# Federal Grants to State and Local Governments, 1966-67

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IN THE FISCAL year 1966-67, Federal grants to the States and localities totaled \$14.8 billion, about 18 percent more than the \$12.5 billion disbursed in the preceding fiscal year. About two-thirds of the total amount went to programs with basically a social welfare purpose. A decade ago Federal grants amounted to \$3.9 billion—roughly a fourth of the current annual rate—and social welfare grants then represented nearly three-fourths of the total.

Grants-in-aid are but one of the Federal fiscal aids to State and local governments, although quantitatively they are the most significant. Federal grants are also made to other types of recipients (individuals and institutions, primarily), but those made to the lower government levels are, again quantitatively, the most significant.

The scope of the grant data in the accompanying tables is confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/or local level and to those programs in which the bulk of the funds is channeled through agencies of State and local governments. Emergency grants and the value of grants-in-kind, such as surplus foods distributed domestically or Braille materials for the blind, are included when they conform to these criteria. Programs in which the States or localities are acting solely as agents of the Federal Government are excluded, as are shared revenues and payments in lieu of taxes. Ninety-one grant programs conformed to this definition in fiscal year 1966-67.

### THE REVISED GRANT SERIES

The Federal grant groupings have been changed this year to bring the grant series—especially that part of it classified as social welfare grants—into accord with recently completed reclassifications and regroupings in the Office of

Research and Statistics annual series on social welfare expenditures.<sup>1</sup>

For 1966-67, all grants have been grouped into eight instead of nine grant groups. The new groups are presented in table 1 under the following headings: Public assistance, corresponding to the subcategory "public assistance" under "public aid" in the social welfare expenditure series; health, corresponding to "health and medical programs" in the expenditure series; education, corresponding to "education;" and miscellaneous social welfare, which includes all grants in the remaining groups in the social welfare expenditure series: "Social insurance," "veterans' programs," "housing," and "other social welfare." The usual grouping of grants for purposes other than social welfare has been retained: Highways, urban affairs, agriculture and natural resources, and miscellaneous.

One former grant group—employment security administration—has been eliminated as a separate category. Grants for employment security administration were initiated under the Social Security Act of 1935 and were administered first by the Social Security Board and its successor, the Social Security Administration; they were then transferred to the Department of Labor in 1949 with the Bureau of Employment Security. The separation of data for this program until now has been merely a historical holdover from a previous emphasis in the series on programs authorized by the Social Security Act. Employment security grants are now transferred to the group of miscellaneous social welfare grants. In the social welfare expenditure series the program appears under "social insurance."

Two changes were made in the health group-

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¹ See the forthcoming monograph, Social Welfare Expenditures under Public Programs in the United States, 1929-66, Office of Research and Statistics (Research Report No. 25), and Social Security Bulletin, December 1967, pages 3-16. Social welfare, as defined in Research Report No. 25 and in the annual Bulletin articles, 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.

