or 12 percent, and the number of old-age (retired-worker) beneficiaries by 525,000 or 5 percent.

The average monthly amount for disabled-worker beneficiaries went up slightly—not more than a few cents—each month during 1963, and at the end of the year it was \$90.59 or 60 cents higher than the average a year earlier. The average old-age benefit also increased slightly each month, and by December 1963 it was \$76.88 or 69 cents higher than the average in December 1962.

The increases were the result of several influences. Most important, for both old-age benefits and disability benefits, was the continuing rise in the proportion of benefits computed on the basis of earnings after 1950. Another factor was the increase from \$4,200 to \$4,800 in the amount of