

Federal Grants, 1964-65

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

I. Grants to States and Localities

The purpose and financial characteristics of grants-in-aid to State and local governments vary considerably. As used in this section, the term "grants" 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 are included when they conform to this definition. In the fiscal year 1964-65 this definition applied to 68 separate Federal grant programs, which are arranged for the first time here in nine groups (formerly seven) according to purpose (table 1). Excluded from the grant series are reimbursements or advances to States and localities 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. Federal aid granted directly to individuals and to public and private institutions is reviewed in the second part of the article.

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The Federal Government and the grant-receiving States and localities have recently entered into a new type of fiscal arrangement that replaces the former issuance of checks with issuance of a letter of credit. The State or local recipient then "draws down" against his letter of credit balance at the nearest Federal Reserve Bank. Eventually all grant programs will be on the letter-of-credit system, but in 1964-65 some programs began the year with it, others were brought under it at various dates, and still others of the 68 grant programs under discussion were operating on the former checks-issued basis. As far as possible the Treasury Department has adjusted all 1964-65 program totals—but not the amounts granted in the individual States—to the former checks-issued basis. Therefore, while comparisons from one year to another of total amounts granted under each program or group of programs are valid, the same cannot be said for similar comparisons State by State or for comparisons with other years of the per capita amounts granted in a State or group of States.

At \$10.6 billion, Federal grants to States and localities reached another of their successive highs in 1964-65, topping the previous year's amount by \$856 million or about 9 percent. Increases were recorded in seven of the nine groups of grants. They ranged from 4 percent for the public assistance group to 30 percent for the health group.

In earlier years the grants were combined according to general purpose or area of endeavor into seven groups, including an unwieldy "all other" miscellany of programs that seemed to fit nowhere else. This catch-all group has grown sufficiently large over the years—through growth in the number of programs and in the annual sums granted under each—for certain polarities now to have emerged. Consequently, in 1964-65, the miscellaneous group has been reduced by the creation of two new groups: (1) Urban affairs, for which \$314 million was granted in the course of the year—35 percent more than was granted for the corresponding programs in the preceding year, and (2) agriculture and natural resources, for which \$144 million was granted—6 percent

more than for these programs in 1963-64. Grants under the half-dozen programs now remaining in miscellaneous category totaled \$340 million, nearly 10 percent below the preceding year's total.

More than half (55 percent) of all grants were made for social welfare purposes in 1964-65, and about three-quarters of all social welfare grants were administered in the Department of Health, Education, and Welfare. The Department is the Federal Government's largest grant dispenser; it paid out \$4.3 billion under 35 different programs, 41 percent of all 1964-65 grants. The Department of Commerce with \$4.0 billion under four programs disbursed 38 percent of the total, followed by the Department of Agriculture with \$886 million or more than 8 percent of all grants. These Departments plus the Housing and Home Finance Agency and the Department of Labor, which disbursed 5 percent and 4 percent of the total, respectively, accounted for 96 percent of the 1964-65 grants to States and localities. The remaining 4 percent was granted by the seven other grant-dispensing agencies in the Federal household: the Departments of Defense and Interior, the Office of the President, the Federal Aviation Agency, the Small Business Administration, the Veterans Administration, and the newest—the Office of Economic Opportunity.

The grant moneys are drawn from two sources, general funds appropriated in the administrative budget and trust funds. For the last several years about 58-60 percent of total grants have been budget funds and the remaining 40-42 percent trust fund money. In 1964-65 the highway trust fund provided \$4.0 billion and the unemployment trust fund \$393 million (together 41 percent of all Federal grants); \$6.3 billion was granted from general funds.

PUBLIC ASSISTANCE

Public assistance grants under the six federally-aided categorical programs totaled \$3.1 billion in 1964-65, an increase of 4 percent from 1963-64 and an all-time high. Grants for old-age assistance and medical assistance for the aged together amounted to \$1.4 billion, \$5 million lower than in the previous year. Aid to families with dependent children totaled \$1.1 billion or 7 percent more than the 1963-64 grants. Grants for aid to the

blind, for aid to the disabled, and for the combined program of aid to the aged, blind, or disabled came to \$603 million. Of this sum, \$331 million was granted to 15 States under the combined program for the adult needy; in 1963-64, \$280 million had been so granted to 11 States. For States adopting a combined program, the provision of separate and additional Federal funds for vendor payments for medical care, possible previously only for recipients of old-age assistance, now extends to the blind and the disabled.

EMPLOYMENT SECURITY ADMINISTRATION

Grants for employment security administration totaled \$393 million in 1964-65. This sum is 3 percent lower than the grants of 1963-64, and about 12 percent below the all-time high of 1961-62. The grant figures, however, are not an accurate reflection of program trends in the administration of State unemployment insurance and employment services. They represent merely the timing of advances of funds through the Department of Labor from the (Federal) unemployment trust fund.

HEALTH SERVICES AND CONSTRUCTION

Grants for health services and the construction of hospitals, health research facilities, and waste treatment works rose to the highest sum ever granted for these purposes, \$509 million. The 1964-65 grants were nearly one-third more than those of the preceding year. Health construction grants totaled \$360 million, an increase of 40 percent from 1963-64. Part of this expansion is the result of growth of the continuing construction programs. Almost one-fifth, or \$93 million, of total health grants represents health construction activities under the accelerated public works program, which were for the first time separately identifiable and have been grouped with "health" rather than with "all other" grants.

The health service grants rose 12 percent to \$149 million. An increase was recorded for every program in the group with the exception of the grants for community health practice and research (formerly general health assistance). The latter decreased for the second year in a row; they

averaged about \$16 million a year for a half-dozen years, with a peak of \$17.9 million in 1960-61. In 1963-64 they decreased to \$15 million, and in 1964-65 to \$11 million. Many of the annual increases were small, yet a small dollar increase in a small program can yield an enormous percentage

increase. Grants for radiological health services, for instance, increased only half a million dollars—not a large amount compared with the multimillions and billions mentioned throughout this article—but it represented a 28 percent increase in the 1964-65 radiological health program.

TABLE 1.—Federal grants to State and local governments, amounts
[Amounts in thousands]