#### [Amounts in thousands]

	All grants	Social welf are											
States ranked by 1964-66 average per capita personal income		Total		Public		Health <sup>2</sup>			Education <sup>3</sup>				
				assiste	assistance <sup>1</sup>		Total			Total			
		Amount	Percent of all grants	Amount	Percent o all grants	Amount	Percent of all grants	Serv- ices	Con- struction	Amount	Percent of all grants	Serv- ices	Con- struction
Total 9	\$14,820,026	\$9,858,141	66.5	\$4,175,059	28.2	\$448,655	3.0	\$219,502	\$229,153	\$2,370,139	16.0	\$2,194,818	\$175,321
United States 10	14,493,103	9,603,688	66.3	4,148,233	28.6	434,021	3.0	211,012	223,009	2,316,276	16.0	2,141,370	174,906
High-income group_ District of Columbia. Connecticut. Nevada Delaware. New York Illinois California. New Jersey. Alaska Massachusetts. Michigan Maryland. Washington Hawaii Ohio. Indiana Rhode Island.	37, 222 1,177, 308 580, 669 1,702, 329 350, 359 90, 739 390, 800 499, 154 197, 335 252, 604 73, 268 571, 399	4,505,236 69,859 101,562 21,093 19,071 937,977 406,276 1,288,166 215,415 25,183 270,366 305,136 146,716 143,815 44,103 332,974 121,748 55,776	68.4 69.0 56.2 31.4 51.2 79.7 70.0 75.7 61.5 27.8 69.2 61.1 74.3 56.9 60.2 58.3 52.4 69.9	2,158,783 13,285 44,061 5,075 6,102 171,624 818,616 68,006 1,965 143,488 129,888 52,690 63,850 11,282 127,223 35,157 22,446	32.8 13.1 24.4 7.6 16.4 37.7 29.6 48.1 19.4 2.2 36.7 25.3 15.4 22.3 15.1 28.1	161,417 3,295 4,897 1,278 1,234 25,767 18,144 28,182 7,397 786 9,724 15,671 8,648 5,443 3,752 16,284 8,286 2,630	2.5 3.3 2.7 1.9 3.3 2.2 3.1 1.7 2.1 2.5 3.1 4.4 2.2 5.1 2.8 3.6 3.3	87,869 3,035 2,357 905 882 14,403 8,307 15,359 3,666 4,264 8,204 6,408 3,209 2,618 9,317 2,474 1,676	73,549 261 2,540 373 352 11,364 9,837 12,823 3,731 5,460 7,467 2,240 2,234 1,134 6,967 5,812	944,635 19,713 19,294 6,715 5,699 192,066 81,944 206,925 50,765 14,804 46,258 66,374 50,948 35,901 17,985 80,333 37,176 11,736	14.3 19.5 10.7 10.0 15.3 14.1 12.2 14.5 16.3 11.8 13.3 25.8 14.2 24.5 14.1	870, 983 19, 218 18, 613 6, 169 5, 377 183, 116 77, 149 187, 300 46, 290 14, 382 43, 610 60, 150 45, 770 32, 849 15, 945 71, 130 32, 683 11, 232	73,652 495 681 546 322 8,950 4,795 19,625 4,475 422 2,648 6,224 5,177 3,052 2,040 9,203 4,494 504
Middle-income group Pennsylvania Oregon Wisconsin Colorado Iowa Kansas Minnesota Missouri Nebraska New Hampshire Wyoming Florida Montana Virginia Arizona Utah Texas	714,387 144,362 215,697 182,822 167,243 147,922 290,337 337,566 112,945	2,596,215 446,992 79,800 151,430 126,263 97,231 91,672 174,671 1231,959 62,054 22,317 17,036 266,275 33,406 164,241 91,443 54,647 484,775	62.0 62.6 55.3 70.2 69.1 58.1 60.2 68.7 74.9 54.9 51.9 54.9 51.9 49.4 66.3	983,963 170,563 26,913 63,997 54,594 37,560 36,373 75,835 105,694 23,533 