

Social Welfare Expenditures, 1964-65

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EXPENDITURES FOR social welfare purposes, as measured in the series developed by the Social Security Administration, increased 8.8 percent in the fiscal year 1964-65. Not only was the percentage increase the largest in 4 years, but as a proportion of the gross national product these expenditures increased slightly, from 11.8 percent to about 12.0 percent. Benefits and administrative costs of the social insurance programs, amounting to \$28.1 billion, and expenditures for education, reaching \$27.7 billion, were the two largest components of the social welfare expenditure series. With the expenditures for education omitted, the total outlay for social security and other welfare programs was \$50 billion, or 7.7 percent of the gross national product.

The dollar increase for the year in expenditures for education (\$2.8 billion) was two and one-third times that for social insurance expenditures (\$1.2 billion) partly because of the growing use of Federal funds for educational purposes. The greatest percentage increase was in public spending for welfare services other than public aid (39.1 percent). The percentage rise in spending for social insurance (4.4 percent) was less than the increases for health and medical programs (9.9 percent), education (11.4 percent), public housing (13.7 percent), and public aid (11.5 percent).

Social insurance expenditures increased by a smaller percentage than in 1963-64 partly because of the drop in expenditures under some programs, such as the railroad unemployment insurance and temporary disability insurance programs. More important, the cost of the State-administered unemployment insurance and employment service, which has been decreasing since 1960-61, went down to 91 percent of its 1963-64 amount, or less than \$3 billion. Other

types of social insurance expenditures, including those for public employee retirement programs, for workmen's compensation, for State programs for the temporarily disabled, for old-age, survivors, and disability insurance (OASDI), and for the railroad retirement program, all increased.

In 1964-65, for the first time, Federal spending for social welfare was higher than social welfare spending of all States and localities together. Expenditures from Federal funds in 1963-64 had increased at a somewhat higher rate (7.9 percent) than State and local expenditures (6.0 percent). In 1964-65 there was a sharp rise (12.4 percent) in Federal spending for social welfare, but State and local expenditures rose by only 5.2 percent. Much (36 percent) of the rise in the Federal expenditures resulted from a \$1.6 billion increase in Federal spending for education; \$1.3 billion was directed toward programs in higher education and toward special educational programs for persons no longer in school. Primarily because of the initiation of special programs under the Economic Opportunity Act of 1964, Federal expenditures for other public welfare programs more than doubled, accounting for \$636 million of the increase in total expenditures.

DEFINITION OF SOCIAL WELFARE

Social welfare, as defined for this series, is limited to those activities that directly concern the economic and social well-being of individuals and families. Not included in this concept are programs aimed at the general welfare of the population and only indirectly affecting the welfare of the individual, such as enforcement of law and order, promotion of economic growth and price stability, and provision for national security.

Even with this definition, there are a number of borderline areas between social welfare and other measures. One such area is education. Education is included in this series, in part to make

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the data comparable with social welfare data used in other countries and in the United Nations. In discussions of the share of national income a country is or should be using for social welfare purposes—compared with economic development or military expenditures, for example—the term social welfare usually includes not only public welfare and social security, as defined in the United States, but also health and education.

In many countries, widespread public education is a much more recent development than it is in the United States. Here its social welfare aspects, which had been recognized in the early

debates about public schools, are now largely taken for granted. Increasing concern with school dropouts, the quality of education in slum areas, and the interrelationships of social and economic circumstances with educational aspirations and achievements, however, again point up the relevance of education to social welfare.

Problems of definition exist in deciding which agricultural programs to include. Programs that help low-income farm families, for example, or that make surplus food available to needy persons have obvious social welfare aspects. But some agricultural programs have more specific-

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1964-65¹

[In millions; revised estimates; data corrected to Aug. 31, 1965]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65 ²
	Total expenditures										
Total.....	\$6,416.9	\$8,765.9	\$8,860.2	\$23,007.5	\$32,316.7	\$52,379.5	\$58,059.2	\$62,520.7	\$66,790.0	\$71,428.8	\$77,726.2
Social insurance.....	383.9	1,217.7	1,418.5	4,873.0	9,854.2	19,294.5	22,370.9	24,182.8	25,569.6	26,921.5	28,097.8
Old-age, survivors, and disability insurance ³		28.1	266.8	784.1	4,436.3	11,032.3	12,160.7	13,984.6	15,344.3	16,200.8	16,997.4
Railroad retirement.....		115.7	143.7	304.4	575.6	925.4	991.8	1,033.2	1,073.8	1,103.5	1,126.6
Public employee retirement ⁴	210.0	254.5	382.8	743.4	1,388.5	2,569.9	2,870.2	3,189.7	3,569.3	4,056.7	4,595.0
Unemployment insurance and employment service ⁵		553.0	216.7	2,191.9	2,080.8	2,829.6	4,300.2	3,863.8	3,373.0	3,259.2	2,963.1
Railroad unemployment insurance.....		18.9	4.3	119.6	158.6	215.2	213.4	163.3	122.8	92.6	78.9
Railroad temporary disability insurance.....				31.1	54.2	68.6	58.0	56.8	52.8	50.1	46.8
State temporary disability insurance, total ⁶			5.1	72.3	217.5	347.9	385.2	407.1	444.2	467.9	500.0
Hospital and medical benefits ⁷				2.2	20.0	40.2	43.7	45.5	48.4	50.4	45.0
Workmen's compensation, total ⁸	173.9	247.5	309.1	626.2	942.6	1,305.6	1,391.4	1,484.3	1,589.4	1,690.8	1,790.0
Hospital and medical benefits ⁷	65.0	90.0	122.0	193.0	315.0	415.0	450.0	475.0	505.0	540.0	575.0
Public aid.....	2,997.6	3,598.7	1,030.5	2,496.2	3,003.0	4,101.1	4,443.5	4,930.7	5,274.9	5,614.0	6,259.1
Public assistance ⁹	623.9	1,124.3	1,028.8	2,490.2	2,941.1	4,041.7	4,301.0	4,675.0	5,028.7	5,381.3	5,876.2
Vendor medical payments ⁷				51.3	211.9	492.5	588.6	812.4	1,000.7	1,147.6	1,375.0
Other ¹⁰	2,373.7	2,474.4	1.7	6.0	61.9	59.4	142.5	255.7	246.2	232.7	382.9
Health and Medical programs ¹¹	434.4	681.7	2,330.8	2,087.1	3,054.4	4,454.8	4,921.9	5,230.0	5,596.1	6,050.2	6,651.3
Hospital and medical care.....	250.8	440.0	1,985.7	1,230.1	1,980.7	2,817.0	3,112.3	3,119.3	3,233.6	3,485.9	3,790.5
Civilian programs.....	231.8	340.5	354.7	914.5	1,217.3	1,952.2	2,202.8	2,136.4	2,274.9	2,446.8	2,670.3
Defense Department and Medicare.....	28.0	99.5	1,631.0	315.6	763.4	864.8	909.7	983.1	958.7	1,039.1	1,120.2
Maternal and child health services ¹²	6.7	13.8	62.1	29.8	92.9	139.4	152.4	174.1	186.2	211.0	234.4
Medical research ¹³		3.0	15.0	69.2	132.8	448.9	576.2	780.5	920.3	1,045.5	1,169.0
School health (educational agencies).....	9.9	17.9	23.0	30.6	65.9	101.0	115.0	129.0	130.5	132.0	133.5
Other public health activities ¹⁴	119.7	166.6	195.0	358.6	404.6	431.6	460.9	505.8	577.0	588.1	675.3
Medical-facilities construction.....	38.3	40.4	50.0	368.8	377.5	516.9	504.9	521.1	548.5	587.7	648.6
Defense Department.....					33.0	40.0	44.0	24.0	23.0	42.9	34.3
Other.....	38.3	40.4	50.0	368.8	344.5	476.9	460.9	497.1	525.5	544.8	614.3
Other welfare services.....	52.9	81.2	160.4	457.6	647.1	1,242.1	1,429.8	1,620.9	1,750.8	1,943.3	2,702.9
Vocational rehabilitation, total.....	2.2	4.1	10.2	30.0	41.4	100.6	112.8	134.9	156.3	194.4	224.1
Medical rehabilitation ¹.....	.2	.4	1.4	7.4	9.2	17.7	20.4	22.5	26.0	31.2	39.8
Institutional and other care ¹⁵	24.7	32.1	47.3	131.0	177.0	403.8	551.6	620.1	685.8	744.5	771.7
School lunch ¹⁶			47.4	191.7	293.6	526.2	540.4	615.8	636.6	688.7	812.5
Child welfare ¹⁷	26.0	45.0	55.5	104.9	135.1	211.5	224.5	246.4	268.3	313.4	346.0
Special programs ¹⁸											547.1
Veterans' programs ¹⁹	449.8	535.1	892.1	6,380.8	4,369.5	5,106.4	5,296.5	5,389.8	5,584.6	5,749.2	5,979.4
Pensions and compensation ²⁰	390.2	447.8	755.9	2,092.8	2,712.5	3,425.7	3,689.9	3,774.8	3,947.4	4,033.1	4,187.8
Health and medical services.....	58.9	86.3	116.5	745.8	761.1	957.1	1,025.9	1,047.0	1,120.0	1,178.9	1,262.0
Hospital and medical care.....	56.0	72.1	98.3	585.9	722.6	884.5	953.8	986.0	1,029.3	1,069.3	1,138.9
Hospital construction.....	2.9	14.1	16.2	156.2	33.0	57.5	53.7	52.1	69.8	76.4	84.4
Medical and prosthetic research.....		.1	2.0	3.7	5.5	15.1	18.4	26.8	29.9	33.2	38.7
Education.....			9.7	2,689.1	699.9	404.7	252.9	153.3	97.5	66.1	41.6
Welfare and other ²¹.....	.7	1.0	10.0	853.1	196.0	318.7	327.8	414.6	418.1	470.6	486.3
Education.....	2,098.3	2,647.3	3,017.5	6,698.3	11,299.2	18,003.9	19,400.6	20,949.9	22,766.9	24,878.4	27,726.3
Elementary and secondary, total.....	1,890.1	2,360.5	2,656.4	5,724.3	10,006.8	15,598.6	16,764.1	18,028.8	19,369.7	20,805.9	22,147.2
Construction ⁷	157.3	289.0	83.7	1,018.7	2,362.4	2,868.7	2,968.5	3,071.6	3,227.7	3,203.7	3,258.4
Higher and other, total.....	208.2	286.8	361.1	974.0	1,292.4	2,405.4	2,636.5	2,921.2	3,397.2	4,072.5	5,580.1
Construction ⁷	30.0	32.6	9.1	315.5	198.8	395.0	371.2	409.8	519.8	580.4	915.5
Public housing ²²		4.2	10.4	14.5	89.3	176.7	196.0	216.6	247.0	272.1	309.4