States ranked by 1962-64 average per capita personal income	All grants ¹	Social welfare									
		Total		Public assistance		Employment security administration		Health			
		Amount	Per cent of all grants	Amount	Per cent of all grants	Amount	Per cent of all grants	Total		Services	Construction
								Amount	Per cent of all grants		
Total ²	\$10,630,073	\$5,814,228	54.7	\$3,059,498	28.8	\$393,251	3.7	\$508,855	4.8	\$149,260	\$359,595
United States ³	10,534,547	5,740,043	54.5	3,052,075	29.0	389,949	3.7	496,627	4.7	145,016	351,612
High-income group.....	4,827,388	2,772,500	57.4	1,552,294	32.2	225,927	4.7	192,040	4.0	62,936	129,104
District of Columbia.....	64,277	36,454	56.7	12,292	19.1	3,320	5.2	6,717	10.4	1,834	4,883
Delaware.....	31,591	12,934	40.9	4,676	14.8	920	2.9	1,754	5.6	724	1,030
Nevada.....	54,837	11,702	21.3	3,410	6.2	1,756	3.2	1,092	2.0	725	368
Connecticut.....	136,593	61,392	44.9	32,310	23.7	6,415	4.7	3,195	2.3	1,783	1,413
New York.....	786,224	534,157	67.9	319,101	40.6	52,416	6.7	33,608	4.3	10,125	23,484
California.....	1,057,810	680,649	64.3	457,663	43.3	55,014	5.2	29,860	2.8	10,504	19,355
Illinois.....	492,422	253,077	51.4	142,347	28.9	17,728	3.6	14,114	2.9	5,959	8,155
New Jersey.....	225,083	126,905	56.4	48,644	21.6	13,118	5.8	15,098	6.7	3,448	11,650
Alaska.....	87,952	18,802	21.4	2,043	2.3	3,408	3.9	1,314	1.5	624	690
Massachusetts.....	282,820	169,341	59.9	95,356	33.7	14,196	5.0	14,866	5.3	3,668	11,197
Maryland.....	146,682	85,442	58.2	32,497	22.2	6,416	4.4	7,453	5.1	2,209	5,244
Michigan.....	353,865	180,969	51.1	86,439	24.4	16,847	4.8	15,718	4.4	5,410	10,308
Washington.....	197,258	113,545	57.6	61,139	31.0	7,210	3.7	7,518	3.8	2,394	5,124
Ohio.....	437,520	223,205	51.0	108,770	24.9	15,095	3.5	18,453	4.2	5,709	12,744
Hawaii.....	42,246	25,400	60.1	5,789	13.7	1,491	3.5	4,805	11.4	2,244	2,561
Colorado.....	146,196	81,181	55.5	42,721	29.2	4,108	2.8	4,946	3.4	2,118	2,828
Missouri.....	284,013	157,348	55.4	97,093	34.2	6,468	2.3	11,529	4.1	3,459	8,071
Middle-income group.....	2,564,894	1,216,831	47.4	540,312	21.1	87,002	3.4	135,309	5.3	36,723	98,586
Oregon.....	139,444	49,321	35.4	22,056	15.8	4,909	3.5	5,969	4.3	1,705	4,264
Pennsylvania.....	503,437	304,870	60.6	139,659	27.7	28,703	5.7	39,284	7.8	8,070	31,214
Wyoming.....	59,221	9,493	16.0	2,986	5.0	1,140	1.9	709	1.2	498	211
Indiana.....	181,903	76,655	42.1	28,710	15.8	6,544	3.6	9,429	5.2	2,522	6,907
Rhode Island.....	65,398	36,800	56.3	16,137	24.7	3,569	5.5	6,697	10.2	1,108	5,589
Wisconsin.....	145,637	82,181	56.4	37,312	25.6	6,307	4.3	8,334	5.7	2,658	5,681
Nebraska.....	76,315	35,068	46.0	14,745	19.3	1,883	2.5	3,354	4.4	932	2,422
Iowa.....	131,049	71,304	54.4	35,027	26.7	3,616	2.8	7,732	5.9	2,144	5,588
Minnesota.....	224,337	101,461	45.2	53,726	23.9	4,973	2.2	10,093	4.5	2,984	7,109
New Hampshire.....	34,567	16,472	47.6	5,483	15.9	1,577	4.6	2,718	7.9	676	2,042
Kansas.....	123,913	62,580	50.5	31,751	25.6	3,301	2.7	4,248	3.4	1,492	2,756
Montana.....	83,043	18,806	22.6	6,590	7.9	1,967	2.4	2,499	3.0	871	1,628
Arizona.....	120,636	50,601	41.9	20,398	16.9	3,291	2.7	3,478	2.9	1,188	2,290
Florida.....	248,307	146,717	59.1	74,514	30.0	6,806	2.7	13,482	5.4	4,518	8,964
Utah.....	99,984	35,316	35.3	15,240	15.2	3,475	3.5	3,413	3.4	1,035	2,378
North Dakota.....	57,932	24,265	41.9	10,859	18.7	1,466	2.5	2,405	4.2	785	1,620
Virginia.....	269,773	94,923	35.2	25,120	9.3	4,374	1.6	11,461	4.2	3,537	7,924
Low-income group.....	3,196,119	1,822,622	57.0	976,766	30.6	74,592	2.3	169,017	5.3	45,095	123,922
Texas.....	540,032	294,379	54.5	174,337	32.3	15,906	2.9	23,186	4.3	6,719	16,468
Vermont.....	41,384	15,562	37.6	7,189	17.4	1,201	2.9	2,800	6.8	689	2,110
Maine.....	58,410	30,750	52.6	15,064	25.8	1,835	3.1	3,664	6.3	909	2,756
Oklahoma.....	221,587	144,858	65.4	89,855	40.6	5,204	2.3	7,263	3.3	2,132	5,132
Idaho.....	64,209	22,399	34.9	10,195	15.9	2,379	3.7	2,190	3.4	908	1,282
New Mexico.....	96,750	45,140	46.7	20,508	21.2	2,228	2.3	3,730	3.9	1,420	2,311
South Dakota.....	71,336	23,524	33.0	9,796	13.7	1,253	1.8	2,246	3.1	581	1,665
West Virginia.....	160,099	83,844	52.4	43,541	27.2	2,687	1.7	8,089	5.1	2,268	5,821
Georgia.....	267,151	158,761	59.4	77,255	28.9	5,161	1.9	16,316	6.1	3,973	12,343
North Carolina.....	217,907	151,658	69.6	71,444	32.8	6,437	3.0	17,792	8.2	4,576	13,216
Louisiana.....	323,350	203,901	63.1	142,408	44.0	5,492	1.7	14,299	4.4	2,660	11,638
Kentucky.....	213,508	131,146	61.4	63,693	29.8	3,906	1.8	13,861	6.5	3,662	10,199
Tennessee.....	243,301	113,056	46.5	48,995	20.1	5,045	2.1	12,383	5.1	3,543	8,840
Alabama.....	251,788	147,229	58.5	82,720	32.9	5,009	2.0	15,589	6.2	3,516	12,073
South Carolina.....	106,799	65,042	60.9	26,777	25.1	3,528	3.3	8,090	7.6	2,839	5,251
Arkansas.....	152,625	96,938	63.5	49,310	32.3	3,698	2.4	86,333	5.7	1,952	6,681
Mississippi.....	165,883	94,434	56.9	43,679	26.3	3,624	2.2	8,885	5.4	2,749	6,137
Outlying areas:											
Puerto Rico.....	89,424	69,192	77.4	7,138	8.0	3,155	3.5	11,394	12.7	3,505	7,889
Virgin Islands.....	3,277	2,451	74.8	218	6.7	126	3.9	531	16.2	440	91
Other.....	2,824	2,541	90.0	67	2.4	20	.7	303	10.7	300	4

¹ See footnotes to table 2 for programs in each group of grants.

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

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

Similarly, an increase of only \$4 million in communicable disease control services grants represented an increase of 137 percent in that program to somewhat more than \$7.7 million. Services for maternal and child health and for crippled children were expanded, and the grants totaled \$32

million for each program. This sum represents approximately twice the amounts granted for such services at the close of the fifties and about three times the grants at the start of that decade.

Two programs appear in the series for the first time in 1964-65—air pollution control (\$3 mil-

and percent of total grants, by purpose, fiscal year 1964-65

[Amounts in thousands]