6,438 3,719 103,087 8,081 31,803 23,809 19,286 192,677	23.5 23.9 18.6 29.7 29.9 22.5 24.6 26.1 31.3 20.8 15.6 6.7 28.0 8.8 10.6 13.4 17.4 26.3	150,672 26,247 3,681 8,285 7,502 5,190 5,833 8,123 9,974 4,681 1,936 17,570 2,407 9,208 5,869 2,573 29,756	3.6 3.7 2.8 4.1 3.1 2.8 3.0 4.1 4.5 3.5 4.6 3.1 3.2 4.1	65,289 11,558 2,393 3,277 4,638 2,772 2,079 4,047 4,653 1,358 936 438 9,171 1,126 4,445 2,065 1,249 9,114	85, 382 14, 689 1, 288 5,007 2, 864 2,418 3,753 4,076 5,321 3,323 3,323 3,323 1,498 8,399 1,281 4,763 3,804 1,324 20,642	716,146 98,155 23,997 38,374 33,177 25,284 31,214 44,030 50,316 19,294 6,753 5,685 66,525 12,273 78,504 22,706 16,324 143,533	17.1 13.7 16.6 17.8 18.1 15.1 21.1 16.2 14.9 17.1 16.4 10.2 18.0 13.4 26.2 12.7 14.7	656,258 90,432 22,013 33,764 29,858 23,834 29,422 41,279 46,966 17,501 6,167 5,591 61,194 11,382 72,886 20,140 13,550 131,281	59,889 7,723 1,985 4,611 3,319 1,450 1,792 2,751 4,350 1,794 586 94 5,331 891 5,619 2,566 2,774 12,252
Low-income group Vermont Idaho Maine Oklahoma New Mexico North Dakota Georgia South Dakota Louisiana North Carolina Kentucky Tennessee West Virginia Alabama Arkansas South Carolina Mississippi	3,718,919 52,963 63,963 74,661 304,679 141,762 66,412 395,493 75,465 378,759 330,059 346,995 309,486 194,140 326,203	2,502,236 23,856 33,564 46,611 229,640 81,329 36,395 260,275 40,061 282,677 248,675 229,571 194,238 112,297 220,289 152,890 126,642 183,227	67.3 45.0 52.8 62.4 75.4 57.8 65.8 65.8 74.6 62.2 62.8 67.5 68.8 73.3 69.6	1,005,488 8,725 12,699 18,711 139,719 25,819 12,201 100,450 11,156 153,374 95,596 68,823 41,465 93,938 63,676 627,705 51,685	27.0 16.5 20.0 25.1 45.9 18.2 18.4 14.8 40.5 24.2 27.5 22.2 21.4 28.8 28.7 16.0 19.6	121,933 3,229 2,226 2,746 5,863 3,382 2,399 14,897 2,187 10,502 15,642 9,630 8,965 5,289 10,497 7,609 10,064 6,806	3.3 6.1 3.5 3.7 1.9 2.4 3.8 2.9 2.7 3.2 2.7 3.2 3.6 5.8 5.6	57,854 831 1,171 1,142 2,411 1,668 1,049 9,672 622 3,659 6,785 4,276 4,408 2,675 6,060 3,709	64,079 2,398 1,054 1,604 3,451 1,714 1,350 5,225 6,844 8,856 6,344 4,556 2,615 4,437 4,190 5,768 3,097	655,493 5,551 10,479 12,086 41,063 28,487 12,128 73,449 14,119 55,200 83,247 53,969 54,607 25,665 57,221 36,967 51,217 40,039	17.6 10.5 16.5 16.2 13.5 20.1 18.3 18.6 18.7 14.6 25.2 17.6 17.6 17.5 16.6 29.6	614,129 4,972 9,816 11,893 39,453 23,309 10,763 68,507 13,253 51,836 77,145 51,133 51,630 24,239 54,520 35,490 47,964 38,204	41,364 579 664 1922 1,609 5,178 1,364 4,942 866 3,364 6,102 2,836 2,977 1,426 2,700 1,427 3,253 1,835
Outlying areas: Puerto Rico Virgin Islands Other	147,640 6,968 21,761	135,311 5,114 7,125	91.6 73.4 32.7	25,925 671 230	17.6 9.6 1.1	13,535 727 371	9.2 10.4 1.7	7,391 727 371	6,144	33,190 972 4,876	22.5 13.9 22.4	32,862 970 4,790	329 2 85