See footnotes at end of table.

ally economic aims, with improvement of social welfare as an indirect aim. In the social welfare expenditure series, therefore, only two types of agricultural expenditures are included: (1) the value of surplus foods made available to needy persons, to institutions, and for school lunches and (2) expenditures for the food stamp program, with its primary emphasis on improving the diet of low-income families rather than on maintaining the prices of agricultural products.

Another borderline area exists between social welfare and labor programs. The cost of operating the employment service is treated as a social welfare expenditure, partly because the service is

a necessary adjunct to unemployment insurance. Expenditures for the retraining and relocation of workers under the Manpower Development and Training Act and the Area Redevelopment Act are included for all the years since the inception of these programs.

In the area of public housing the social welfare expenditure series includes those expenditures that are in the nature of rent subsidies for low-income families and for needy persons displaced from low-income housing by public construction projects or by urban renewal projects. Urban renewal, though it may improve living conditions in a metropolitan area, is excluded

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1964-65¹—Continued

[In millions; revised estimates; data corrected to Aug. 31, 1965]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65 ²
	From Federal funds										
Total.....	\$3,107.5	\$3,472.0	\$4,091.3	\$9,999.5	\$14,233.1	\$24,726.3	\$27,234.6	\$30,620.2	\$32,933.8	\$35,540.5	\$39,959.8
Social insurance.....	98.9	354.9	759.8	2,028.1	6,404.7	14,297.9	15,981.7	18,295.6	19,395.6	20,627.3	21,850.0
Old-age, survivors, and disability insurance ³		28.1	266.8	784.1	4,436.3	11,032.3	12,160.7	13,984.6	15,344.3	16,200.8	16,997.4
Railroad retirement.....		115.7	143.7	304.4	575.6	925.4	991.8	1,033.2	1,073.8	1,103.5	1,126.6
Public employee retirement ⁴	90.0	107.5	184.8	433.4	808.5	1,519.9	1,701.2	1,903.7	2,145.3	2,486.7	2,860.0
Unemployment insurance and employment service ⁵		70.5	145.5	330.4	321.0	473.5	791.0	636.2	584.4	617.3	660.3
Railroad unemployment insurance.....		18.9	4.3	119.6	158.6	215.2	213.4	163.3	122.8	92.6	78.9
Railroad temporary disability insurance.....				31.1	54.2	68.6	58.0	56.8	52.8	50.1	46.8
Workmen's compensation, total ⁶	8.9	14.2	14.7	25.1	50.5	63.0	65.6	67.8	72.2	76.3	80.0
Hospital and medical benefits ⁷	3.0	5.2	4.7	5.2	6.9	9.0	8.7	8.4	10.2	10.4	11.0
Public aid.....	2,373.7	2,245.9	420.1	1,103.2	1,504.2	2,116.9	2,336.4	2,726.6	2,978.6	3,179.1	3,584.7
Public assistance ⁹		281.1	418.4	1,097.2	1,442.3	2,057.5	2,193.9	2,470.9	2,732.4	2,946.4	3,201.8
Vendor medical payments ⁷					23.3	199.6	253.5	394.8	510.0	593.0	715.0
Other ¹⁰	2,373.7	1,964.8	1.7	6.0	61.9	59.4	142.5	255.7	246.2	232.7	382.9
Health and medical programs ¹¹	50.1	159.9	1,775.6	586.0	1,174.4	1,748.9	1,967.6	2,238.6	2,441.5	2,736.7	3,055.8
Hospital and medical care.....	39.6	124.4	1,660.6	362.0	829.8	967.9	1,020.8	1,096.9	1,079.0	1,170.8	1,255.5
Civilian programs.....	11.6	24.9	29.6	46.4	66.4	103.1	111.1	113.8	120.3	131.7	135.3
Defense Department and Medicare.....	28.0	99.5	1,631.0	315.6	763.4	864.8	909.7	983.1	958.7	1,039.1	1,120.2
Maternal and child health services ¹²		7.8	55.2	20.1	23.7	33.3	39.4	50.1	50.8	59.1	71.4
Medical research ⁷.....					.2	.6	.6	.8	1.0	2.7	4.3
Medical research ¹³		3.0	15.0	69.2	132.8	425.9	546.2	743.5	875.3	995.5	1,115.0
Other public health activities ¹⁴	7.2	24.3	44.8	67.9	70.6	87.9	110.3	112.0	176.9	223.6	275.3
Medical-facilities construction.....	3.3	.4	(2 ¹)	66.8	117.5	233.9	250.9	236.1	259.5	287.7	338.6
Defense Department.....					33.0	40.0	44.0	24.0	23.0	42.9	34.3
Other.....	3.3	.4	(2 ¹)	66.8	84.5	193.9	206.9	212.1	236.5	244.8	304.3
Other welfare services.....	2.1	9.7	72.3	168.1	245.6	410.0	438.1	512.5	550.2	622.2	1,258.2
Vocational rehabilitation, total.....	1.0	2.0	7.5	21.0	26.4	64.3	73.0	86.7	100.9	127.1	145.7
Medical rehabilitation ⁷.....	.1	.2	.7	3.7	5.7	11.2	12.9	14.2	16.1	19.3	24.7
Medical research ⁷.....					.3	6.6	8.7	11.0	12.8	20.3	23.2
Institutional and other care ¹⁵	1.1	6.1	16.0	21.7	41.4	26.2	39.9	33.4	35.8	44.5	40.9
School lunch ¹⁶			47.4	121.2	170.7	306.1	310.6	370.4	383.2	419.1	488.5
Child welfare ¹⁷		1.6	1.4	4.2	7.1	13.4	14.1	18.2	26.6	29.3	34.5
Special programs ¹⁸											547.1
Veterans' programs ¹⁹	449.8	535.1	892.1	5,918.8	4,307.9	4,994.3	5,212.2	5,294.6	5,564.6	5,730.3	5,960.9
Pensions and compensation ²⁰	390.2	447.8	755.9	2,092.8	2,712.5	3,425.7	3,689.9	3,774.8	3,947.4	4,033.1	4,187.8
Health and medical services.....	58.9	86.3	116.5	745.8	761.1	957.1	1,025.9	1,047.0	1,120.0	1,178.9	1,262.0
Hospital and medical care.....	56.0	72.1	98.3	585.9	722.6	884.5	953.8	968.0	1,020.3	1,069.3	1,138.9
Hospital construction.....	2.9	14.1	16.2	156.2	33.0	57.5	37.7	52.1	69.8	76.4	84.4
Medical and prosthetic research.....		.1	2.0	3.7	5.5	15.1	18.4	26.8	29.9	33.2	38.7
Education.....			9.7	2,689.1	699.9	404.7	252.9	153.3	97.5	66.1	41.6
Welfare and other ²¹.....	.7	1.0	10.0	391.1	134.4	206.8	243.5	319.4	398.1	451.7	467.8
Education ²⁵	132.9	162.3	161.0	180.8	521.6	1,014.8	1,139.5	1,378.9	1,811.9	2,438.4	4,016.3
Elementary and secondary, total.....	69.2	74.2	48.2	73.1	341.8	507.2	503.0	557.8	614.7	665.9	916.2
Construction ⁷	42.0	31.0	7.6	5.2	139.3	79.8	68.5	71.6	67.7	23.9	58.4
Higher and other, total.....	63.7	88.1	112.8	107.7	178.9	507.7	636.5	821.2	1,197.2	1,772.5	3,100.1
Construction ⁷	30.0	12.0	9.1	10.9	5.4	38.3	45.2	59.8	169.8	200.4	540.5
Public housing ²²		4.2	10.4	14.5	74.7	143.5	159.1	173.4	191.5	206.5	233.9