Social welfare—Continued								Highway construction		Urban affairs	Agriculture and natural resources	Miscellaneous	States ranked by 1962-64 average per capita personal income
Other welfare services				Education				Amount	Percent of all grants				
Total		Economic opportunity	Other	Total		Services	Construction						
Amount	Percent of all grants			Amount	Percent of all grants								
\$1,170,039	11.0	\$137,516	\$1,032,524	\$682,584	6.4	\$652,077	\$30,507	\$4,017,736	37.8	\$314,155	\$143,996	\$339,958	Total.
1,127,018	10.7	134,264	992,754	674,374	6.4	644,080	30,294	4,010,803	38.1	310,986	142,647	330,067	United States.
510,378	10.6	63,214	447,164	291,861	6.0	276,453	15,408	1,687,530	35.0	201,088	37,075	129,196	High-income group.
9,780	15.2	2,624	7,156	4,346	6.8	4,318	28	26,404	41.1	1,308	800	111	D. C.
3,412	10.8	289	3,122	2,172	6.9	2,144	28	16,677	52.8	714	788	466	Del.
1,730	3.2	310	1,420	3,713	6.8	3,355	357	41,460	75.6	217	217	670	Nev.
12,615	9.2	2,071	10,545	6,856	5.0	6,694	162	48,417	35.4	22,675	2,251	1,859	Conn.
106,380	13.5	8,892	97,488	22,651	2.9	22,132	520	197,545	25.1	35,941	2,976	15,605	N. Y.
64,146	6.1	10,216	53,929	73,967	7.0	69,417	4,550	324,281	30.7	24,525	7,888	20,466	Calif.
59,989	12.2	7,014	52,975	18,899	3.8	18,654	245	208,972	42.4	19,535	2,554	8,283	Ill.
33,635	14.9	4,942	28,693	16,409	7.3	15,934	475	65,104	28.9	19,371	1,447	12,256	N. J.
2,749	3.1	1,171	1,578	9,287	10.6	8,955	332	53,345	60.7	294	1,329	14,182	Alaska.
29,883	10.6	4,131	25,753	15,039	5.3	14,882	157	77,601	27.4	27,817	1,384	6,678	Mass.
16,467	11.2	745	15,721	22,609	15.4	19,026	3,583	49,723	33.9	7,669	1,627	2,221	Md.
44,287	12.5	4,295	39,992	17,677	5.0	15,645	2,033	132,778	37.5	14,077	2,555	23,487	Mich.
18,986	9.6	1,128	17,858	18,782	9.5	18,417	365	75,192	38.1	1,835	2,615	4,070	Wash.
56,980	13.0	5,984	50,996	23,906	5.5	23,421	484	185,783	42.5	15,883	2,777	9,873	Ohio.
4,726	11.2	784	3,941	8,588	20.3	8,384	204	9,731	23.0	2,971	1,559	2,585	Hawaii.
13,884	9.5	2,469	11,415	15,521	10.6	13,727	1,794	60,571	41.4	1,090	1,695	1,660	Colo.
30,819	10.9	6,148	24,671	11,438	10.0	11,347	92	113,947	40.1	5,164	2,831	4,724	Mo.
279,426	10.9	26,361	253,065	173,882	6.8	163,592	10,294	1,169,685	45.6	62,622	40,745	75,011	Middle-income group.
11,172	8.0	1,102	10,070	5,216	3.8	5,144	72	76,794	55.1	1,119	2,510	9,699	Oreg.
73,865	14.7	5,116	68,749	23,359	4.6	23,310	49	141,924	28.2	31,274	3,124	22,245	Pa.
2,039	3.4	260	1,779	2,619	4.4	2,347	272	48,341	81.6	2	892	492	Wyo.
21,382	11.8	1,649	19,733	10,589	5.8	10,322	267	92,911	51.1	4,166	2,680	5,491	Ind.
5,964	9.1	1,164	4,799	4,433	6.8	4,388	45	24,812	37.9	1,180	628	1,977	R. I.
21,536	14.8	2,077	19,459	8,687	6.0	8,558	129	53,717	36.9	2,436	3,414	1,889	Wis.
7,227	9.5	370	6,857	7,860	10.3	7,488	371	37,251	48.8	117	2,845	1,034	Nebr.
16,323	12.5	831	15,492	8,606	6.6	8,523	82	53,443	40.8	1,628	3,659	1,015	Iowa.
24,542	10.9	3,036	21,506	8,127	3.6	8,082	45	105,047	46.8	8,576	2,744	6,510	Minn.
3,372	9.8	250	3,122	3,322	9.6	3,322	(*)	16,142	46.7	790	1,032	130	N. H.
10,159	8.2	677	9,482	13,121	10.6	12,691	430	50,842	41.0	4,200	5,153	1,139	Kans.
3,304	4.0	272	3,032	4,445	5.4	4,287	158	59,082	71.1	26	1,466	3,664	Mont.
11,858	9.8	3,294	8,564	11,575	9.9	9,372	2,203	66,338	55.0	33	1,902	1,762	Ariz.
32,494	13.1	3,787	28,707	19,421	7.9	16,833	2,588	87,579	35.3	1,211	2,674	10,127	Fla.
6,168	6.2	652	5,517	7,020	7.0	5,952	1,069	60,926	60.9	106	1,519	2,117	Utah.
4,038	7.0	420	3,618	5,497	9.5	4,294	1,203	31,132	53.7	140	1,573	822	N. Dak.
23,983	8.9	1,403	22,580	29,985	11.1	29,678	1,307	163,404	60.6	5,619	2,931	2,896	Va.
420,812	13.2	44,690	376,122	181,435	5.7	176,839	4,596	1,136,271	35.6	46,926	64,440	125,860	Low-income group.
50,127	9.3	3,900	46,226	30,823	5.7	30,057	766	216,296	40.1	8,016	7,944	13,396	Tex.
2,843	6.9	323	2,519	1,530	3.7	1,518	13	24,664	59.6	48	749	360	Vt.
4,930	8.4	561	4,369	5,255	9.0	5,234	21	23,793	40.7	1,079	1,532	1,256	Maine.
26,965	12.2	2,373	24,593	15,571	7.0	14,923	648	57,461	25.9	952	9,931	8,384	Okla.
3,103	4.8	146	2,957	4,532	7.1	4,460	72	39,556	61.6	-----	1,259	994	Idaho.
9,463	9.8	945	8,517	9,210	9.5	9,060	151	47,824	49.4	101	1,461	2,225	N. Mex.
4,479	6.3	245	4,234	5,749	8.1	5,485	265	45,384	63.6	82	1,440	906	S. Dak.
24,443	15.3	4,016	20,427	5,083	3.2	5,031	52	55,847	34.9	1,452	2,791	16,165	W. Va.
39,476	14.8	3,678	35,798	20,554	7.7	18,627	1,927	81,182	30.4	4,891	5,668	16,449	Ga.
38,686	17.8	3,690	34,996	17,300	7.9	17,076	224	51,102	23.5	5,551	3,632	5,964	N. C.
33,441	10.3	928	32,514	8,262	2.6	8,241	21	102,918	31.9	382	2,672	13,477	La.
40,108	18.8	9,339	30,769	9,579	4.5	9,537	42	60,052	28.1	4,015	3,382	14,912	Ky.
35,366	14.5	4,035	31,331	11,268	4.7	11,179	89	108,412	44.6	11,150	3,555	7,128	Tenn.
33,262	13.2	1,033	32,229	10,649	4.2	10,513	136	90,530	35.9	2,325	3,008	8,697	Ala.
15,554	14.6	830	14,724	11,094	10.4	11,032	62	34,727	32.5	501	2,626	3,903	S. C.
28,423	18.6	6,250	22,172	6,874	4.5	6,796	78	38,767	25.4	6,083	4,699	6,139	Ark.
30,143	18.2	2,397	27,746	8,102	4.9	8,071	31	57,754	34.8	299	7,893	5,504	Miss.
40,984	45.8	3,093	37,892	6,521	7.3	6,518	2	6,932	7.8	2,683	1,314	9,304	Outlying areas:
1,137	34.7	35	1,102	439	13.4	236	203	-----	-----	-----	12	327	P. R.
900	31.9	124	776	1,251	44.3	1,244	7	-----	-----	-----	22	260	V. I.
													Other.

* Includes a small amount of undistributed sums.
 † Less than \$500,000.

Source: Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1965.

TABLE 2.—Federal grants to State and local governments, amount and percent of total grants by purpose, fiscal years 1929-30 through 1964-65¹

[Amounts in millions]