¹ Old-age assistance, medical assistance for the aged, medical assistance, aid to families with dependent children, aid to the blind, aid to the permanently and totally disabled, and the combined adult program.
² Air pollution control, chronic diseases and the health of the aged, communicable disease activities, community health practice and research, control of tuberculosis and of venereal disease, dental services and resources, environmental engineering and sanitation, medical care services, mental health, radiological health, hospital and medical care, nursing services and resources, indian health, water supply and pollution control, maternal and child health, crippied children services, maternal and infant care, special projects in child health, and construction of hospitals, health research facilities, health education facilities, and community mental health centers.

<sup>&</sup>lt;sup>3</sup> American Printing House for the Blind, colleges of agricultural and mechanic arts, cooperative vocational education, defense educational activities, educational improvement for the handicapped, elementary and secondary education activities, higher education activities, equal education opportunities, school maintenance and operation, cooperative agricultural extension work, cooperative State research (former agricultural experiment stations), adult basic education, State marine schools, and construction of public schools and higher education facilities.

<sup>4</sup> Work experience and training, community action, Neighborhood Youth Corps, Administration on Aging, vocational rehabilitation including payments from OASDI trust funds, child welfare services, value of donations of price support commodities, food stamps, value of surplus commodities

[Amounts in thousands]

Social welfare—Continued			Highways 5							
Miscellaneous social welfare 4					Urban	Agriculture	Minnel	States ranked		
Amount	Percent of all grants	Economic opportunity	Other	Amount	Percent of all grants	affairs 6	and natural resources 7	Miscel- laneous <sup>8</sup>	by 1964-66 average per capita personal income	
\$2,864,288	19.3	\$1,050,437	\$1,813,851	\$4,021,980	27.1	\$460,200	\$129,769	\$349,935	Total.	
2,705,158	18.7	1,022,752	1,682,406	3,976,167	27.4	457,673	129,401	326,175	United States.	
1,240,400 33,567 33,310 8,026 6,035 276,120 134,564 234,444 89,247 7,627 70,895 93,202 34,431 38,621 11,084 109,134 41,129 18,964	18.8 33.2 18.4 12.0 16.2 23.5 23.2 13.8 25.5 8.4 18.1 17.4 15.3 15.1 19.1 17.7 23.8	458,791 20,610 12,823 3,476 1,855 96,093 48,649 95,811 33,976 4,208 23,864 34,126 8,524 13,556 3,720 36,158 13,506 7,835	781,610 12,956 20,487 4,549 4,180 180,028 85,915 138,633 55,271 3,420 47,031 59,076 25,907 7,365 72,976 27,622 11,129	1,656,099 23,406 47,455 43,914 15,101 179,334 146,459 337,819 103,756 51,898 83,012 160,876 40,419 91,821 23,230 198,689 94,663 14,248	25.2 23.1 26.2 65.5 40.6 15.2 25.2 19.8 29.6 57.2 21.2 32.2 20.5 36.3 31.7 34.8 40.7	259,322 6,492 26,833 128 1,412 36,880 13,930 40,040 21,769 4,344 27,452 20,307 5,282 9,721 2,776 27,054 7,950 6,953	31,508 7 1,595 664 592 2,720 889 8,244 1,099 1,415 1,140 2,813 1,551 1,642 2,370 2,108 351	132,280 1,421 3,343 1,284 1,047 20,396 13,116 28,060 8,320 7,900 8,830 10,023 3,367 4,941 1,517 10,312 5,964 2,443	High-income group. District of Columbia Connecticut. Nevada. Delaware. New York. Illinois. California. New Jersey. Alaska. Massachusetts. Michigan. Maryland. Washington. Hawaii. Ohio. Indiana. Rhode Island.	
745, 434 152, 026 25, 208 40, 775 30, 989 29, 197 18, 253 46, 683 65, 975 14, 545 7, 290 5, 696 79, 093 10, 646 44, 725 39, 058 16, 465 118, 809	17.8 21.3 17.5 18.9 17.0 17.5 12.3 16.1 19.5 12.9 17.7 10.3 21.5 11.6 14.9 21.9 14.9	275,008 45,830 8,105 11,399 13,268 8,763 5,546 17,045 28,874 4,149 2,299 2,421 31,388 4,150 15,814 22,997 5,187 47,772	470, 427 106, 196 17, 103 29, 375 17, 721 20, 435 12, 707 29, 638 37, 101 10, 396 4, 992 3, 274 47, 704 6, 496 28, 911 16, 662 211, 279 71, 037	1,314,262 189,007 55,436 50,752 49,044 56,399 39,296 97,088 87,820 45,139 15,777 37,308 77,833 52,584 80,504 52,436 205,295	31. 4 26.5 38. 4 23.5 26. 8 33. 7 26. 6 33. 4 26. 0 40. 0 38. 3 67. 2 21. 1 57. 3 41. 0 45. 2 47. 4	129,098 61,290 2,998 3,879 1,173 4,473 5,692 8,763 7,625 68 481 1 9,002 230 4,850 349 625 17,608	47, 249 2, 587 2, 811 2, 598 1, 492 3, 417 4, 982 2, 264 1, 881 2, 024 1, 059 414 2, 785 1, 325 3, 263 1, 362 11, 742	102,914 114,512 3.317 7.038 4.850 5,722 6,280 7,571 8,280 3,659 12,775 4,144 4,273 4,700 1,672 11,814	Middle-income grou Pennsylvania. Oregon. Wisconsin. Colorado. Iowa. Kansas. Minnesota. Missouri. Nebraska. New Hampshire. Wyoming. Florida. Montana. Virginia. Arizona. Utah. Texas.	
719, 324 6, 351 8, 160 13, 068 42, 995 23, 641 9, 667 71, 479 12, 599 13, 601 70, 041 70, 377 61, 843 39, 877 58, 634 44, 637 37, 656 84, 697	19.3 12.0 12.8 17.5 14.1 16.7 14.6 18.1 16.7 16.8 21.2 20.3 20.0 20.5 18.0 20.1 21.8 32.2	288, 954 2, 086 2, 275 5, 742 18, 423 12, 486 25, 726 6, 308 20, 769 23, 880 37, 427 21, 325 16, 472 17, 890 17, 291 12, 367 44, 541	430,370 4,265 5,886 7,326 24,572 11,155 5,722 45,752 6,291 42,832 46,161 32,950 40,519 23,405 40,744 27,346 25,289 40,156	1,005,806 25,281 27,604 22,323 54,594 56,127 24,689 111,669 32,531 79,709 60,559 94,504 95,027 71,848 93,769 51,072 38,523 65,976	27. 0 47. 7 43. 4 29. 9 17. 9 39. 6 37. 2 28. 2 43. 1 21. 0 18. 3 27. 2 30. 7 37. 0 22. 7 23. 0 22. 3	69, 252 665 76 2, 705 5, 890 10, 188 23 914 10, 508 11, 981 10, 132 1, 684 2, 987 7, 812 1, 049 826	50,643 473 1,142 1,172 10,200 1,439 1,239 5,018 725 1,981 3,088 2,523 2,662 2,715 2,521 4,572 1,959 7,199	90,981 2,689 1,162 1,850 4,354 2,605 2,525 8,343 2,125 7,228 8,415 7,427 5,596 6,635 5,883 4,648 6,019	Low-income group. Vermont. Idaho. Maine. Oklahoma. New Mexico. North Dakota. Georgia. South Dakota. Louislana. North Carolina. Kentucky. Tennessee. West Virginia. Alabama. Arkansas. South Carolina. Mississippi.	
62,660 2,744 1,648	42.4 39.4 7.6	23,824 1,236 863	38,836 1,508 785	6,733	4.6 0 0	1,663 289	268 11 56	3,665 1,555 14,580	Outlying areas. Puerto Rico. Virgin Islands. Other.	

distributed, school lunch program including direct payments to participating private schools, special milk, low-income demonstration housing, low-rent public housing, unemployment compensation and employment service administration, manpower development and training activities, State homes for disabled soldiers and sailors, supervision of on-the-job training, and construction of State nursing homes for disabled soldiers and sailors.