See footnotes at end of table.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1964-65 ¹—Continued

[In millions; revised estimates; data corrected to Aug. 31, 1965]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65 ²
	From State and local funds ²⁰										
Total	\$3,309.4	\$5,293.9	\$4,768.8	\$13,008.1	\$18,083.6	\$27,653.0	\$30,824.5	\$31,900.4	\$33,856.0	\$35,888.3	\$37,766.4
Social insurance	285.0	862.8	658.7	2,844.9	3,449.5	4,996.6	6,389.2	5,887.1	6,173.9	6,294.2	6,247.8
Public employee retirement ⁴	120.0	147.0	198.0	310.0	580.0	1,050.0	1,169.0	1,286.0	1,424.0	1,570.0	1,735.0
Unemployment insurance and employment service ⁵		482.5	71.2	1,861.5	1,759.9	2,356.1	3,509.2	2,777.6	2,788.5	2,641.9	2,302.8
State temporary disability insurance, total ⁶			5.1	72.3	217.5	347.9	385.2	407.1	444.2	467.9	500.0
Hospital and medical benefits ⁷				2.2	20.0	40.2	43.7	45.5	48.4	50.4	45.0
Workmen's compensation, total ⁸	165.0	233.3	384.4	601.1	892.1	1,242.6	1,325.8	1,416.4	1,517.2	1,614.4	1,710.0
Hospital and medical benefits ⁷	62.0	84.8	117.3	187.8	308.1	406.0	441.3	466.6	494.8	529.6	564.0
Public aid	623.9	1,352.8	610.4	1,393.0	1,498.8	1,984.2	2,107.0	2,294.1	2,296.3	2,434.9	2,674.4
Public assistance ⁹	623.9	843.2	610.4	1,393.0	1,498.8	1,984.2	2,107.0	2,204.1	2,296.3	2,434.9	2,674.4
Vendor medical payments ⁷				51.3	188.6	292.9	335.1	417.6	490.7	554.6	660.0
Other ¹⁰		509.6									
Health and medical programs ¹¹	384.3	521.8	555.1	1,501.1	1,880.0	2,705.9	2,954.3	2,991.4	3,154.6	3,313.6	3,595.5
Hospital and medical care	220.2	315.6	325.1	868.1	1,150.9	1,849.1	2,091.7	2,022.6	2,154.6	2,315.1	2,535.0
Maternal and child health services ¹²	6.7	6.0	6.8	9.7	69.2	106.1	113.0	124.0	135.4	152.0	163.0
Medical research						23.0	30.0	37.0	45.0	50.0	54.0
School health (educational agencies)	9.9	17.9	23.0	30.6	65.9	101.0	115.0	129.0	130.5	132.0	133.5
Other public health activities ¹⁴	112.5	142.3	150.2	290.7	334.0	343.7	350.6	393.8	400.1	364.5	400.0
Medical-facilities construction	35.0	40.0	50.0	302.0	260.0	283.0	254.0	285.0	289.0	300.0	310.0
Other welfare services	50.8	71.5	88.1	289.6	401.5	832.1	991.7	1,108.4	1,200.6	1,321.1	1,444.7
Vocational rehabilitation, total	1.2	2.1	2.7	9.0	15.0	36.3	39.8	48.2	55.4	67.3	78.4
Medical rehabilitation ⁷	.1	.2	.7	3.7	3.5	6.5	7.5	8.3	9.9	11.9	15.1
Institutional and other care ¹⁵	23.6	26.0	31.3	109.3	135.6	377.6	511.7	586.7	650.0	700.0	730.8
School lunch ¹⁶				70.6	122.9	220.1	228.8	245.4	253.5	269.6	324.0
Child welfare ¹⁷	26.0	43.4	54.1	100.7	128.0	198.1	210.4	228.1	241.7	284.2	311.5
Veterans' programs ¹⁸				462.0	61.6	111.9	84.3	95.2	20.0	18.9	18.5
Education	1,965.4	2,485.0	2,856.5	6,517.5	10,777.6	16,989.1	18,261.1	19,571.0	20,955.0	22,440.0	23,710.0
Elementary and secondary, total	1,820.9	2,286.3	2,608.2	5,651.2	9,665.0	15,091.4	16,261.1	17,471.0	18,765.0	20,140.0	21,231.0
Construction ⁷	115.3	258.0	76.1	1,013.5	2,223.1	2,788.9	2,900.0	3,000.0	3,180.0	3,180.0	3,290.0
Higher and other, total	144.5	198.7	248.3	866.3	1,112.6	1,897.7	2,000.0	2,100.0	2,200.0	2,300.0	2,480.0
Construction ⁷	(7)	20.6	(7)	304.6	193.4	356.7	328.0	350.0	350.0	350.0	375.0
Public housing ¹⁹					14.6	33.2	36.9	48.2	55.5	65.6	75.6

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; for other States and localities, fiscal years cover various 12-month periods ended in the specified year.

² Preliminary estimates.

³ Excludes net payments in lieu of benefits (transfers) under the financial interchange with the railroad retirement system.

⁴ Excludes refunds of employee contributions to those leaving the service; Federal expenditures include payments to retired military personnel and survivors. Data for administrative expenses not available for Federal non-contributory programs.

⁵ Includes unemployment compensation under State programs and programs for Federal employees, for ex-servicemen, and for veterans (under the Servicemen's Readjustment Act of 1944 and the Veterans' Readjustment Assistance Act of 1952), and payments under the temporary extended unemployment insurance programs.

⁶ Cash and medical benefits, including payments under private plans where applicable in the 4 States with programs. Includes State costs of administering State plans and supervising private plans; data for administrative expenditures of private plans underwritten by private insurance carriers or self-insured are not available.

⁷ Included in total shown directly above; excludes administrative expenditures, not available separately but included for entire program in preceding line.

⁸ Cash and medical benefits paid under Federal workmen's compensation laws and under State laws by private insurance carriers, by State funds, and by self-insurers. Excludes administrative costs of State agencies before 1949-50 and all administrative costs of private insurance carriers and self-insurers. Beginning 1959-60 includes data for Alaska and Hawaii.

⁹ Includes vendor medical payments, old-age assistance, medical assistance for the aged, aid to families with dependent children, aid to the blind, aid to the permanently and totally disabled, and, from State and local funds, general assistance. For 1939-40, Federal expenditures include \$1 million in administrative costs for which distribution by source of funds is not available.

¹⁰ Work program earnings, other emergency aid programs, and value of surplus food distributed to needy families.

¹¹ Excludes expenditures (1) for domiciliary care in institutions other than mental or tuberculosis (included under institutional care); (2) for health and medical service provided in connection with State temporary disability insurance, workmen's compensation, public assistance, vocational rehabilitation, and veterans' programs (included in total expenditures for these programs); and (3) those made directly for international health activities and for certain subordinate medical programs, such as those of the Bureau of Narcotics, the Bureau of Mines, the National Park Service, and the U.S. Civil Service Commission.

¹² Services for crippled children and maternal and child health services.

¹³ Medical research from Federal funds includes expenditure of the U.S. Public Health Service, Food and Drug Administration, Atomic Energy Commission, National Aeronautics and Space Administration, and Department of Defense.

¹⁴ Excludes expenditures for water supply, sanitation services, and sewage disposal but includes regulatory and administrative costs of these services; also includes expenditures for medical equipment and supplies for civil defense.

¹⁵ Expenditures for homes for dependent or neglected children and for adults other than veterans and the value of surplus food for nonprofit institutions.