Fiscal year	Total	Social welfare										Highway construction ⁷		All other ⁸			
		Total		Public assistance ²		Employment security administration ³		Health services ⁴		Other welfare services ⁵		Education ⁶		Amount	Percent	Amount	Percent
		Amount	Percent of all grants	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent				
1929-30	\$100	\$19	18.9					(9)	(9)	\$1	1.3	\$18	17.6	\$76	75.5	\$6	5.6
1930-31	180	21	11.3							1	.8	19	10.7	154	85.2	6	3.3
1931-32	214	22	10.9							2	.8	20	9.3	186	87.1	6	2.8
1932-33	190	21	10.9							2	.9	19	10.0	163	86.0	6	3.1
1933-34	1,803	20	1.1			\$1	(9)			1	.1	18	1.0	222	12.3	1,561	86.6
1934-35	2,197	24	1.1							1	.1	21	1.0	275	12.5	1,898	86.4
1935-36	1,015	102	10.0	\$28	2.8	3	.3	\$4	0.4	34	3.4	32	3.1	294	22.1	689	67.9
1936-37	818	225	27.5	144	17.6	11	1.4	13	1.6	24	3.0	32	3.9	341	41.6	253	30.9
1937-38	790	359	45.4	216	27.3	46	5.8	15	1.9	40	5.0	42	5.3	247	31.3	184	23.3
1938-39	1,031	439	42.6	247	24.0	63	6.1	15	1.4	71	6.9	43	4.2	192	18.6	400	38.8
1939-40	967	524	54.2	271	28.0	120	12.4	22	2.3	68	7.0	44	4.5	165	17.0	278	28.8
1940-41	915	618	67.5	330	36.0	66	7.2	26	2.8	90	9.9	106	11.6	171	18.7	127	13.8
1941-42	926	687	74.2	375	40.4	74	8.0	29	3.1	65	7.0	144	15.6	158	17.0	81	8.8
1942-43	991	684	69.0	396	39.9	40	4.0	30	3.1	55	5.5	164	16.5	174	17.6	133	13.4
1943-44	983	693	70.6	405	41.2	35	3.6	60	6.1	64	6.5	129	13.1	144	14.7	145	14.8
1944-45	917	693	75.5	410	44.7	34	3.7	79	8.6	74	8.1	96	10.5	87	9.5	137	14.9
1945-46	844	694	82.2	439	52.0	55	6.5	71	8.4	78	9.3	51	6.0	75	8.8	75	8.9
1946-47	1,549	1,295	83.6	614	39.6	99	6.4	63	4.1	461	29.8	58	3.7	199	12.8	55	3.6
1947-48	1,575	1,217	77.2	718	45.6	158	10.0	55	3.5	172	10.9	113	7.2	318	20.2	40	2.6
1948-49	1,836	1,354	73.8	928	50.6	161	8.8	67	3.6	129	7.0	69	3.8	410	22.4	71	3.9
1949-50	2,208	1,715	77.7	1,123	50.9	215	9.7	124	5.6	184	8.3	70	3.2	429	19.4	64	2.9
1950-51	2,250	1,788	79.4	1,186	52.7	176	7.8	174	7.7	172	7.6	80	3.6	400	17.8	62	2.8
1951-52	2,327	1,839	79.0	1,178	50.6	183	7.9	187	8.1	147	6.3	144	6.2	420	18.1	68	2.9
1952-53	2,757	2,147	77.9	1,330	48.2	198	7.2	173	6.3	201	7.3	247	8.9	517	18.8	92	3.3
1953-54	2,956	2,321	78.5	1,438	48.6	200	6.8	140	4.7	308	10.4	235	8.0	538	18.2	96	3.3
1954-55	3,094	2,382	76.9	1,427	46.1	189	6.1	119	3.9	369	11.9	278	9.0	597	19.3	115	3.7
1955-56	3,438	2,589	75.3	1,455	42.3	260	7.6	133	3.9	488	14.2	252	7.3	740	21.5	109	3.2
1956-57	3,933	2,819	71.7	1,556	39.6	320	8.1	163	4.2	526	13.4	254	6.4	955	24.3	159	4.0
1957-58	4,792	3,084	64.4	1,795	37.5	324	6.8	193	4.0	489	10.2	284	5.9	1,519	31.7	189	3.9
1958-59	6,314	3,459	54.7	1,966	31.1	297	4.7	247	3.9	597	9.5	351	5.6	2,614	41.4	240	3.8
1959-60	6,837	3,625	53.0	2,059	30.1	317	4.6	255	3.7	576	8.4	418	6.1	2,942	43.0	270	4.0
1960-61	6,920	3,968	57.3	2,167	31.3	359	5.2	284	4.1	723	10.4	436	6.3	2,623	37.9	329	4.8
1961-62	7,702	4,550	59.1	2,432	31.6	449	5.8	305	4.0	898	11.7	465	6.0	2,783	36.1	369	4.8
1962-63	8,323	4,847	58.2	2,730	32.8	330	4.0	343	4.1	915	11.0	528	6.3	3,023	36.3	454	5.5
1963-64	9,774	5,387	55.1	2,944	30.1	405	4.1	380	4.0	1,102	11.3	547	5.6	3,644	37.3	743	7.6
1964-65	10,630	5,814	54.7	3,059	28.8	393	3.7	509	4.8	1,170	11.0	683	6.4	4,018	37.8	798	7.5

¹ For most years, on checks-issued basis for most of the programs. For recent years includes small amounts under a few programs to Guam, American Samoa, the Canal Zone, and the Trust Territory of the Pacific, and small amounts undistributable among the States.

² Old-age assistance, aid to families with dependent children, and aid to the blind, 1935-36 to date; aid to the permanently and totally disabled, 1950-51 to date; medical assistance for the aged, 1960-61 to date; and aid to the aged, blind, or disabled, 1963-64, all under the Social Security Act as amended.

³ 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.

⁴ 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, radiological health, 1962-63 to date; vaccination assistance, 1963-64; dental services, 1964-65.

⁵ 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 August 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; Federal share of value of food stamps redeemed under pilot plan, 1961-62 to date; manpower development activities, 1962-63 to date; and economic opportunity programs of adult education, work experience and training, community action, Neighborhood Youth Corps, beginning 1964-65.

⁶ 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.

⁷ 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, 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.

⁸ 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; area redevelopment assistance and accelerated public works, 1962-63 to date; and open-space land acquisition, 1963-64 to date.

⁹ Grants for promotion of welfare and hygiene of maternity and infancy that amounted to \$9,522.

Sources: *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.

lion) and dental health services (\$400,000). Neither represent entirely new areas of Federal concern; grants to nongovernmental agencies (reviewed in the second part of this article) were first made for air pollution control in 1962-63, and for dental services in 1963-64. Beginning 1964-65 they were made both to governmental and to other agencies or institutions.

OTHER WELFARE SERVICES

The group of grants classified as "other welfare" (welfare programs other than public assistance) held at somewhat more than the one billion-dollar mark for the second straight year. Although the amounts granted increased by only 6 percent overall, the addition of a whole subgroup of newly created programs—referred to here as "economic opportunity" grants but also known as the antipoverty crusade or the war against poverty—has vastly changed the composition of the group. Most of these new programs had not been in operation for the full fiscal year 1964-65. In future years, however, they may be expected to mitigate the preponderant influence on the "other welfare" group of the wide annual fluctuations inherent in the surplus agricultural commodity (food) distribution programs.

Economic opportunity grants.— The economic opportunity programs operate under three types of fiscal arrangements. One group, including the Job Corps for unemployed youth and the VISTA program of volunteer services, is financed and operated directly by the Federal Government or by the States or localities acting as agents of the Federal Government. These will not be discussed here. Another group is financed through grants to State and local governments; these programs are discussed immediately below. The third set of programs, financed by grants to individuals and institutions outside government channels, is discussed in part II of this review.

A total of \$138 million was granted to States and localities in 1964-65 for five programs, four of them under the Economic Opportunity Act of 1964.¹ Section 2 of that Act declares it to be ". . . the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the op-

portunity for education and training, the opportunity to work, and the opportunity to live in decency and dignity. It is the purpose of this Act to strengthen, supplement, and coordinate efforts in furtherance of that policy." The fifth grant program involves certain administrative expenses in connection with the manpower development and training activities program; data for these grants since the beginning of the program in 1962-63 are only now being added to the grant series. The amounts involved are \$4 million for 1962-63, \$9 million for 1963-64, and \$23 million for 1964-65. This part of the manpower development program—the administrative aspects—is operated by grants to the States through the Department of Labor. Provision of training facilities is financed by grants to the nongovernment suppliers through the U.S. Office of Education, and are grouped with grants to individuals. Allowances to the trainees are excluded from both series by definition. They are not part of the grants to States, for the States are acting here as Federal agents; nor are they grants to individuals because they are viewed as income-maintenance payments closely related to unemployment insurance.

Two of the four new economic opportunity grant programs are administered in the Department of Health, Education, and Welfare. One is the work experience program for which \$20 million was granted in the initial year 1964-65 in almost all States and territories. The purpose of the program is to provide work and training for unemployed parents of dependent children and other needy to prepare them for regular employment and self-support. Some States already have training programs for relief recipients that are being expanded by the new grants. In the others, project grants have been instituted that may become part of continuing State or local programs. The grants are administered by the Bureau of Family Services in the Welfare Administration.

More than \$3 million was granted for the second of the Department's economic opportunity programs—adult basic education; administered by the U.S. Office of Education. The purpose of these grants is to initiate instruction programs for adults (18 or over) whose inability to read and write English substantially impairs their ability to get or keep jobs.

¹P.L. 88-452, approved Aug. 20, 1964.

A case could be made for classifying the adult education program with the education group rather than with "other welfare" grants. The thrust of the programs, however, is to reduce dependency by removing impediments to productive and profitable employment—which places it more clearly in the welfare area. For this series, it is deemed appropriate to concentrate the package of economic opportunity programs, with regard to current interest in the program as a whole and to future historical research needs.

One economic opportunity grant program is operated directly by the Office of Economic Opportunity, which is part of the Executive Office of the President of the United States—the community action program, for which \$47 million was granted in 1964–65. Federal grants for community action programs are for the purpose of helping rural and urban communities mobilize their resources to combat poverty, with the long-range objective of bringing about a permanent increase in the capacity of poor people and poor communities, to cope with their problems. A notable feature, one written into the statute, calls for programs "developed, conducted, and administered with the maximum feasible participation of residents of the areas and members of the groups served." Considerable latitude is permitted in selecting the elements composing a local community action program: remedial reading, literacy courses, job training, employment counseling, housing code improvement and enforcement, homemaker services, workshops, job development, and health services are but examples of the many activities supported by the grants within a local antipoverty program.

