

Notes and Brief Reports

Assistance Expenditures Per Inhabitant, 1956-57*

The \$3.0 billion spent for public assistance payments during the fiscal year 1956-57, when divided equally among all the people in the 53 States, amounted to \$17.43—a new high in per capita expenditures for public assistance. The total amounts spent seem large in some States and small in others when variations in the sizes of their populations are ignored. New York, for example, spent for all public assistance programs combined a

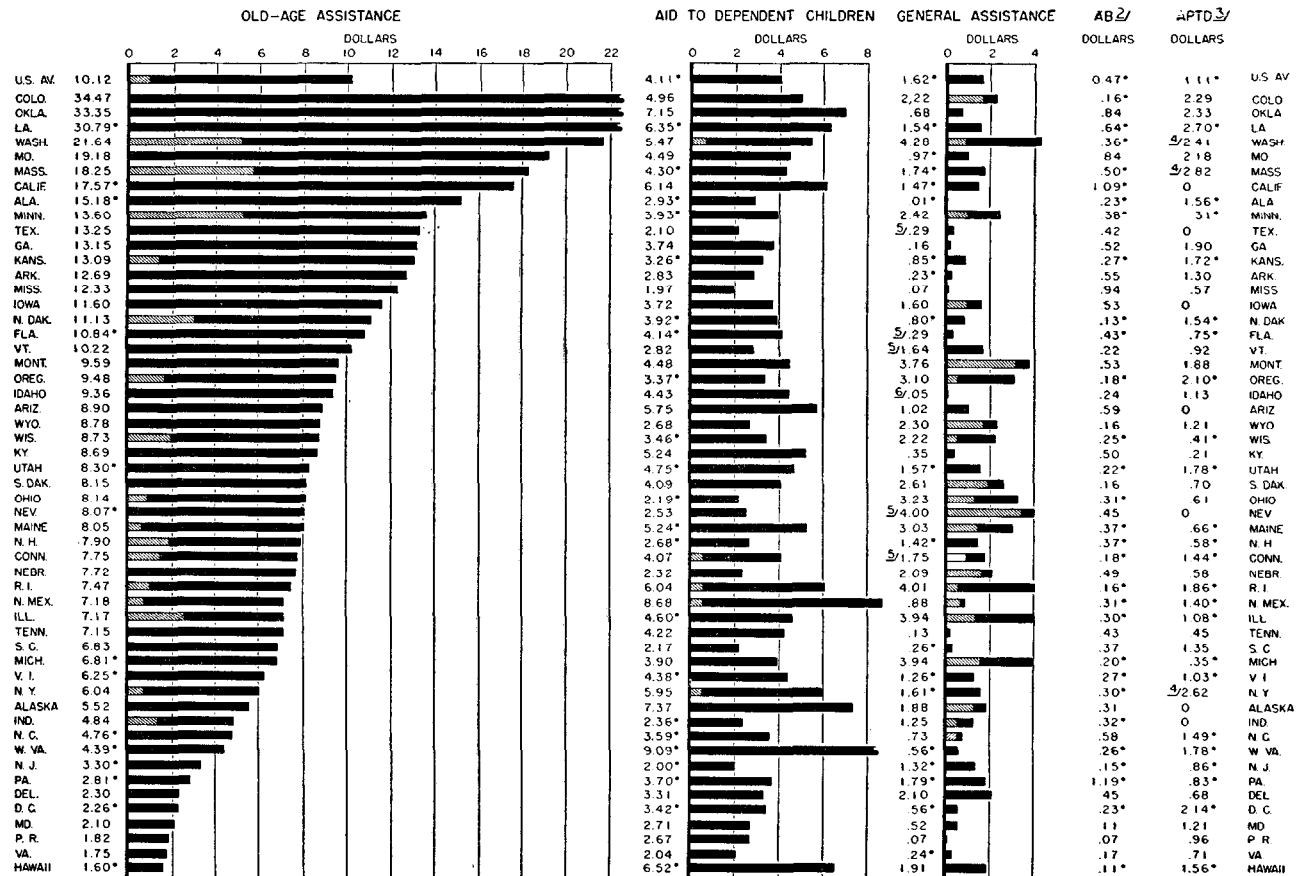
total of \$267 million, or more than 16 times Rhode Island's expenditure of \$16 million. Yet, when assistance payments are reduced to an amount per inhabitant, the cost in New York (\$16.52) is less than that in Rhode Island (\$19.54). Moreover, the population changes from year to year for individual States and for the country as a whole. If the same dollar amounts were spent for assistance payments by a State in each of 2 years, the expenditure per inhabitant might be larger or smaller in the more recent year depending upon whether the size of the population went down or up. Reducing expenditures for public assistance payments