¹⁶ Federal expenditures represent cash apportionment and the value of commodities purchased and distributed under the National School Lunch Act, the value of surplus commodities distributed under other agricultural programs, and, beginning 1954-55, special school milk program. Nongovernmental funds are also available from private organizations and from payments by parents (in 1964-65, parents' payments totaled an estimated \$788 million).

¹⁷ Includes foster-care payments and payments for professional and facilitating services; excludes expenditures of public institutions and public day-care centers, capital expenditures by courts and by youth authorities, payments from parents and relatives, and direct appropriations by State legislatures to voluntary agencies and institutions.

¹⁸ Programs authorized under the Economic Opportunity Act; excludes programs delegated to and reported with data for the Office of Education and the Welfare Administration.

¹⁹ Federal expenditures exclude bonus payments and expenditures from veterans' life insurance trust funds; State and local expenditures refer to State bonus and other payments and services, local data not available.

²⁰ Includes burial awards.

²¹ Includes vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guarantees, and domiciliary care.

²² Federal expenditures; data for State and local expenditures not available.

²³ Federal and State subsidies (and administrative costs) for low-cost housing.

²⁴ Less than \$50,000.

²⁵ Represents Office of Education administrative costs; training of Federal personnel, and "grants" as reported in the summary table prepared by the Federal Education Programs Branch, Office of Education, except (1) those covered under other social welfare programs such as veterans' programs and (2) the value of surplus property. Beginning 1957-58 includes revenue from public lands for education and, beginning 1959-60, includes training grants and basic research for which data were not available in earlier years. Excludes funds for military technical training estimated to be \$1,001 million in 1963-64 and \$1,050 million in 1964-65; complete data for earlier years not available.

²⁶ Except as otherwise noted (see footnotes 6 and 8).

²⁷ Data not available.

Source: Data taken or estimated from Treasury reports, Federal budgets, and available reports of Federal, State and local administrative agencies.

because it is not designed to ameliorate individual welfare problems.

The borderline between public and private expenditures presents a problem of definition that is more difficult for the United States than for most countries. The data on social welfare expenditures in the Social Security Administration series include amounts paid as benefits under statutory workmen's compensation and temporary disability insurance programs, whether they come from public (tax) revenues, from private insurance companies, or directly from employers who self-insure. These programs are compulsory, and the benefits are specified in statutes. They therefore are part of the protection available through public programs, no matter how the risk is insured. The "private" mandated benefit payments under these programs are omitted, however, when social welfare expenditures are compared with total government expenditures made for all purposes.

The Office of Research and Statistics has been reviewing the definitions and concepts underlying this series, in preparation for the publication of a revised series with data for all years since 1935 and for selected earlier years. The new data will be published with a detailed explanation of the sources of data and the basis of estimating individual items, as well as a restatement of concepts and definitions.

Refinements and improvements in methods of estimating made as a result of the review thus far are reflected in the current article. With the help and cooperation of the many other agencies that provide data for the series, significant improvements in the estimates for particular items, for both current and past years, continue to be made. Thus far, overall magnitudes have been little affected. There have been no major conceptual changes with respect to older programs, and it is unlikely that there will be many.

The new programs under the Economic Opportunity Act raise a number of questions concerning the classification and grouping of individual items. As an interim procedure, most of these programs are shown in a category of "special programs" under "other welfare services." Certain programs clearly identifiable as education, health, or public aid (and administered by the established Federal agencies in these fields) have been grouped with other similar activities. The

general magnitude of expenditures under the several programs is discussed later.

The 1964-65 estimates given in this article are preliminary, and some of the figures are subject to change. For most of the larger programs included in the series, it was possible to obtain reported data or firm estimates for the fiscal year ended June 30, 1965, in time for inclusion here.

TRENDS IN SOCIAL WELFARE EXPENDITURES

The increase in social welfare expenditures in recent decades has resulted partly from the extension of services to a larger population, partly from higher prices, and partly from a rise in the level and an expansion of the scope of services. Since 1929 the total population of the United States has increased by 59 percent, and prices, as measured by the implicit price deflator for personal consumption expenditures, have advanced 88 percent.

In the past few years—since 1960—numerous major programs have been initiated that affect the social welfare of many individuals and call for considerable expenditure of time, energy, and money. The Area Redevelopment Act of 1961, the Manpower Development and Training Act of

TABLE 2.—Social welfare expenditures as percent of gross national product, selected fiscal years, 1889-90 through 1964-65

[Corrected to Aug. 31, 1965]

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product						
		Total ¹	Social insurance	Public aid	Health and medical services	Other welfare	Veterans' programs	Educational ²
1889-90.....	\$13.0	2.4	(³)	4 0.3	0.1	(⁴)	0.9	1.1
1912-13.....	39.9	2.5	(³)	4.3	.4	(⁴)	.5	1.3
1928-29.....	101.6	4.2	0.3	4.5	.4	(⁴)	.5	2.4
1934-35.....	68.7	9.3	.6	4.4	.6	0.1	.7	3.1
1939-40.....	95.1	9.2	1.3	3.8	.7	.1	.6	2.8
1944-45.....	211.1	4.2	.7	.5	1.1	.1	.4	1.4
1949-50.....	263.4	8.7	1.8	.9	.8	.2	2.4	2.5
1954-55.....	379.7	8.5	2.6	.8	.8	.2	1.2	3.0
1959-60.....	495.6	10.6	3.9	.8	.9	.3	1.0	3.6
1960-61.....	506.5	11.5	4.4	.9	1.0	.3	1.0	3.8
1961-62.....	541.7	11.5	4.5	.9	1.0	.3	1.0	3.9
1962-63.....	574.1	11.6	4.5	.9	1.0	.3	1.0	4.0
1963-64.....	608.7	11.7	4.4	.9	1.0	.3	.9	4.1
1964-65 ⁵	649.6	12.0	4.3	1.0	1.0	.4	.9	4.3

¹ Includes public housing, not shown in distribution.

² Beginning 1954-55, includes basic research and training grants; data for earlier years not available.

³ Less than 0.05 percent.

⁴ "Other welfare" included with public aid.

⁵ Preliminary estimates.

1962, the education legislation of 1963 and 1964, and the Economic Opportunity Act of 1964 have all reflected a general emphasis on the public responsibility for improving the social welfare of disadvantaged individuals in order to improve the living standards of all.

Until 1958, public expenditures for education made up the largest single share of social welfare expenditures in the United States, except that during the depression years, expenditures for emergency relief exceeded all other social welfare spending. At the beginning of this century, about 1 percent of the total national output went for public education. The spread of public secondary education had more than doubled the proportion by 1929. In 1964-65, with greatly increased public spending for higher education, and with Federal grants for numerous special educational programs, 4.3 percent of the national output went into public education.

The expenditures for social insurance, which have been increasing fairly steadily with the growing national product for the past 5 years after earlier, more rapid growth, represented 4.3 percent of the gross national product in 1964-65. In 1939-40—25 years earlier—when the first

monthly benefits under old-age and survivors insurance were paid, social insurance expenditures were less than one-third as large a percentage of the gross national product as in 1964-65. Expenditures for social insurance programs were still increasing rapidly as a proportion of the gross national product as late as 1960, as the system matured. From 1960-61 to 1964-65, social insurance programs accounted consistently for about 4.4 percent of the gross national product, since the basic programs remained more or less unchanged during that period. With the passage in July 1965 of an extensive health insurance program for the aged, the base of the social security program was broadened, and growth and change in the welfare expenditures picture are expected in the next few years.

Public expenditures for veterans' programs, relatively large after World War II, have been close to 1 percent of the gross national product since the mid-1950's, although in 1964-65 the percentage dropped to 0.9 percent of the total national output. Expenditures for health and medical programs and for public aid each accounted for 1 percent of the gross national product in 1964-65.