The last of the economic opportunity grant program is the Neighborhood Youth Corps for which \$44 million was granted in the latter part of 1964–65. The dual purpose of this program is to enroll young men and women between 16 and 21 in productive full- or part-time work experience in State and local public service and non-profit organizations on the one hand, and on the other to provide in-school and summer jobs for students who would otherwise have to leave school for financial reasons. In addition to the experience of regular employment, the out-of-school youths receive remedial education, counseling, and training to increase their employability. NYC is operated by the Department of Labor. This pro-

gram is not to be confused with the college work-study program (also under the Economic Opportunity Act) discussed in Part II, in which the Federal funds are channeled directly through institutions of higher learning.

Welfare programs under other laws.—In 1964–65, about \$1,033 million was granted under programs continuing from prior years that constituted the entire "other welfare" grant group up to now. The two HEW programs of the group are vocational rehabilitation, up 16 percent to \$101 million, and child welfare services, up 17 percent to \$34 million in 1964–65. The five food programs, including the commodity distribution grants in kind, school lunch and food stamp programs, together totaled \$682 million, 13 percent less than their 1963–64 total, largely as a result of a decrease in availability for donation of "section 416" Commodity Credit Corporation foods. The Federal annual contribution to local public housing authorities increased by 13 percent to \$206 million.

EDUCATION

Of the \$683 million granted in 1964–65 for education services and the construction of education facilities, \$652 million or 95 percent went for the service grants. This amount represents a 28 percent increase from the preceding year and includes the eight programs administered in the Department of Health, Education, and Welfare and the two administered by the Department of Agriculture (agricultural extension, \$80 million) and the Department of Commerce (merchant marine schools, \$661,000). Educational television was the only program added in 1964–65 when \$3 million in grants for this purpose were made to States and localities. In the preceding year a scant \$2 million had been granted to private recipients for the same purpose.

In 1963–64, \$542,000 was granted for training teachers of the mentally retarded. The program was expanded in 1964–65 to include handicaps of all types and nearly six times that sum was granted. Library service grants of \$26 million in 1964–65 were more than triple their counterparts of the preceding year. Grants for vocational education of \$132 million were also more than

three times their 1963-64 total. Maintenance of schools in "federally impacted" areas cost the Government more in 1964-65 than in any year since the program began with \$5 million of grants in 1946-47. The \$311 million so granted for this purpose in 1964-65 represented a 10-percent increase from the preceding year. Grants for national defense education activities receded somewhat, to a 1964-65 total of \$81 million.

Federal grants for construction of educational facilities were at their lowest ebb since the first \$3 million was granted in 1950-51 to build schools in "federally impacted" areas. The \$29 million granted in 1964-65 was one-fourth less than in the preceding year. (The high mark for this program was the \$121 million granted in 1954-55.) Institution of a new grant program for the construction of State or local facilities for higher education added only \$1 million to the 1964-65 construction total.

TOTAL GRANTS FOR SOCIAL WELFARE PURPOSES

All the grant groups discussed up to this point fall into the general category of social welfare: public assistance and other welfare programs, employment security administration, health, and education. In 1964-65, grants for the totality of social welfare purposes amounted to \$5.8 billion, 8 percent more than the preceding year but about the same proportion (55 percent) of all Federal grants to States and localities. A decade ago, social welfare grants of \$2.4 billion encompassed 77 percent of the 1954-55 Federal grant total.

The social welfare grants for each State are shown in table 1. The States have been ranked by per capita personal income—averaged for 3 years as required in many of the grant formulas to dampen the effect of single-year fluctuations—and divided into high-, low-, and middle-income groups. Social welfare grants represented 57 percent of all the Federal grants disbursed in the high-income group; they were 47 percent of total grants paid in the middle-income States, and 57 percent in the low-income group. In 1963-64 the relationship had been: 56 percent, 50 percent, and 56 percent, respectively. In 1964-65, the middle-income group thus reflects the decreasing importance of social welfare programs in the Federal grants to States and localities. It might have been

expected that the poorer States would have been the largest recipients of social welfare grants and the richer States the smallest. Because of the Federal matching of State expenditures, however, relatively large expenditures for public assistance result, up to a point, in relatively high Federal grants. The high-income States were thus the largest receivers—in dollars as well as percentage—of public assistance grants, and the low-income States the lowest.

HIGHWAY CONSTRUCTION

For the better part of a decade now, highway construction grants have been the largest group. The \$4.0 billion in grants for this purpose in 1964-65 was 10 percent or \$374 million more than 1963-64. They represented 38 percent of all Federal grants, about the same proportion as in the 2 preceding years. The bulk of this group is the Federal-aid highway program financed from the highway trust fund.

The gap between highway grants and the next largest group (public assistance) continued to widen. In 1964-65, highway grants were nearly one-third more than those for public assistance. There has been considerable fluctuation in the size of this gap since highway grants first superseded public assistance grants as the largest group in 1958-59. Highway grants have ranged from as much as 43 percent more than public assistance grants in 1959-60 to 11 percent more in 1962-63. More broadly, about one and one-half times as much Federal money was granted for highways in 1964-65 as for all the social welfare grant programs, except public assistance, added together.

URBAN AFFAIRS

In 1964-65 three on-going programs constituted this new group. Almost \$17 million was granted for the purpose of urban planning—9 percent more than in 1963-64. Close to \$292 million in grants was disbursed for programs of urban renewal, of which \$11 million was pinpointed for urban mass transportation; the remaining \$281 million was one-third more than the sum granted for similar projects in 1963-64. Under the third

program,. \$6 million went for open-space land acquisition grants in its second year of operation.

Theoretically, an urban affairs group might also include the public housing grants which are preponderantly for urban areas. However, these low-income subsidy payments belong so definitely within the social welfare perimeter that it would be a serious distortion—given a choice—to exclude them from the “other welfare” group where they have been classified in the past and lump them together with such programs as subway building and the revitalization of downtown commercial areas.

It could also be said that the airport construction program belongs with an urban affairs group. Certainly in our modern life getting from city to city rapidly is perhaps of equal importance as getting from place to place within cities. But the Federal airport program serves other than strictly urban areas and is in some measure connected—however tenuously—with the national defense. Therefore this program has been excluded from the urban affairs group.

AGRICULTURE AND NATURAL RESOURCES

Six programs constitute the second new group created from the former “all other” miscellany, all but one of which are continued from previous years. Somewhat more than \$1 million was granted for a new program of basic scientific research affecting agriculture; these grants are from the first appropriation made under legislation that was passed and approved in 1958 (P.L. 85-934). The “old” programs operated in 1964-65 at about the same level as in 1963-64. They include cooperative projects in marketing, \$3 million; cooperative State research service (the former agricultural experiment stations), \$45 million; forest protection, utilization and restoration, \$15 million; watershed protection and allied functions, \$58 million; and fish and wildlife restoration and management, \$20 million.

MISCELLANEOUS GRANTS

The \$340 million granted in 1964-65 for the remaining miscellany of programs not otherwise classified represents a decrease of about 9 percent

from grants for the same programs in 1963-64. The new miscellaneous group consists of grants for the following programs: public facilities construction and area redevelopment assistance, \$8 million or about one-fourth less than 1963-64; civil defense, \$22 million, up 5 percent; airport construction, \$71 million, an 8 percent increase; accelerated public works, \$196 million (after splitting off the \$93 million for health construction, grants for the entire program were 12 percent higher than in 1963-64); disaster assistance, \$43 million, including a small sum for a State and local preparedness program; and \$182,000 for small business management research.

RELATION TO OTHER INDICATORS

Grants per capita are shown in table 3 by State and major purpose. As in table 1, the States are classified by size of per capita income in three 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. Although there is considerable overlap from group to group, somewhat higher grants per capita may in general be expected in the low-income than in the middle-income States and in the middle-income than in the high-income States.

The national average of grants per capita in 1964-65 was \$55.05 with a range of \$318.04—from \$351.81 in Alaska to \$33.77 in New Jersey, both high-income States. The national average is \$3.75 per person more than in 1963-64, and the range between the highest and lowest States is wider by \$23.75. With these extremes eliminated the second highest grants were in Wyoming (\$175.21 per capita), the second lowest in Wisconsin (\$35.43). Both of these are middle-income States with only two States between them in the tabular ranking. Although the highest and lowest per capita recipient States have remained the same for several years, the spread between them widens each year. Minimum allotment provisions in certain of the grant formulas, particularly for highway 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. Both Alaska and Wyoming fell in this group.