to the cost per inhabitant thus eliminates the effect of differences in population and makes it easier to compare expenditures among States and from year to year.

In 1956-57, per capita expenditures for assistance payments for all programs combined rose 80 cents, or almost 5 percent, from the costs in the preceding year. Although this percentage increase is small, the dollar increase amounted to \$187 million—most of it (about three-fourths) from Federal funds. Total Federal funds went up more than \$139 million, a 10-percent increase, primarily as a result of amendments to the Social Security Act that became effective on October 1, 1956. For all jurisdictions except Puerto Rico and the Virgin Islands, these amendments

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Amount expended per inhabitant for assistance payments, including vendor payments for medical care, fiscal year 1956-57



1/ BASED ON TOTAL POPULATION ESTIMATED BY BUREAU OF CENSUS AS OF JULY 1, 1956 FOR THE CONTINENTAL U.S.; FOR ALASKA, HAWAII, PUERTO RICO, AND THE VIRGIN ISLANDS AS OF JULY 1, 1955; EXCLUDES ARMED FORCES OVERSEAS. 2/ AID TO THE BLIND. 3/ AID TO THE PERMANENTLY AND TOTALLY DISABLED. 4/ VENDOR PAYMENTS FOR MEDICAL CARE OF \$126 PER INHABITANT FOR MASSACHUSETTS, 67 CENTS PER INHABITANT FOR NEW YORK, AND 55 CENTS PER INHABITANT FOR WASHINGTON. 5/ ESTIMATED. 6/ INCOMPLETE. * VENDOR PAYMENTS FOR MEDICAL CARE OF LESS THAN 50 CENTS PER INHABITANT.

raised maximums on the amounts of individual assistance payments in which the Federal Government participates and increased the Federal share of payments within the new maximums. In Puerto Rico and the Virgin Islands, the amendments raised by 25 percent the ceiling on total annual Federal funds for assistance and administration and extended Federal sharing in payments made under aid to dependent children to needy relatives who are caring for the children.

For the country as a whole, State and local funds for payments to public assistance recipients went up in 1956-57 under each program, including general assistance, which is operated without Federal financial participation. The amount spent from State-local funds for all programs combined increased by \$48 million or 3.4 percent—about one-third as great as the percentage rise in total Federal funds expended. Some States reduced expenditures from their own funds, while others spent considerably more from State-local funds than in the preceding year.

Most of the States used the additional Federal, State, and local funds primarily to increase average payments to recipients in a period of rising prices and also to aid larger numbers of needy persons as caseloads moved upward in all programs except old-age assistance. The cost of living, as measured by the consumer price index of the Bureau of Labor Statistics, went up about 3½ percent from June 1956 to June 1957—the largest increase in 6 years. In an attempt to meet need more nearly adequately, all but a few States raised payments to recipients during the year. Most of the States revised upward the cost of one or more items already in the assistance standard, and some States added new items. Most of the States with maximums on assistance payments raised them. Some States that had been making percentage reductions in assistance payments because of inadequate funds eliminated the cuts or restored part of the payments.