<sup>8</sup> Highway trust fund activities, forest and public land highways, Appalachian development highways, beautification and control of outdoor advertising, highway safety, and landscaping and scenic enhancement.

<sup>8</sup> Neighborhood facilities, open space land, urban mass transportation, urban planning assistance, urban renewal and water and sewer facilities.

<sup>9</sup> Basic scientific research in agriculture; cooperative projects in marketing; forest protection, utilization and restoration: watershed protection, flood prevention and resource conservation and development; commercial fisheries

research and development; fish and wildlife restoration and management:

research and development; fish and wildlife restoration and management; water resources research; and Water Resources Council.

8 Rural water and waste disposal, Appalachian assistance, development facilities, technical and community assistance, Commerce Department, State technical services, civil defense, accelerated public works, disaster relief, arts and humanities, libraries and community services, waste treatment works construction, law enforcement assistance, National Foundation of the Arts and the Humanities, and Federal airport program.

9 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.

10 Includes a small amount of undistributed sums. source: Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1967.

both to exclude grant programs. Rural water and waste-disposal grants (administered by the Department of Agriculture) and grants for construction of waste-treatment works (currently administered by the Department of the Interior but previously by the Public Health Service) are both excluded from the social welfare series. Consequently, they have been moved out of the health grants and now appear with the main miscellaneous group (not to be confused with the subcategory of miscellaneous social welfare grants).

In the social welfare expenditure series, health education facilities construction is classified with "education." However, the Treasury—the source of grant data by State—compressed all health construction of 1966-67 into one group and indicated by footnote that \$1 million of the total expenditures (\$229 million) went for construction of health research facilities, \$29 million went for health education facilities, and \$4 million for community mental health centers, leaving \$196 million for hospital construction. In comparison with the social welfare series, the health category in the grant series is thus overstated and the education group understated by the \$29 million.

The composition of the education grant group has been changed somewhat. Three grant programs have been transferred into the group: Grants for cooperative State research in agriculture (agricultural experiment station grants) were taken in from the agriculture and natural resources group; and grants for equal educational opportunity and for adult basic education were detached from the economic opportunity subgroup of the former grant category of other welfare services. All three appear under education in the social welfare expenditure series.

Data on grants for Project Head Start, an education expenditure in the social welfare series, are not available separately from the rest of community action grants. The entire community action grant program, therefore, appears with economic opportunity grants in the new grant category of miscellaneous social welfare. Grants for arts and humanities (administered by the Office of Education), formerly a part of the education group in the grant series but excluded from the social welfare expenditure series, have been removed to the residual miscellaneous grants group.

The new grant group of miscellaneous social

welfare (formerly titled other welfare services) consists of those social welfare grants not included in the grant groups under public assistance, health, or education. They include grants represented in the social welfare expenditure series under the categories or subcategories "social insurance," "other public aid," "veterans' programs," "housing," and "other social welfare." The new grant group is divided into two subgroups: (1) Economic opportunity, which included in 1966-67 the grants for work experience, adult work training and development, community action including Project Head Start, and the Neighborhood Youth Corps; and (2) other social welfare, which represents the 15 programs listed in the appropriate footnotes to table 1.

Classification of Veterans Administration grants presents a special problem. In the social welfare expenditure series, all the programs of the Veterans Administration are grouped together as "veterans' programs," even through some of the benefits could be classified on a functional basis under "health" or "education" and are in fact so regrouped in certain derivative tables in the social welfare series. However, to make the classification of grant programs conform with the basic groupings in the main table of the social welfare series, all veterans' grants have been placed in the miscellaneous social welfare grants group. This change will permit more meaningful comparisons between the two series.

One grant program not previously admitted to the series on State and local grants has now been added to the miscellaneous social welfare group—the supervision of on-the-job training, administered by the Veterans Administration for its clientele. This program has been more formalized since its inception during World War II and has for some years been administered through State education agencies. In the social welfare expenditure series on-the-job training appears with "education" under "veterans' programs." The regrouping of the grant series affords an opportunity to pick it up currently and, when the historical grant series is revised, also for earlier years.

Time restrictions have prevented carry-back of the grant regrouping and reclassification into the historical data, which ordinarily is presented annually. It is anticipated that the tedious task of conforming historical grant data to the historical social welfare expenditure series will have been completed by this time next year, and a revised grant series from 1929-30 through 1967-68 will then be presented in the annual grant article in the Bulletin.