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 or a measure of fiscal capacity, or both. (Formula grants continue to

dominate the series despite the increasing use of project grants in recent years.) The main exception to this observed tendency is in grants for employment security administration, which are generally higher in States with high per capita personal income—the States of greatest economic activity. In 1964–65 these grants averaged \$2.04 per capita for the country as a whole. They

TABLE 3.—Federal grants in relation to personal income and population, by State and purpose, fiscal year 1964–65¹

States ranked by 1962-64 per capita personal income	Average per capita personal income, 1962-1964	Total grants as percent of personal income, 1964	Per capita grants							
			Total	Public assistance	Employment security administration	Health services	Other welfare services	Education	Highways	All other
Total ²			\$54.73	\$15.75	\$2.02	\$2.62	\$6.02	\$3.51	\$20.69	\$4.11
United States ³	\$2,460	2.14	55.05	15.95	2.04	2.60	5.89	3.52	20.96	4.10
High-income group		1.72	50.79	16.33	2.38	2.02	5.37	3.07	17.76	3.87
District of Columbia	3,357	2.25	80.85	15.46	4.17	8.45	12.30	5.47	33.21	1.78
Delaware	3,292	1.86	63.69	9.43	1.85	3.54	6.88	4.38	33.62	3.99
Nevada	3,211	4.14	130.88	8.14	4.19	2.61	4.13	8.86	98.95	4.00
Connecticut	3,155	1.50	49.08	11.61	2.31	1.15	4.53	2.46	17.40	9.62
New York	3,037	1.39	43.99	17.85	2.93	1.88	5.95	1.27	11.05	3.05
California	2,991	1.88	58.52	25.32	3.04	1.65	3.55	4.09	17.94	2.93
Illinois	2,916	1.54	46.70	13.50	1.68	1.34	5.69	1.79	19.82	2.88
New Jersey	2,905	1.12	33.77	7.30	1.97	2.27	5.05	2.46	9.77	4.96
Alaska	2,899	11.29	351.81	8.17	13.63	5.26	11.00	37.15	213.37	63.22
Massachusetts	2,834	1.79	53.27	17.96	2.67	2.80	5.63	2.83	14.62	6.76
Maryland	2,746	1.49	42.63	9.44	1.86	2.17	4.79	6.57	14.45	3.35
Michigan	2,585	1.59	43.40	10.60	2.07	1.93	5.43	2.17	16.28	4.92
Washington	2,572	2.51	66.48	20.61	2.43	2.53	6.37	6.33	25.34	2.87
Ohio	2,532	1.64	43.10	10.72	1.49	1.82	5.61	2.36	18.30	2.81
Hawaii	2,515	2.34	59.67	8.18	2.11	6.79	6.67	12.13	13.74	10.05
Colorado	2,512	2.90	75.51	22.07	2.12	2.55	7.17	8.02	31.29	2.30
Missouri	2,490	2.48	63.49	21.71	1.45	2.58	6.89	2.56	25.47	2.84
Middle-income group		2.20	53.34	11.24	1.83	2.81	5.81	3.62	24.33	3.71
Oregon	2,484	2.86	74.13	11.73	2.61	3.17	5.94	2.77	40.83	7.09
Pennsylvania	2,477	1.69	43.81	12.15	2.50	3.42	6.43	2.03	12.35	4.93
Wyoming	2,447	7.08	175.21	8.83	3.37	2.09	6.03	7.75	143.02	4.10
Indiana	2,439	1.48	37.56	5.93	1.35	1.96	4.42	2.19	19.18	2.55
Rhode Island	2,429	2.85	73.98	18.25	4.04	7.58	6.75	5.02	28.07	4.28
Wisconsin	2,388	1.42	35.43	9.08	1.53	2.03	5.24	2.11	13.07	2.37
Iowa	2,308	2.00	47.46	12.69	1.31	2.80	5.91	3.12	19.35	2.28
Nebraska	2,308	2.19	51.88	10.02	1.28	2.28	4.91	5.34	25.32	2.72
Minnesota	2,306	2.68	63.64	15.24	1.41	2.86	6.96	2.31	29.80	5.06
New Hampshire	2,281	2.22	52.45	8.22	2.39	4.12	5.12	5.04	24.49	2.96
Kansas	2,277	2.37	55.64	14.25	1.48	1.91	4.56	5.89	22.83	4.71
Montana	2,235	5.23	118.29	9.39	2.80	3.56	4.71	6.33	84.16	7.34
Arizona	2,202	3.42	77.83	13.16	2.12	2.24	7.65	7.47	42.80	2.39
Florida	2,163	1.93	43.94	13.19	1.20	2.39	5.75	3.44	15.50	2.48
Utah	2,129	4.67	102.76	15.66	3.57	3.51	6.34	7.21	62.62	3.85
North Dakota	2,117	4.21	89.13	16.71	2.25	3.70	6.21	8.46	47.90	3.90
Virginia	2,108	2.75	61.78	5.75	1.00	2.62	5.49	6.87	37.42	2.62
Low-income group		3.44	66.24	20.25	1.55	3.50	8.72	3.76	23.55	4.92
Texas	2,098	2.37	51.97	16.78	1.53	2.23	4.82	2.97	20.82	2.83
Vermont	2,060	4.77	104.51	18.15	3.03	7.07	7.18	3.86	62.28	2.92
Maine	2,023	2.77	59.06	15.23	1.86	3.71	4.99	5.31	24.05	3.91
Oklahoma	1,998	4.32	90.04	36.51	2.11	2.95	10.96	6.33	23.35	7.83
Idaho	1,984	4.59	93.33	14.82	3.46	3.18	4.51	6.59	57.49	3.27
New Mexico	1,984	4.70	95.51	20.24	2.20	3.68	9.34	9.09	47.21	3.74
South Dakota	1,973	5.31	101.76	13.97	1.79	3.20	6.39	8.20	64.74	3.46
West Virginia	1,860	4.53	87.77	23.87	1.47	4.43	13.40	2.79	30.62	11.19
Georgia	1,837	3.20	62.20	17.99	1.20	3.80	9.19	4.78	18.90	6.33
North Carolina	1,812	2.35	44.88	14.72	1.35	3.66	7.97	3.56	10.53	3.12
Louisiana	1,781	4.97	92.73	40.84	1.57	4.10	9.59	2.37	29.51	4.74
Kentucky	1,770	3.69	67.56	20.16	1.24	4.39	12.69	3.03	19.00	7.06
Tennessee	1,764	3.45	64.03	12.89	1.33	3.26	9.31	2.97	28.53	5.75
Alabama	1,646	4.22	73.49	24.14	1.46	4.55	9.71	3.11	26.42	4.09
South Carolina	1,586	2.52	42.33	10.61	1.40	3.21	6.16	4.40	13.76	2.79
Arkansas	1,570	4.77	78.71	25.43	1.91	4.45	14.66	3.54	20.00	8.73
Mississippi	1,369	4.98	72.19	19.01	1.58	3.87	13.12	3.53	25.13	5.96
Outlying areas:										
Puerto Rico			34.69	2.77	1.22	4.42	15.90	2.53	2.69	5.16
Virgin Islands			80.73	5.37	3.11	13.08	28.00	10.81		20.35
Other			12.05	.29	.08	1.30	3.84	5.34		1.21

¹ See footnotes to table 2 for programs in each group of grants.

² See footnote 2, table 1.

³ See footnote 3, table 1.

Source: Per capita data are based on estimates of the Bureau of the Census for the total population, excluding the Armed Forces overseas, as of July 1, 1964. Personal income data are for calendar years and are from the *Survey of Current Business*, July 1965.

averaged \$2.38 per capita in the high-income group and only \$1.55 in the low-income States.

Table 3 also shows the role played by Federal grants in the amount of personal income received in each State. The nationwide average in 1964-65 was 2.14 percent, ranging from 11.29 percent in Alaska to 1.12 percent in New Jersey. Grants in the high-income States averaged 1.72 percent of personal income; in the middle-income group, 2.20 percent; and in the low-income States, 3.44 percent. In 1963-64, total grants were the equivalent of 2.10 percent of personal income.

At the start of the fifties, Federal grants had been the equivalent of 11 percent of State and local general revenues from their own sources.² With a number of new Federal grant programs and increased amounts for the existing ones the ratio rose rather markedly in the decade leading to the present, as shown below:

Item	1949-50	1954-55	1959-60	1962-63	1963-64
State and local direct general revenues (in millions).....	\$19,211	\$27,942	\$43,530	\$53,606	\$58,440
Federal grants:					
Amount (in millions).....	2,208	3,094	6,837	8,323	9,774
Ratio to State and local direct general revenues.....	11.5	11.1	15.7	15.5	16.7

Of every dollar of the total amount of State and local general revenue in recent years, the States and localities collected 86-87 cents from their own sources and received 13-14 cents from the Federal Government in grants.³ In 1953-54, the distribution was 90 cents and 10 cents.