TABLE 3.—Social welfare expenditures per capita under public programs, actual and 1964-65 prices, selected fiscal years, 1928-29 through 1964-65¹

[Corrected to Aug. 31, 1965]

Fiscal year	Per capita social welfare expenditures in actual prices							Constant 1964-65 prices		
	Total ² (excluding foreign)	Social insurance (excluding foreign)	Public aid	Health and medical services	Other welfare services	Veterans' programs (excluding foreign)	Education (excluding foreign)	Total social welfare expenditures		Implicit price deflators (1964-65=100) ³
								Amount (in millions)	Per capita	
1928-29.....	\$34.73	\$2.76	\$4.06	\$3.58	(⁴)	\$4.45	\$19.88	\$8,044.2	\$65.29	53.2
1934-35.....	49.61	2.97	23.21	3.36	\$0.41	3.40	16.25	15,700.0	121.59	40.8
1939-40.....	65.34	9.09	26.86	5.09	.61	3.91	19.76	20,845.7	155.57	42.0
1944-45.....	62.32	9.99	7.26	16.42	1.13	6.18	21.26	14,841.6	104.56	59.6
1949-50.....	149.33	31.72	16.26	13.59	2.98	41.04	43.63	30,403.7	198.05	75.4
1954-55.....	192.68	58.84	17.98	18.29	3.87	25.51	67.65	37,522.0	224.83	85.7
1959-60.....	286.88	105.63	22.53	24.48	6.82	27.58	98.86	55,134.3	302.94	94.7
1960-61.....	312.89	120.51	24.02	26.61	7.73	28.18	104.78	60,353.6	326.27	95.9
1961-62.....	331.51	128.12	26.22	27.81	8.62	28.29	111.30	64,466.0	342.82	96.7
1962-63.....	348.77	133.35	27.63	29.31	9.17	28.88	119.12	68,092.7	356.62	97.8
1963-64.....	367.63	138.37	28.98	31.23	10.03	29.31	128.30	72,082.6	372.10	98.8
1964-65 ⁵	394.57	142.39	31.87	33.86	13.76	30.09	141.03	77,501.5	394.57	100.0
Percentage change for 1964-65 expenditures ⁵ (1964-65 prices) from—										
1928-29.....	+504	+2,644	+318	+402	(⁴)	+260	+277	+863	+504	-----
1934-35.....	+225	+1,856	-44	+311	+1,276	+261	+254	+394	+225	-----
1949-50.....	+99	+238	+48	+88	+248	-45	+144	+155	+99	-----
1959-60.....	+30	+28	+34	+31	+91	+3	+35	+40	+30	-----

¹ Excludes expenditures within foreign countries for education, veterans' payments, and old-age, survivors, and disability insurance benefits; see table 1 for data including such expenditures. Per capita figures based on January 1 data for total U.S. population, including Armed Forces overseas and civilian population of Territories and possessions.

² Includes public housing, not shown in distribution.

³ Based on implicit price deflators for personal consumption expenditures prepared by the National Income Division, Office of Business Economics, Department of Commerce. Deflator for 1964-65 estimated.

⁴ "Other welfare" included with public aid.

⁵ Preliminary estimates.

The proportion of the national output used for health and medical programs (as defined in tables 1 and 2) has remained about the same since 1950. But the rising expenditures for medical care under other programs, and especially under public assistance, have brought an increase in the percentage of the gross national product used for all publicly supported medical care, as shown in table 5.

SOCIAL WELFARE AND ALL GOVERNMENT EXPENDITURES

In 1964-65, social welfare expenditures from public funds represented 42.3 percent of all government expenditures—Federal, State and local. As previously mentioned, more than half these expenditures came from Federal funds. Social welfare expenditures accounted for 34 percent of all expenditures of the Federal Government, the highest proportion since the 1930's and early 1940's.

Social insurance benefits, which represent a substantial part of all government expenditures, are paid from trust funds. When social welfare expenditures from general revenues alone are considered, it is not surprising that the share of general revenues that goes for social welfare is smaller than the portion of all public funds spent for these purposes.

This relationship is particularly evident with respect to Federal social welfare expenditures.

The total amount spent for these purposes was about 33.6 percent of all Federal expenditures in 1964-65; in 1963-64 the proportion was 30.2 percent. Social welfare expenditures excluding trust fund expenditures represented only 20.7 percent of the total amount spent from the general revenues of the Federal Government. The corresponding percentage in 1963-64 was 17.3. The 1964-65 rise was the greatest comparative increase in more than a decade.

Since the State and local governments traditionally bear the greater part of the expenses of public education, and since the large OASDI trust funds are part of the Federal system, the proportion of State and local expenditures from general revenues for social welfare (56.5 percent) is almost as high as the proportion from the State and local public funds as a whole (59.3 percent). Education itself accounts for more than 41 percent of the total expenditures from general revenues of the State and local governments.

PRIVATE AND PUBLIC EXPENDITURES

Private expenditures for health, education, and organized income-maintenance and welfare programs amounted to more than \$42 billion in 1964-65. Small parts of the private expenditures for health and of such expenditures for education represent the spending of benefits received under public programs. To this extent there is duplication if total public expenditures and total private

TABLE 4.—Social welfare expenditures ¹ in relation to government expenditures for all purposes, selected fiscal years, 1928-29 through 1964-65

[Corrected to Aug. 31, 1965]

Item	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65 ²
All social welfare expenditures from public funds:												
Total, as percent of total government expenditures.....	40.8	48.6	47.4	8.3	36.5	31.9	37.6	39.4	39.1	39.6	40.0	42.3
Federal, as percent of total Federal Government expenditures.....	22.0	49.3	38.1	4.3	24.2	20.7	26.9	28.4	29.2	29.7	30.2	33.6
State and local, as percent of total State and local government expenditures ³	48.1	47.9	56.8	55.4	61.2	57.0	59.9	61.2	59.2	59.9	59.9	59.3
Social welfare expenditures from general revenue:												
Total, as percent of total government expenditures from general revenue.....	41.0	48.0	44.6	7.7	32.2	25.6	29.3	30.1	30.0	30.5	31.1	33.8
Federal, as percent of total Federal Government expenditures from general revenue:												
All programs.....	22.2	49.1	36.4	3.8	21.4	13.2	15.1	15.8	15.9	16.6	17.3	20.7
Veterans' programs.....	18.9	7.2	6.0	0.9	14.8	6.8	6.3	6.3	5.9	5.8	5.7	5.9
State and local, as percent of total State and local government expenditures from general revenue: ³												
All programs.....	48.2	46.9	53.3	54.7	55.3	53.7	56.9	56.8	56.4	56.5	56.6	56.5
Education.....	31.9	29.8	29.3	36.9	34.8	38.6	41.5	41.2	41.2	41.5	41.6	41.1

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.

expenditures for health, education, and welfare are added together. Indeed, private pensions or other benefits may also be spent for medical care or for education. An allowance for these latter overlaps was made in the estimate of total private expenditures above. Public and private expenditures for health, education, and welfare (with the estimated overlap excluded) amounted to an estimated \$118 billion in 1964-65.

HEALTH

Preliminary estimates of public and private expenditures for health and medical care in 1964-65 indicate that total expenditures reached \$38.4 billion or 5.9 percent of the gross national product. This amount represents an increase of

\$2.8 million (8 percent) from the revised estimates of expenditures for 1963-64.

The basic classification of expenditures in this series is by statutory programs. In order to obtain comprehensive data on expenditures for health and medical care under public programs, the amounts spent under health and medical programs are combined with expenditures for health and medical care under social insurance, welfare, veterans', and school programs. The combined data, with estimated private expenditures for health, are shown in table 5.

Some adjustments have been made in the estimates of health expenditures for the years 1959-60 through 1962-63, reflecting improvements in sources of data and in methodology. The 1963-64 estimates have been revised from the preliminary estimates shown in last year's article.

TABLE 5.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928-29 through 1964-65

[In millions; data corrected to Aug. 31, 1965]