## **GRANTS IN FISCAL YEAR 1966-67**

Of the \$14.8 billion granted in 1966-67, \$9.8 billion or two-thirds went for social welfare purposes. The \$4.2 billion granted for public assistance represented 28 percent of all grants to States and localities and 42 percent of the social welfare grants. At \$449 million, grants for health accounted for 3 percent of total grants and 5 percent of social welfare grants. Education grants of \$2.4 billion accounted for 16 percent of all grants and 24 percent of those for social welfare. The miscellaneous social welfare grants of \$2.9 billion represented 19 percent of all grants and 29 percent of all social welfare grants; economic opportunity grants of \$1 billion formed about a third of the miscellaneous social welfare grant total.

The remaining 1966-67 Federal grants, totaling \$5.0 billion, were disbursed as follows: Highways, \$4.0 billion; urban affairs, \$460 million; agriculture and natural resources, \$130 million; and miscellaneous grants, \$350 million. In presentations of per capita and historical grant data the last three groups are usually combined in one group.

Federal funds were disbursed to the States and localities under eight new grant programs in 1966-67; three of them were social welfare programs. The Public Health Service spent nearly \$2 million for a program of medical care services grants. Office of Economic Opportunity funds were used by the Department of Labor to institute a grant program for adult work training and development; the \$2.7 million for this program is included in the economic opportunity subgroup of miscellaneous social welfare. The third new program is for the construction of State nursing homes for disabled soldiers and sailors, administered by the Veterans Administration. It is classed with the subgroup of the other grants under miscellaneous social welfare.

Four new grant programs were added to the

former highway construction group, necessitating a name change to the highways group. The-Economic Development Administration of the Department of Commerce granted \$40 million in 11 States for Appalachian regional highways. The Federal Highway Administration of the Department of Transportation granted \$3.3 million for beautification and control of outdoor advertising, \$775,000 for a highway safety program in 21 States, and \$19.6 million for an all-State program of landscaping and scenic enhancement. And lastly, the new grants (\$8.6 million) of the National Foundation on the Arts and the Humanities were added to the miscellaneous grants group.

The amounts granted for social welfare purposes in 1966-67 are shown in their revised groupings in table 1, together with the grants for all other purposes. The States have been ranked by personal income per capita—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.

#### **RELATION TO OTHER INDICATORS**

Grants per capita are shown in table 2 by State and major purpose. The national average grant in 1966-67 was \$73.97 for every man, woman, and child in the United States, an increase of \$10.07 per person from the preceding fiscal year. As in table 1, the States are classified in three income groups by ranking the per capita personal income received in each State. Within each income group the States vary widely in the per capita receipt of Federal grants. States with low population density benefit from the minimum allotment provisions in certain of the grant formulas, particularly that for highway construction.

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. It might be expected that, as a result of the equalization aspects of many grant programs, the poor States would receive the largest per capita Federal grants and rich States the smallest. However, matching formulas built into several of these programs—particularly the Federal matching of State public assistance ex-

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Table 2.—1966-67 Federal grants in relation to personal income, to State and local general revenues and direct general revenues, and to population, by State