II. Grants to Individuals and Institutions

The Federal Government granted more than \$3.6 billion directly to individuals and institutions in 1964-65, exceeding by \$364 million or 11

² General revenues are classified by source as "from own sources" or direct, and intergovernmental. The great bulk of intergovernmental revenues pass from the Federal Government to the States and localities, mainly in the form of Federal grants.

³ Less than one cent of each revenue dollar came from types of intergovernmental revenue from the Federal Government other than grants: shared taxes, payments in lieu of taxes, and payments for services performed by States or localities on a reimbursable or cost-sharing basis.

percent the total granted in 1963-64 and more than triple the grants reported for 1954-55. Table 4 shows the sums granted under these programs, by groups, in the fifties and sixties.⁴

Grants to individuals and institutions (for brevity, referred to here as grants to individuals) include payments to private individuals and to academic and other institutions and agencies both public and private. The series does not, of course, include the Federal grants to State and local governments reviewed in part I, or income-maintenance payments made through social insurance and such related programs as training allowances or veterans' pensions and compensation. It does, however, include certain multi-purpose agricultural payment programs of which one aspect, is the replacement of income lost by, say, the conversion of cropland to conservation uses.

In 1964-65 increases were registered in three groups of grants: Training programs under other than veterans' legislation rose one-half to \$537 million; payments under the agriculture program were up almost as much to a new high of \$2.2 billion; and National Science Foundation research grants increased 3 percent, totaling \$249 million. The amount for veterans' training was down nearly a third, research grants in the various social welfare fields were reduced by about a fifth to \$518 million, and other social welfare payments were off between a fifth and a fourth from their 1963-64 amounts.

SOCIAL WELFARE GRANTS

The bulk of grants to individuals for social welfare purposes are in the areas of research and training. A relatively small proportion, however, is granted for such other social welfare purposes as relief of refugees and American repatriates and rural housing.

Social welfare grants exceeded \$1 billion for the second successive year since the immediate post-World War II period. As a proportion of all grants to individuals, however, they declined from 35 percent in 1963-64 to 31 percent in 1964-65, reflecting the combination of a small increase

⁴ See Sophie R. Dales, "Federal Grants to Individuals and Institutions," *Social Security Bulletin*, September 1962, for the introductory article on this statistical series, including a technical note on sources and methodology.

(1 percent) in the total amount granted for these purposes and a large increase in grants for other purposes (18 percent for agriculture, for example). The changing emphasis over the years can be seen in the percentage columns of table 4: A decade ago social welfare grants represented 60-70 percent of all grants to individuals and the agriculture group the bulk of the remainder. In 1964-65 positions are almost reversed.

Research and Training Grants

In table 5 all Federal expenditures for research and training through the fiscal device of grants to individuals have been classified according to purpose. This table brings together the grants for research in the social sciences and social welfare with research grants in the basic physical and life sciences.

Although in 1964-65 research and training rose by less than 3 percent to a total of \$1.3

billion, this is a result of the preponderance in the past few years of research grants over training grants. The small overall increase is the composite of a 36-percent increase in total training grants to \$580 million coupled with a 13-percent decrease in research grants to \$767 million. Training grants have been on the rise again since their low point of \$348 million in 1961-62, largely as a result of the initiation and growth of the area redevelopment, manpower development and training programs and, in 1964-65, of the Economic Opportunity Act programs of payments to individuals. The 1964-65, research grants still totaled 32 percent more than all types of training grants, but in 1963-64, at \$887 million, they had been more than double the latter grants.

Veterans and their children.—For several years after World War II veterans' education and training grants accounted for the vast bulk of all grants to individuals. By 1949-50 they still represented 87 percent of the total. Since then,

TABLE 4.—Federal grants to individuals and institutions for social welfare and other purposes, fiscal years 1949-50 and 1954-55 through 1964-65

Fiscal year	Total	Social welfare						National Science Foundation research	Agriculture and natural resources	
		Total		Research ¹	Training		Other social welfare ⁴		Amount ⁵	Percent of all grants
		Amount	Percent of all grants		Veterans ²	Other ³				
1949-50	\$3,043,473	\$2,726,316	89.6	\$12,888	\$2,658,759	\$7,404	\$47,265		\$317,157	10.4
1954-55	1,076,508	738,126	68.6	36,250	676,852	16,467	8,556	\$7,857	330,525	30.7
1955-56	1,159,284	848,964	73.2	40,737	779,318	22,305	6,605	16,543	293,776	25.3
1956-57	1,881,331	928,021	49.3	90,084	787,775	44,938	5,223	31,490	921,820	49.0
1957-58	1,790,430	870,174	48.6	105,182	708,335	52,146	4,510	26,074	894,182	49.9
1958-59	1,961,332	820,877	41.9	152,734	583,063	80,953	4,127	93,044	1,047,411	53.4
1959-60	1,500,890	734,588	48.9	216,411	390,320	123,888	3,970	93,478	672,824	44.8
1960-61	1,799,030	658,237	36.6	248,088	242,802	162,256	5,091	110,550	1,030,242	57.3
1961-62	2,419,533	699,806	28.9	347,441	147,162	200,576	4,627	140,502	1,579,225	65.3
1962-63	2,566,003	867,818	33.8	454,089	92,407	276,234	45,088	92,980	1,605,204	62.6
1963-64	3,262,472	1,127,625	34.6	645,300	63,751	361,905	56,669	241,313	1,898,534	58.0
1964-65	3,626,549	1,142,096	31.5	518,491	43,433	36,661	43,511	248,582	2,235,871	61.7

¹ Research grants in health fields: cancer, dental health, general health, heart disease and mental health, 1949-50 to date; arthritis and metabolic diseases, neurological diseases and blindness, 1954-55 to date; microbiology, 1954-55; allergy and infectious diseases, 1955-56 to date; sanitary engineering, 1956-57; hospital construction research, 1956-57 to date; environmental health, 1960-61 and 1963-64 to date; community health practice and research, 1961-62 to date; general research support, 1962-63 to date; community sanitation, 1962-63; accident prevention, air pollution, occupational health, radiological health, water pollution, 1962-63 to date; health of the aged, communicable disease vaccination assistance, child health and human development, and dental services, 1963-64 to date. Health research facilities construction, 1956-57 to date. National Library of Medicine grants, 1964-65. Research in other social welfare fields: cooperative research in education and special projects in vocational rehabilitation, 1956-57 to date; cooperative research and demonstration projects in social security and social welfare, 1960-61 to date; child welfare services research and demonstration, and juvenile delinquency and youth offenses, 1961-62 to date.

² 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; payments under the War Orphans' Educational Assistance Act of 1956, 1956-57 to date.

³ Training and/or teaching grants and fellowships in the various health fields as initiated, usually in same year as start of corresponding health research grant, see footnote 1. Reimbursements for education of (wartime)

construction personnel, 1949-50. Subsistence of merchant marine cadets, vocational rehabilitation training grants, 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 mentally retarded, 1959-60 to date. Training in maternal and child health and crippled children's services, 1961-62 to date. Education of the deaf from 1962-63, and of all handicapped, from 1964-65. Civil defense training, and occupational training facilities and services under the Area Redevelopment Act and Manpower Development and Training Act, 1962-63 to date. Educational TV facilities and foreign language training grants, 1963-64 to date. College work-study and equal education opportunities programs, 1964-65.

⁴ Farm housing repair, 1949-50. Specially adapted automobiles for disabled veterans, homes for paraplegic veterans, 1949-50 to date. Gratuities on veterans' housing loans, 1949-50 through 1963-64. Rural housing, 1961-62 to date. Assistance to repatriated U.S. nationals and to refugees in the U.S., 1962-63 to date. Special projects in maternity and infant care, 1964-65.

⁵ 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), and National Wool Act payments, 1956-57 to date. Great Plains conservation, 1959-60 to date. Feed grain payments, 1960-61 to date. Wheat program, 1961-62 to date. Land-use adjustment, 1962-63 to date. Cotton domestic allotments, and dairy farmers indemnity, 1964-65.

Source: Annual Reports of the Secretary of the Treasury, Annual Reports of the Administrator of Veterans Affairs, and unpublished reports of the U.S. Public Health Service. Wool Act, feed-grain and wheat programs before 1964-65, as reported by the Department of Agriculture.