Type of expenditures	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65 ¹
Total.....	\$3,621.5	\$3,138.5	\$3,881.4	\$7,906.0	\$12,151.0	\$17,875.2	\$26,660.3	\$28,635.1	\$30,699.3	\$33,070.3	\$35,593.5	\$38,441.3
Private expenditures.....	3,112.0	2,580.0	3,023.0	5,335.0	9,085.0	13,517.0	20,301.0	21,600.0	23,080.0	24,784.0	26,596.0	28,492.0
Health and medical services.....	3,010.0	2,570.0	2,992.0	5,305.0	8,850.0	13,192.0	19,823.0	21,031.0	22,391.0	23,962.0	25,510.0	27,142.0
Direct payments.....	2,900.0	2,500.0	2,900.0	4,875.0	7,146.0	9,448.0	13,368.0	13,739.0	14,268.0	15,129.0	15,887.0	16,680.0
Insurance benefits.....					880.0	2,358.0	4,698.0	5,346.0	6,019.0	6,655.0	7,378.0	8,150.0
Expenses for prepayment.....					274.0	596.0	792.0	912.0	1,023.0	1,069.0	1,108.0	1,152.0
Industrial in-plant services.....	30.0	30.0	40.0	90.0	150.0	210.0	265.0	275.0	299.0	309.0	319.0	330.0
Philanthropy.....	80.0	40.0	52.0	340.0	400.0	580.0	700.0	759.0	782.0	800.0	818.0	83.0
Medical facilities construction.....	102.0	10.0	31.0	30.0	215.0	325.0	478.0	569.0	689.0	822.0	1,086.0	1,350.0
Public expenditures.....	509.5	558.5	858.4	2,571.0	3,086.0	4,358.2	6,359.3	7,035.1	7,610.3	8,286.3	8,997.5	9,949.3
Health and medical services.....	410.5	517.3	803.9	2,504.8	2,561.0	3,947.7	5,784.9	6,476.5	7,046.1	7,668.0	8,333.4	9,216.3
General hospital and medical care.....	216.6	231.8	340.5	354.7	914.5	1,217.3	1,952.2	2,272.8	2,136.4	2,274.9	2,446.8	2,670.3
Defense Department facilities.....	29.2	28.0	99.5	1,631.0	315.6	763.4	804.7	848.7	909.9	883.7	963.7	1,038.9
Medicare.....							60.1	61.0	73.2	75.0	75.4	81.3
Veterans' hospital and medical care.....	30.0	56.0	72.1	98.3	585.9	722.6	884.5	953.8	968.0	1,020.3	1,069.3	1,138.9
Public assistance (vendor medical payments).....					51.3	211.9	492.5	588.6	812.4	1,000.7	1,147.6	1,375.0
Workmen's compensation (medical benefits) ²	25.0	65.0	90.0	122.0	193.0	315.0	415.0	450.0	475.0	505.0	540.0	575.0
Temporary disability insurance (medical benefits) ³					1.4	6.0	15.6	19.6	21.5	25.7	29.3	23.0
Medical vocational rehabilitation.....		2	4	1.4	7.4	9.2	17.7	20.4	22.5	26.0	31.2	39.8
Maternal and child health services.....	5.0	6.7	13.8	62.1	29.8	92.9	138.8	151.8	173.3	185.2	208.3	230.1
School health (educational agencies).....	9.0	9.9	17.9	23.3	30.6	65.9	101.0	115.0	129.0	130.5	132.0	133.5
Medical research.....			3.1	17.0	72.9	138.9	471.2	603.9	819.1	964.0	1,101.7	1,235.2
Other public health activities.....	95.7	119.7	166.6	195.0	358.6	404.6	431.6	460.9	505.8	577.0	588.1	675.3
Medical-facilities construction.....	99.0	41.2	54.5	66.2	525.0	410.5	574.4	558.6	573.2	618.3	664.1	733.0
Veterans Administration.....	4.0	2.9	14.1	16.2	156.2	33.0	57.5	53.7	52.1	69.8	76.4	84.4
Defense Department.....	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	33.0	40.0	44.0	24.0	23.0	42.9	34.3
Other.....	95.0	38.3	40.4	50.0	368.8	344.5	476.9	460.9	497.1	525.5	544.8	614.3
Total expenditures as percent of gross national product.....	3.6	4.6	4.1	3.7	4.6	4.7	5.4	5.7	5.7	5.8	5.8	5.9
Public expenditures as percent of total expenditures.....	14.1	17.8	22.1	32.5	25.4	24.4	23.9	24.6	24.8	25.1	25.3	25.9
Personal health care expenditures: ⁴												
Total amount.....	\$3,304.8	\$2,957.6	\$3,613.2	\$7,510.7	\$10,605.5	\$15,855.0	\$23,738.0	\$25,341.0	\$26,894.0	\$28,820.0	\$30,842.0	\$33,089.0
Percent from:												
Private expenditures.....	90.5	86.6	82.4	69.5	79.9	78.5	79.4	78.6	78.7	78.7	78.5	77.9
Direct payments.....	87.8	84.5	80.3	64.9	67.4	59.6	56.3	54.2	53.1	52.5	51.5	50.4
Insurance benefits.....					8.3	14.9	19.8	21.1	22.4	23.1	23.9	24.6
Public expenditures.....	9.5	13.4	17.6	30.5	20.1	21.5	20.6	21.4	21.3	21.3	21.5	22.1

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 Excludes medical benefits paid under public law in California and New York by private insured and self-insured plans; such benefits included in

insurance benefits under private expenditures.

⁵ Data not available.

⁶ Includes all items shown under "health and medical services," except (1) "expenses for prepayment" and one-fourth of "philanthropy" under private expenditures and (2) "medical research" and "other public health activities" under public expenditures.

Expenditures from public funds rose slightly more than 10 percent in 1964-65, from \$9.0 billion in 1963-64 to \$9.9 billion. Significant increases were reported for vendor medical payments under public assistance (almost 20 percent), vocational rehabilitation (27 percent), other public health activities (15 percent), and medical research (12 percent).

Expenditures for vendor medical payments under public assistance and for medical research have grown faster in the past 5 years than any other public expenditures for health and medical care, more than doubling during the period. Although expenditures for vendor medical payments continued to grow at a rapid rate in 1964-65, the rate of growth for medical research was less rapid than in earlier years. Expenditures for medical vocational rehabilitation also increased rapidly but still constituted a very small part of all spending for publicly supported health and medical care.

Expenditures for medical research from all sources—government, industry, and private philanthropy—are shown in table 6. The research expenditures shown in tables 5 and 6 exclude expenditures for research training and capital outlay. Expenditures for construction of research facilities are included in the medical facilities construction categories shown in table 5.

Public funds for medical and health-related research, mainly from the Federal Government, amounted to \$1.2 billion in 1964-65 and supported more than two-thirds of the total. The balance of the support for research was divided between industry and philanthropy, with industry providing about one-fourth of the total

TABLE 6.—National expenditures for performance of medical and health related research, by source of funds, fiscal years 1959-60 through 1964-65

[In millions; data corrected to Aug. 31, 1965]

Source of funds	1959-60	1960-61	1961-62	1962-63	1963-64 ¹	1964-65 ¹
Total.....	\$845	\$1,045	\$1,290	\$1,486	\$1,672	\$1,850
Government.....	471	604	819	964	1,102	1,235
Federal.....	448	574	782	919	1,052	1,181
State and local.....	23	30	37	45	50	54
Industry.....	253	312	336	375	415	450
Private support.....	121	129	135	147	155	165
Foundations and health agencies.....	76	77	78	85	90	95
Other private contributions.....	12	15	18	21	22	25
Endowment.....	19	19	19	19	19	19
Institutions' own funds.....	14	18	20	22	24	26

¹ Preliminary estimates.

Source: Resources Analysis Branch, Office of Program Planning, National Institutes of Health.

TABLE 7.—Public expenditures for health and medical care, by source of funds, selected fiscal years, 1934-35 through 1964-65

[Corrected to Aug. 31, 1965]

Fiscal year	Amount (in millions)			Percent of total	
	Total	Federal	State and local	Federal	State and local
1934-35.....	\$559	\$112	\$446	20.1	79.9
1939-40.....	858	251	607	29.3	70.7
1944-45.....	2,569	1,896	673	73.8	26.2
1949-50.....	3,086	1,341	1,746	43.4	56.6
1954-55.....	4,358	1,972	2,387	45.2	54.8
1959-60.....	6,359	2,932	3,427	46.1	53.9
1960-61.....	7,035	3,277	3,758	46.6	53.4
1961-62.....	7,619	3,714	3,905	48.7	51.3
1962-63.....	8,286	4,110	4,176	49.6	50.4
1963-64.....	8,998	4,559	4,439	50.7	49.3
1964-65 ¹	9,949	5,092	4,857	51.2	48.8

¹ Preliminary estimates.

funds. Research expenditures by pharmaceutical, medical supply, and medical electronics industries are excluded from table 5, since these expenditures are presumably included in the cost of products (drugs, supplies, and equipment) and are therefore reflected in direct payments and insurance payments for medical and health care. Research expenditures from philanthropic sources are included in the estimates of expenditures by philanthropy shown in table 5.

The trend of an increasing Federal share of public expenditures for health and medical care continued in 1964-65 (table 7). For the second year since World War II, more than half the public funds for health care came from the Federal Government. The increase in the Federal share resulted largely from growing vendor medical payments under public assistance, research expenditures, maternal and child health activities, and some expansion in public health programs. When the 1965 amendments to the Social Security Act become effective, this trend will probably accelerate.

Private expenditures for health and medical care in 1964-65 are estimated to have reached \$28.5 billion or slightly less than three-fourths of the total spent for all health and medical care. In the past 3 years, the proportion spent by the private sector has been gradually decreasing in relation to total expenditures.

Private expenditures include direct payments by consumers for health services, insurance benefits, the net cost of providing health insurance, industrial in-plant health services, philanthropic expenditures for health purposes, and private ex-

penditures for the construction of medical facilities. The 1964-65 estimates for the private sector are projected on the basis of actual expenditures for calendar years 1963 and 1964 and are subject to revision when later data are available. The current estimates include revisions made in the data for calendar years 1960-62.