	Total g	rants as per	cent of—		Per capita grants					
States ranked by 1964-66 per capita personal income	Personal income, 1967	Total State-local general revenues, 1965-66 <sup>2</sup>	State-local direct general revenues, 1965–66 3	Total	Public assistance	Health	Education	Miscella- neous social welfare	Highways	All other
Total				\$74.51	\$20.99	\$2.26	\$11.92	\$14.42	\$20.22	\$4.7
United States	2.5	17.4	20.7	73.97	21.17	2.22	11.82	13.81	20.29	4.6
High-income group District of Columbia Connecticut Nevada Delaware New York	2.0 3.2 1.7 4.5 2.1 1.8 1.5	14.5 24.7 14.8 25.7 14.0 12.2 13.5	21.7 33.8 17.0 33.1 16.5 13.4 15.4	67.84 125.54 62.82 155.64 72.56 64.67 53.84	22. 24 16. 48 15. 31 11. 77 11. 90 24. 39 15. 91	1.66 4.09 1.70 2.96 2.41 1.42 1.68	9.73 24.46 6.70 15.58 11.11 10.55 7.60	12.78 41.65 11.57 18.62 11.76 15.17 12.48	17.06 29.04 16.49 101.89 29.44 9.85 13.58	4.3 9.8 11.0 4.8 5.9 3.3 2.5
Nevada Delaware New York Illinois California New Jersey Alaska, Massachusetts Michigan Maryland	2.6 1.5 10.0 2.2 1.8 1.7	15.8 13.3 39.7 16.3 13.4 13.7	18.9 14.8 71.3 18.9 15.3 15.6	90.54 50.78 342.41 72.33 58.95 54.65	43.54 9.86 7.41 26.56 15.34 14.59	1.50 1.07 2.97 1.80 1.85 2.39	11.01 7.36 55.86 8.56 7.84 14.11	12.47 12.94 28.78 13.12 11.01 9.53	17.97 15.04 195.84 15.36 19.00 11.19	4.6 4.5 51.6 6.9 3.9 2.8
Maryland Washington Hawaii Ohio Indiana Rhode Island	2.6 3.3 1.8 1.5 2.9	16.1 17.8 15.5 11.8 22.2	19.3 22.4 18.2 13.4 27.1	83.09 100.78 55.13 46.95 88.83	21.00 15.52 12.28 7.10 25.00	1.79 5.16 1.57 1.67 2.93	11.81 24.74 7.75 7.51 13.07	12.70 15.25 10.53 8.31 21.12	30.20 31.95 19.17 19.12 15.87 22.01	5.8 8.1 3.8 3.2 10.8
Middle-income group	2.1 2.5 1.7 3.2 2.0	17.1 14.7 11.5 17.8 13.5	19.8 19.0 12.8 22.1 15.7	61.58 73.17 51.76 93.52 60.60	14.70 13.64 15.36 27.93 13.61	2.26 1.87 1.99 3.84 1.88	8.46 12.16 9.21 16.97 9.16	13.10 12.78 9.79 15.85 10.58	16.29 28.10 12.17 25.09 20.43	6.7 4.6 3.2 3.8 4.9
Kansas Minnesota Missouri Nebraska New Hampshire Wyoming	2.3 2.8 2.6 2.7 2.2 6.4	15.1 16.3 20.0 20.2 17.5 25.1	17.8 19.4 25.1 24.1 21.0 37.9	65.02 81.28 73.96 78.49 60.90 174.07	15.99 21.23 23.16 16.35 9.52 11.66	2.56 2.27 2.19 3.25 2.72 6.07	13.72 12.33 11.02 13.41 9.99 17.82	8.02 13.07 14.46 10.11 10.78 17.85	17.27 27.18 19.24 31.37 23.34 116.95	7.4 5.2 3.9 4.0 4.3
Florida Montana Virginia Arizona Utah Texas	2.4 5.0 2.6 4.4 4.4 2.7	16.2 26.4 20.1 23.8 23.5 19.6	18.8 35.0 24.9 29.8 31.2 23.6	62.56 130.61 67.00 111.20 109.96 68.04	17.49 11.51 7.12 14.85 19.15 17.93	2.98 3.43 2.06 3.66 2.55 2.77	11.29 17.48 17.58 14.16 16.21 13.36	13.42 15.17 10.02 24.37 16.35 11.06	13.21 74.91 27.45 50.22 52.07 19.10	4. 8. 2. 3. 3.
Low-income group	4.3 5.0 3.7 3.1 5.0 5.9	26.8 27.7 20.5 20.7 29.4 25.7	34.6 37.9 25.6 25.7 38.4 36.5	94.94 128.86 91.17 76.34 123.00 141.48	25.67 21.23 18.22 19.13 56.40 25.77	3.11 7.86 3.19 2.81 2.37 3.38	16.73 13.51 15.03 12.36 16.58 28.43	18.36 15.45 11.71 13.36 17.36 23.59	25.68 61.51 39.60 22.83 22.04 56.01	5.3 9.3 3.4 5.8 8.2 4.3
New Mexico North Dakota Georgia South Dakota Louisiana North Carolina Kentucky	4.3 3.7 4.6 4.6 2.9 4.9	21.4 26.0 25.2 24.6 21.2 33.1	26.2 32.7 32.2 31.4 25.7 43.6	103.28 88.97 111.14 104.72 66.56 109.08	18.97 22.60 16.43 42.40 16.03 30.05	3.73 3.35 3.22 2.90 3.14 3.03	18.86 16.52 20.79 15.26 16.74 16.97	15.03 16.08 18.56 17.58 14.08 22.12	38.40 25.12 47.91 22.04 12.18 29.71	8.2 5.3 4.2 4.5 4.1 7.2
Tennessee West Virginia Alabama Arkansas South Carolina Mississippi	3.6 4.9 4.5 5.7 3.3 6.3	25.2 30.2 27.3 35.3 23.8 35.2	32.7 41.4 37.7 48.7 29.4 46.2	80.05 107.32 92.91 113.61 66.75 112.64	17.80 22.92 26.76 32.55 10.70 22.12	2.32 2.92 2.99 3.89 3.89 2.91	14.12 14.19 16.30 18.90 19.78 17.13	16.00 22.04 16.70 22.82 14.54 36.24	24.58 39.72 26.71 26.11 14.88 28.23	5.2 5.5 3.4 9.3 2.9 6.0
Outlying areas: Puerto Rico Virgin Islands Other				55.34 150.83 86.98	9.72 14.53 .92	5.07 15.74 1.49	12.44 21.03 19.49	23.49 59.39 6.59	2.52	2.1 40.1 58.5

<sup>&</sup>lt;sup>1</sup> See the appropriate footnotes to table 1 for the programs in each group of

66 (GF No. 13) of the Bureau of the Census. Per capita data are based on estimates of the Bureau of the Census for the total population, excluding the Armed Forces overseas, as of July 1, 1966. Personal income data are for calendar years and are from the Survey of Current Business, July and August

penditures—result in relatively high Federal grants. Thus, the States that receive the largest per capita assistance grants include some with the highest per capita incomes in the country as well as some with the lowest.