TABLE 5.—Federal grants to individuals and institutions for research and training¹

[In millions]

Fiscal year	Total	Research				Training			
		Total	Social welfare		National Science Foundation	Total	Veterans	Health	Other
			Health ²	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		\$7.9	696.3	676.9	13.8	2.7
1955-56.....	858.9	57.3	40.7		16.5	801.6	779.3	17.8	4.5
1956-57.....	954.3	121.6	87.0	\$3.1	31.5	832.7	787.8	35.9	9.0
1957-58.....	891.7	131.3	100.0	5.1	26.1	760.5	708.3	37.0	15.1
1958-59.....	909.8	245.8	147.2	5.5	93.0	664.0	583.1	61.6	19.3
1959-60.....	824.1	309.9	208.3	8.1	93.5	514.2	390.3	82.6	41.3
1960-61.....	763.7	358.6	238.1	10.0	110.6	405.1	242.8	101.0	61.2
1961-62.....	835.7	487.9	334.3	13.1	140.5	347.7	147.2	130.5	70.1
1962-63.....	915.7	547.1	433.7	20.4	93.0	368.6	92.4	159.0	117.3
1963-64.....	1,312.3	886.6	616.9	28.4	241.3	425.7	63.8	208.6	153.3
1964-65.....	1,347.2	767.1	476.3	42.2	248.6	580.1	43.4	192.4	344.2

¹ See table 4 for list of grant programs and sources.

² Includes construction of health research facilities where applicable.

the veterans' programs have experienced a downward trend that was not halted by the addition in 1957 of a war orphans' education program.

As a result of March 1966 legislation extending wartime veterans' benefits to service personnel of the post-Korea period, this social welfare area will undoubtedly have a marked increase shortly. About 3.8 million ex-servicemen and ex-servicewomen who were on active duty after January 31, 1955, have now been classified as "veterans," and future honorably discharged members of the Armed Forces—estimated by the Department of Defense at about 500,000 to 600,000 annually from 1966 through 1970—who served after January 1955 will also be so classed.

The war orphans' program is more appropriately referred to now as "children's education assistance" since it was broadened in 1964 to include children of living veterans with service-connected total disabilities.

Health research and training.—Excluding the veterans' programs, 63 percent of all social welfare research and training grants in 1964-65 were in the area of health, compared with 82 percent in 1963-64. Most of the health programs are administered by the National Institutes of Health, with some few—including the bulk of health construction grants—administered in other parts of the Public Health Service. In many of the health fields, especially the areas of specific diseases, it is often very difficult to demarcate the exact boundaries between the end of training and the beginning of research. Nevertheless—using the National Institutes of Health

grants for research (including construction of health research facilities) on the one hand and grouping their training grants and fellowships on the other—it can be said that health research in 1964-65 amounted to \$476 million, and health training totaled \$192 million. A few research programs showed increases—grants for the recently initiated programs of child health and human development,⁵ chronic diseases and health of the aged, environmental health activities, and dental services. The majority decreased, however, producing a total group decrease of 23 percent. Although more of the fellowship and training programs increased in 1964-65 than decreased, the amounts of the decreases were so large they resulted in an 8-percent lowering of the overall total for health training grants. No new health fields were opened for research or training grants in 1964-65.

Other social welfare research and training.—In 1964-65, about 8 percent of social welfare research grants were in areas other than health, twice the proportion of the total that these programs represented in 1963-64. The dollar amount granted—\$42 million—is also nearly twice the sum granted in the preceding year. All programs showed increases; the two largest—both of more than 70 percent—occurred in grants for cooperative research in education (to \$13 million) and for research and demonstration projects in child welfare services (to \$2 million). Other increases ranged from 45 percent granted for research in

⁵ See the *Social Security Bulletin*, June 1965, page 12.

juvenile delinquency and youth problems (\$9 million) to 9 percent for cooperative research in social security and social welfare (\$1.3 million).

Two new grant programs in this group started in 1964-65. Under the larger program, \$1.9 million was granted for research projects for the advancement of maternal and child health services and crippled childrens services. Under the other, \$184,000⁶ was granted in four States in connection with a national history project. The history grants make available to schools the speeches and writings of the Nation's founders and also finance the gathering of current historical data for the National Archives.

Social welfare training grants for others than veterans and their children and in fields other than health increased 124 percent in 1964-65 to \$344 million. The 1963-64 grants of \$153 million had themselves represented a 30-percent increase from the preceding year; in the 3 years from July 1, 1962 to June 30, 1965, these "other" social welfare training grants have just about tripled. All programs in the group experienced increases in 1964-65—some of the older programs by amounts of less than 10 percent, and several of the newer ones by manyfold increases. Grants for foreign language and area studies, for example, shot up in the program's second year from less than \$150,000 to nearly \$1.5 million, a more than 8-fold jump. Grants for education of the handicapped, another example, rose to nearly \$11 million, four and one-half times their 1963-64 total. At \$89 million, payments by the U.S. Office of Education under the Manpower Development and Training Act were 39 percent above those in 1963-64. The Act is administered jointly by the Office of Education and by the Department of Labor. (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.)

The Economic Opportunity Act of 1964 provided for a new program of grants to individuals that began operations in 1964-65 with nearly \$123 million of grants for college work-study. The grants make possible the offer of part-time jobs during the school year and full-time summer

jobs to low-income youths who need the money to study at the post-high school level. Students must be employed on campus or in public or non-profit organizations. Another new program in 1964-65, under sections 404 and 405 of the Civil Rights Act of 1964, provides grants (a) to colleges and universities for operation of special training institutes to improve the ability of elementary and secondary school personnel "to deal effectively with special educational problems occasioned by desegregation" of schools and for payment of stipends and travel allowances to those who attend; and (b) to local school boards to provide inservice training in dealing with these problems and to employ specialists to advise on their solution. In 1964-65, \$919,000 was granted for these purposes.⁷

Other Social Welfare Grants

Grants to individuals for social welfare purposes other than research and training have been a small part of the social welfare total. In 1964-65 the programs constituting the group declined by almost one-quarter to a scant \$44 million. The two veterans' programs—specially adapted automobiles for the disabled and specially adapted homes for paraplegics—remained at about their 1963-64 level of \$6 million. Relief of Cuban refugees was down more than one-quarter to \$28 million. Grants under the rural housing program were also much reduced. Under this program, grants up to \$1,000 may be made to owner-residents of rural housing for the minor repair or improvement of their homes. Almost \$1 million was granted in 1962-63, nearly \$10 million in 1963-64, but only \$2 million in 1964-65.

Grants for special projects in maternity and infant care, a program new in 1964-65, totaled more than \$4 million. The purpose of the special projects is to help reduce the incidence of mental retardation caused by complications associated with childbearing. The Federal grant cannot exceed 75 percent of the cost of a project. The new grant programs of 1963-64 for services to crippled children and maternal and child health services are comparable programs to those dis-

⁶ The money is part of a \$350,000 "no year" appropriation, which will remain available until spent.

⁷ The \$919,000 represents checks issued; \$6 million in grants had been obligated by the end of the fiscal year.

cussed in part I except that they pass through other than government channels. About \$1 million was granted under each of these programs in 1964-65.

AGRICULTURE AND NATURAL RESOURCES

Four conservation programs and the Sugar Act payments composed this group a year ago when the 1963-64 grants were reviewed. Since then, the agriculture and natural resources group has been revised back to 1956-57 to pick up each of the several current price-support programs as they began. This revision has effected not only the dollar amounts of grants shown for the group and for all grants to individuals but also has changed—practically reversed—the relative proportion of total grants that went for social welfare purposes and for the “promotion of agriculture and preservation of natural resources” as this group is formally entitled.

The programs new to the grant series and

the year of their initial payments are as follows: Incentive payments to wool producers under the National Wool Act of 1954, 1956-57; feed-grain acreage diversion payments, 1960-61; wheat acreage diversion payments, 1961-62; feed-grain and wheat price-support payments, 1963-64; and price-support payments under the cotton domestic allotment program, 1964-65. Total payments under these programs added the following sums to the group and to the grand total: 1956-57, \$55 million; 1957-58, \$49 million; 1958-59, \$14 million; 1959-60, \$82 million; 1960-61, \$384 million; 1961-62, \$924 million; 1962-63, \$1 billion; 1963-64, \$1.3 billion; 1964-65, \$1.7 billion.

In addition to the foregoing, which are continuing programs, the fiscal year 1964-65 was also the year of a one-time set of indemnity payments totaling \$261,000 to certain dairy farmers under the Economic Opportunity Act of 1964. Qualifying for payment were farmers who had been directed since January 1, 1964, to remove their milk from commercial markets because it contained pesticide residues.