According to present estimates, private expenditures increased 7.1 percent during 1964-65, as public expenditures grew by 10.6 percent. Insurance benefits have shown a fairly constant rate of growth for the past 3 years; in 1964-65 they increased an estimated 10.5 percent. Direct payments for health and medical services are estimated to have reached \$16.7 billion in 1964-65—5 percent more than in 1963-64. Direct payments and insurance benefits include out-of-pocket or insurance payments made by consumers for hospital care, services of physicians and dentists in private practice, nursing-home care, other professional services, drugs, eyeglasses, and appliances.

Private expenditures for medical-facilities construction continued to increase at a rapid rate and amounted to \$1.3 billion in 1964-65. From 1934-35 to 1959-60, public expenditures for such construction exceeded private expenditures. Beginning in 1960-61, private expenditures surpassed public spending and by 1964-65 financed almost 65 percent of all medical-facilities construction.

Expenditures for personal health care reached \$33.1 billion in 1964-65 and represented 86 percent of all health expenditures. Public funds, which are providing a gradually increasing share of the expenditures for personal health care, accounted for 22.1 percent of the total, and health insurance payments covered 24.6 percent. Insurance benefits, which were insignificant until 1949-

50, grew from \$880 million in 1949-50 to \$8.2 billion in 1964-65 or from 8.3 percent of personal health care services to 24.6 percent.

EDUCATION

Total expenditures for education reached \$34.7 billion in 1964-65, and expenditures for current educational purposes amounted to \$29.8 billion. Both figures represent an 11-percent increase from those in 1963-64. As in every year for more than a decade, four-fifths of these expenditures, both total and current, came from public funds.

Although the proportion of all current educational outlays from public funds has been relatively constant, significant changes have occurred during the past decade and a half in the proportion of current public expenditures for "higher and other" education. In 1949-50, public sources accounted for more than three-fourths of all current expenditures for education at the higher level. In the 1960's through 1963-64, they accounted for about half the current expenditures for "higher and other" education, and in 1964-65 for about 55 percent. The downward trend began with the sharp drop in Federal expenditures for educational assistance to veterans, as the veterans of World War II and the Korean conflict completed their education.

In fact, when Federal expenditures for the education of veterans are excluded, it appears that the public proportion of current expenditures for higher and other education has increased, although not consistently, since 1949-50. The substantial increase in the proportion of public funds being used for education at the higher levels by 1964-65 resulted from intensified effort by

TABLE 8.—Public current expenditures for education,¹ by educational level, selected fiscal years, 1949-50 through 1964-65

[Amounts in millions; data corrected to Aug. 31, 1965]

Purpose of expenditure	1949-50		1954-55		1959-60		1962-63		1963-64		1964-65 ²	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Federal Government expenditures.....	\$165	100	\$377	100	\$897	100	\$1,574	100	\$2,214	100	\$3,417	100
Elementary and secondary education..	68	41	202	54	427	48	547	35	642	29	858	25
Higher and other education.....	97	59	174	46	469	52	1,027	65	1,572	71	2,560	75
State and local government expenditures..	5,199	100	8,361	100	13,844	100	17,445	100	18,910	100	29,135	100
Elementary and secondary education..	4,637	89	7,442	89	12,303	89	15,595	89	16,960	90	18,031	90
Higher and other education.....	562	11	919	11	1,541	11	1,850	11	1,950	10	2,105	10

¹ Excludes veterans' education.

² Preliminary estimates.

community, State, and Federal governments to improve the public educational facilities at higher levels and to make them available to more persons. This greater effort was made possible by education legislation of 1963, 1964, and 1965 and special provisions of the Economic Opportunity Act, the Manpower Development and Training Act, the Area Redevelopment Act, and the program for educational assistance to Cuban refugees.

Since 1956-57, the Federal Government has devoted more of its current educational expenditures to higher and other education than to elementary and secondary education. In 1964-65, three-fourths of the Federal current expenditures (when expenditures for veterans are excluded) went for higher and other education. Federal current expenditures for higher and other education increased by 63 percent from 1963-64 to 1964-65, and State and local current expenditures for this purpose increased only 8 percent. From about 45 percent of total public spending for current educational purposes in institutions of higher learning in 1963-64, Federal current expenditures for these purposes jumped to 55 percent in 1964-65.

The increase in the amounts of current expenditures for education was marked in the decade between 1955 and 1965, especially in Federal expenditures but also in State and local expenditures. State and local expenditures more than doubled from 1954-55 to 1964-65, and Federal

expenditures in 1964-65 were nearly 10 times what they had been a decade earlier.

In recent years, several changes have been made to refine the education data used in the social welfare expenditure series. Various Federal expenditures are now included with education: in higher and other education, training expenses and allowances for trainees under the Manpower Development and Training Act (\$342.6 million in 1964-65); training expenditures under the Area Redevelopment Act (\$8.2 million); expenditures for the "work-study" program (\$56 million) and for the "adult basic education" program (\$18.3 million) under the Economic Opportunity Act; and that portion of expenditures—excluding loans—under the Cuban refugee program that is used for education at the higher levels (\$3.1 million).

Expenditures for elementary and secondary education now include expenditures for education at those levels under the Cuban refugee program (\$5.8 million). Under the Economic Opportunity Act there is a major program, Project Head Start, aimed at preparing culturally disadvantaged preschool children for elementary school. Its expenditures (\$82.7 million in 1964-65) are included with special programs under "other welfare services" since this program is administered by the Office of Economic Opportunity and the expenditures are not reported as educational expenditures by the Office of Education. Although the economic opportunity pro-

TABLE 9.—Expenditures for education, selected fiscal years, 1949-50 through 1964-65

[Amounts in millions; data corrected to Aug. 31, 1965]

Program	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63	1963-64	1964-65 ¹
Total amount.....	\$11,116	\$14,598	\$22,783	\$24,439	\$26,355	\$28,628	\$31,257	\$34,746
Public expenditures ²	9,388	11,999	18,409	19,654	21,103	22,864	24,944	27,770
Current.....	8,054	9,438	15,145	16,314	17,622	19,117	21,190	23,594
Elementary and secondary.....	4,706	7,644	12,730	13,796	14,957	16,142	17,602	18,889
Higher education other than veterans ³	659	1,094	2,010	2,265	2,511	2,877	3,522	4,665
Veterans ³	2,689	700	405	253	153	98	66	42
Construction.....	1,334	2,561	3,264	3,340	3,481	3,748	3,754	4,174
Elementary and secondary.....	1,019	2,362	2,889	2,968	3,072	3,228	3,204	3,258
Higher education.....	316	199	395	371	410	520	550	916
Private expenditures ³	1,728	2,599	4,374	4,785	5,252	5,764	6,313	6,976
Current.....	1,446	2,089	3,830	4,197	4,620	5,096	5,610	6,241
Elementary and secondary.....	523	839	1,568	1,691	1,830	1,990	2,160	2,362
Higher education.....	923	1,250	2,262	2,506	2,790	3,106	3,450	3,879
Construction.....	282	510	544	588	632	668	703	735
Public expenditures as percent of:								
Total expenditures.....	84.5	82.2	80.8	80.4	80.1	79.9	79.8	79.9
Current expenditures.....	84.8	81.9	79.8	79.5	79.2	79.0	79.1	79.1
Elementary and secondary.....	90.0	90.1	89.0	89.1	89.1	89.0	89.1	88.9
Higher education.....	78.4	58.9	51.6	50.1	48.8	48.9	51.0	54.8
Other than veterans ³	41.7	46.7	47.1	47.5	47.4	48.1	50.5	54.6
Construction.....	82.5	83.4	85.7	85.0	84.6	84.9	84.2	85.0

¹ Preliminary estimates.

² For definition, see text.

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.

grams for education were just getting under way in 1964-65, expenditures amounted to \$157 million (including those for Project Head Start), and they will account for increasing amounts of public expenditures for education, particularly from Federal funds, in the next few years.

State and local governments, for more than a decade, have split their expenditures for construction of educational facilities in about the same proportion as their current expenditures, with nine-tenths going to elementary and secondary schools. More than half the Federal construction expenditures from the mid-1950's until 1961-62 went to elementary and secondary schools, chiefly under the program for federally affected areas. From 1962-63 onward, however, new Federal programs for college construction shifted the balance until, in 1964-65, nine-tenths of Federal construction funds went to institutions of higher education. Federal expenditures for construction of higher education facilities were 59 percent of all public spending for that purpose.

The data for private expenditures for education include student tuition and fees and private gifts for current educational purposes in public institutions. The amount is small at the elementary and secondary level, where private tuition and fees and private gifts accounted for \$95 million in 1964-65, but more substantial at the higher level (\$652 million). Some of the expenditures of privately controlled educational institutions represent the spending of income from public sources. To the extent that these amounts are also included as public expenditures for education, there is an overlap—now insignificant—between the public and private expenditures as shown in table 9. Correction for this minor duplication cannot be made at present.