Grants per capita may be expected to be larger

in the low-income States than in the middleincome States, and larger in the middle-income States than in the high-income States, though there is considerable overlap from income group to group of States. The spread or gap between grants per capita received in the top and bottom

grants and for components of total and United States lines.

Revenues (except trust revenues) from all sources.

Revenues (except trust revenues) from own sources.

Source: State and local revenues data from Governmental Finances in 1965—

income group fluctuates, usually by a few dollars in either direction, from one year to the next. Although the long-range trend is toward a wider spread between the two groups in absolute dollar terms, comparison of this spread with the national average State per capita grant receipt indicates a narrowing of the gap over time in relative terms.

The national average is very roughly equivalent to the average of grants per capita received in the middle-income States. The following tabulation shows the trend over the last decade—a period of introduction of many new grant programs. The proportionate spread was more than half the national average in 1956–67; by 1966–67 it had moved irregularly down to less than two-fifths.

	Avetag	e grants per	Spread, top to bottom group			
Fiscal year	U.S.	Low- income States	High- income States	Amount	As percent of national average	
1956-57	\$23.11	\$30.54	\$18.76	\$11.78	51.0	
1957-58	27.70	35.33	23.27	12.06	43.5	
1958-59	36.06	43.69	30.97	12.72	35.3	
1959-60	38.31	49.95	32.11	17.84	46.6	
1960-61	38.16	48.77	32.81	15.96	41.8	
1961-62	41.73	51.98	38.25	13.73	32.9	
1962-63	44.39	54.80	39.96	14.84	33.4	
1963-64	51.30	62.41	46.64	15.77	30.7	
1964-65	55.05	66.24	50.79	15.45	28.1	
1965–66	63.90	82.80	56.88	25.92	40.6	
1966-67	73.97	94.94	67.84	27.10	36.6	

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 of fiscal capacity or both. Formula grants continue to dominate the series despite the increasing use of project grants in recent years.

Comparison of Federal grants with State and local revenues provides an indication of the role of Federal grants in the finances of the States and localities as well as further confirmation of the equalization effect of many formula grants. It would, of course, be more appropriate to compare the grants and revenues of the same year, but release time of Census data (especially for 1967, which was a year of the quinquennial full Census of Governments) makes such a comparison impossible. Comparisons of 1966–67 grants with 1965–66 revenues are of considerable value for two reasons. First, State and local revenues change relatively little from one year to the next. At most the overall change would be slight since the

ratios are averaged for the three income groups of States. Second, most closed-end grant formulas refer to per capita income for preceding years, not (for the obvious reason) for the current year in which the grants are actually disbursed, and the income received in a State is the dominant factor in the amount of revenues collected in that State.

Nationally, Federal grants represented 17.4 cents of every State and local dollar of total general revenues collected (including the Federal grants). In the low-income States the grants accounted for 27 cents of each general revenue dollar; in the high-income States, for only 15 cents. To every dollar collected by all the States and localities from their own sources (direct general revenues), the Federal Government added 21 cents in grants. In the low-income States the Government added grants of 35 cents to each State and local dollar; in the high-income group it added 22 cents to the dollar. The individual State figures are shown in table 2.

Federal grants averaged 2.5 percent of total personal income received in the country. In the high-income States, grants represented 2 percent of personal income, and in the low-income States they represented more than 4 percent of personal income. Detail for the individual States appears in table 2.

In 1966-67, Federal grants to State and local governments for social welfare purposes represented 9.8 percent of social welfare expenditures by all levels of government in the United States. They accounted for over 18 percent of all Federal social welfare expenditures. The Federal grants equaled more than 21 percent of all social welfare expenditures by State and local governments from their own sources.

[Percent]

	Total social welfare expenditures	Federal expenditures	State/local expenditures from State/ local funds	
All social welfare grants	9.8	18.2	21.4	
Public assistance	53.7	97.6	119.2	
Health	5.5	10.8	11.4	
Education	6.7	45.1	7.8	

The tabulation above shows the proportion of the 1966-67 social welfare expenditures that is represented by Federal grants to States and localities for each of the main social welfare functions.