INCOME MAINTENANCE AND WELFARE SERVICE PROGRAMS

It is impossible to measure aggregate expenditures for income security in the same way that total expenditures for health or education are measured. Retired persons, disabled earners, and widows and orphans have sources of support that are not identifiable in any statistics of total income flows. The amounts spent under organized

income-maintenance and welfare programs, however, can be measured.

Public expenditures for social insurance, public aid and other welfare, and veterans' programs were more than five and a half times as great in 1964-65 as private expenditures for income maintenance under employee-benefit plans and for philanthropic purposes. The social insurance category, the expenditures of which made up 36 percent of all social welfare expenditures in 1964-65, includes various unemployment, retirement, and disability insurance programs, as shown in table 1. The largest of these programs is OASDI, which accounted for 60 percent of all social insurance expenditures in 1964-65.

Expenditures for unemployment insurance and employment service (slightly less than \$3.0 billion in 1964-65) decreased for the fourth consecutive year, reflecting the general improvement in the employment picture as the economy of the United States continued its rapid growth. The decline in spending under the basic unemployment insurance and employment service program was even steeper than it appears, since some of it was offset by increasing expenditures for special training programs. Expenditures for services, research, and administration of manpower development and training activities increased from \$20.9 million in 1963-64 to \$83.4 million in 1964-65. They are included with spending for unemployment insurance and employment service, as are those for services, research, and administration for area redevelopment activities, which amounted to \$3.0 million in 1964-65.

Welfare assistance and services (\$20.3 million) and administrative costs incurred for the Cuban refugee program by the Welfare Administration (\$1.0 million) are included with public assistance, and resettlement of Cuban refugees (\$1.4 million) is included with "other welfare services." Both public assistance and resettlement expenditures for Cuban refugees declined from 1963-64 to 1964-65, and expenditures for their education increased.

Since the passage of the Economic Opportunity Act in August 1964, a number of special social welfare programs have been initiated as part of the "war on poverty." Those programs with specifically educational aspects have been included, as mentioned earlier, under "education."

The work-experience program (with expenditures of \$11.5 million) under the Economic Opportunity Act provides work and training for unemployed parents of dependent children and for other needy persons in order to help them become self-supporting. The program, which is administered by the Welfare Administration, is similar in nature to the work-relief programs of the 1930's and is thus included as one of the "other" programs under public aid.

In order to avoid at this time a radical reorganization of tables or a stretching of definitions of terms to accommodate new programs, a "special programs" subcategory of "other welfare" has been added to table 1. The special programs include six major programs under the Economic Opportunity Act, each of which provides a wide range of services: community action, the program for migrant agricultural employees (actually a part of the community action program), the Job Corps, Volunteers in Service to America, work-training or the Neighborhood Youth Corps, and Project Head Start, which has been described above.

Community action programs (with expenditures of \$134.0 million in 1964-65, excluding grants for migrant-worker programs, Project Head Start, and health services) provide remedial reading and literacy courses, job training, employment counseling, and homemaker and health services. The migrant agricultural employees program is designed to meet the housing, education, sanitation, and day-care needs of migratory workers and their families (\$14.9 million in 1964-65). In the Job Corps, youths aged 16-21 are assigned to special residential centers, mostly

conservation centers, to receive education, vocational training, and useful work experience, including experience in conservation work. In the first year of operation, Job Corps expenses amounted to \$179 million. Work-training programs (\$127.4 million), otherwise known as the Neighborhood Youth Corps, were established to provide useful work-experience opportunities for unemployed young men and women through participation in State and community work-training projects. The programs are designed to increase the employability of such youths through remedial education, training, and counseling and to make it possible for them to resume or continue their education.

Volunteers in Service to America (VISTA) is a program for recruiting, selecting, training, and providing subsistence payments and stipends to volunteers for service in programs combating poverty at State or local levels. Expenditures for VISTA were \$2.8 million in 1964-65. Administrative expenditures of the Office of Economic Opportunity reached \$6.2 million.

Total expenditures for the special programs included under "other welfare services" amounted to \$547.1 million, or 20 percent of all "other welfare" expenditures. As a result of the initiation of these special programs, "other welfare" expenditures increased by 39 percent during 1964-65.

Four of the programs under the Economic Opportunity Act (the Job Corps, the program for migrant agricultural employees, work experience, and VISTA) are financed wholly by the Federal Government. Others are financed partly by the Federal Government and partly by State

TABLE 10.—Expenditures from public and private funds for organized income-maintenance and welfare service programs, selected fiscal years, 1949-50 through 1964-65

[Amounts in millions; data corrected to Aug. 31, 1965]

Source of funds	1950	1955	1960	1961	1962	1963	1964	1965 ¹
Total amount (excluding expenditures for health).....	\$12,169	\$18,602	\$32,050	\$36,272	\$39,163	\$41,463	\$43,757	\$46,758
Public expenditures.....	10,519	15,857	27,417	31,159	33,565	35,377	37,211	39,698
Social insurance.....	4,678	9,519	18,839	21,877	23,662	25,016	26,331	27,478
Veterans' programs.....	2,946	2,908	3,744	4,018	4,189	4,366	4,504	4,674
Public aid.....	2,445	2,791	3,609	3,855	4,118	4,274	4,466	4,884
Other welfare program.....	450	638	1,224	1,409	1,598	1,725	1,912	2,663
Private expenditures.....	1,650	2,745	4,633	5,113	5,598	6,086	6,546	7,060
Employee-benefit plans.....	965	1,895	3,545	3,950	4,380	4,830	5,250	5,725
Philanthropy.....	685	850	1,088	1,163	1,218	1,256	1,296	1,335
Percent of total:								
Public expenditures.....	86.4	85.2	85.5	85.9	85.7	85.3	85.0	84.9
Private expenditures.....	13.6	14.8	14.5	14.1	14.3	14.7	15.0	15.1

¹ Preliminary estimates.

and local governments or by institutions. In community action programs, including Project Head Start, the Federal Government provides up to 90 percent of the costs; in the Neighborhood Youth Corps (work-training) and work-study programs, it provides 90 percent. As a result, the expenditures of the Federal Government for public aid and other welfare services combined (excluding medical services) rose 29 percent in 1964-65 and may be expected to increase further next year. Data are not yet available on the contributions of the States and localities and of private organizations to the antipov-erty programs. The total amounts spent under these programs are thus understated by 5-10 percent, and the role of the Federal Government is very slightly overstated.

In recent years, private employee-benefit plans have developed rapidly. In 1964-65, they paid out cash benefits, excluding health insurance benefits, of about \$5.7 billion. About \$2.9 billion was for pensions for retired workers; \$1.7 billion for group life insurance; \$1.1 billion for temporary sickness benefits or paid sick leave; and

\$100 million for supplementary unemployment benefits. In addition, employee-benefit plans financed about three-fourths (\$7.2 billion) of the health insurance costs (benefits plus expenses of prepayment) included above as health expenditures.

Today relatively little of the money spent by private social agencies takes the form of cash payments to recipients; most of it is used to provide services. In 1964-65, as in the previous year, private philanthropic contributions used for such welfare services as institutional care, family counseling, day-care services, and emergency relief are estimated to have been about \$1.3 billion. These estimates are very rough, since available information in this field is partial and scattered.

Table 10 shows the amounts spent from public and private funds for organized income-maintenance and welfare service programs in recent years. About 85 percent of these expenditures were from public funds in 1964-65, and about three-fourths of the public funds were from the Federal Government.

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SOCIAL SECURITY ADMINISTRATION

DIVISION OF RESEARCH AND STATISTICS. *The Retirement Decision: An Exploratory Essay*, by Lowell E. Gallaway. (Research Report No. 9.) Washington: U.S. Govt. Print. Off., 1965. 62 pp. 30 cents.

Analyzes the economics of the decision facing those reaching retirement age.

GENERAL

BAKER, ELIZABETH FAULKNER. *Technology and Woman's Work*. New York: Columbia University Press, 1964. 460 pp. \$8.50.

Changes in women's occupations and professions, unionism, and the economy's adjustments.

BLANCHARD, RALPH H. *Risk and Insurance and Other Papers*. Lincoln: University of Nebraska Press, 1965. 210 pp. \$5.

Thirty-five articles and addresses.

BURNS, EVELINE M. "Social Security in Evolution: Toward What?" *Social Service Review*, vol. 39, June 1965, pp. 129-140. \$2.25.

* Prepared in the Library, Department of Health, Education, and Welfare. Orders for items listed should be directed to publishers and booksellers; Federal publications for which prices are listed should be ordered from the Superintendent of Documents, U. S. Government Printing Office, Washington, D.C. 20402.

Discusses guaranteed minimum income.

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