National Changes From 1956

Expenditures per inhabitant rose significantly in 1956-57 for all programs except general assistance; for

that program they remained the same as in 1955-56 because the rate of growth was the same for the population as for total expenditures. The largest percentage upturn (12.1 percent) occurred in aid to the permanently and totally disabled; the smallest (3.6 percent), in old-age assistance. In dollar amounts, however, the largest increases in per capita expenditures took place in old-age assistance (35 cents) and aid to dependent children (29 cents); together, these two programs accounted for four-fifths of the increase for all programs combined. Changes for all programs combined and for each program are shown in the following tabulation.

Program	Expenditures per inhabitant		
	Amount including vendor payments for medical care		Percentage increase
	1956-57	1955-56	
All programs....	\$17.43	\$16.63	4.8
OAA.....	10.12	9.77	3.6
ADC.....	4.11	3.82	7.6
AB.....	.47	.44	6.8
APTD.....	1.11	.99	12.1
GA.....	1.62	1.62	-----

For all programs combined, almost all (85 percent) of the rise in per inhabitant expenditures resulted from higher average payments to recipients in 1956-57.

Nationally the average payment per recipient was higher than in 1955-56 for all programs except general assistance, which registered a slight decrease (6 cents) from the average for the preceding year. The blind and the aged received the largest increases; average payments for these recipients were higher in 1956-57 by \$4.51 and \$3.66, respectively. In old-age assistance the rise in the average payment more than offset the continuing slight decline in the number of recipients. Caseload increases occurred in each of the other programs and ranged from a low of 2.3 percent for general assistance to a high of 10.1 percent for aid to the permanently and totally disabled. Growth in the number of recipients contributed in large part to the increase in the total expenditures for aid to the per-

manently and totally disabled; it was the sole reason for the rise in general assistance, since the average payment per recipient of general assistance dropped slightly. Shifts from 1955-56 to 1956-57 in the average monthly number of recipients and in the average payment to recipients are shown below for each of the assistance programs.

Program	Average monthly number of recipients		Average monthly payment per recipient	
	Number, 1956-57	Percentage change from 1955-56	Amount, 1956-57	Change from 1955-56
OAA.....	2,511,233	-1.3	\$57.19	+\$3.66
ADC.....	2,296,167	+3.7	25.41	+1.34
AB.....	107,311	+2.4	62.60	+4.51
APTD.....	271,119	+10.1	58.04	+1.15
GA.....	730,833	+2.3	31.48	-.06

State Changes From 1956

Four out of every 5 States raised their per capita expenditures for all programs combined during 1956-57. When there were decreases for individual programs, they occurred most frequently for old-age assistance and general assistance; the cost per inhabitant went down for these programs, however, in fewer than half the States, as shown in the tabulation below.

Program	Number of States with specified change in expenditures per inhabitant		
	Increase	Decrease	No change
Total, all programs.....	44	9	-----
Total, special types of public assistance.....	42	11	-----
OAA.....	29	23	1
ADC.....	45	8	-----
AB.....	31	14	8
APTD ¹	43	2	-----
GA.....	25	25	3

¹ Excludes Kentucky; first payments made in September 1956.

Most of the States passed along to recipients the additional Federal funds made available under the 1956 amendments and also increased the total outlay from their own funds.

The amendments enabled the States to raise payments to the aged, the blind, and the disabled by \$3-\$4 a month, and to persons receiving aid to dependent children by \$1-\$2, without spending any more from State-local funds per recipient than was spent before October 1956 if caseloads remain constant. In a period of generally rising caseloads, however, these increases mean a considerably larger total outlay from State funds. In the months following the amendments, all but a few States raised average payments to recipients, and most States spent more from State and local funds. Some States, however, either reduced average payments to recipients or did not increase them sufficiently to pass along the full amount of the additional Federal funds resulting from the new matching provisions. Total State and local funds in these States declined, and any increase in per inhabitant expenditures for assistance resulted from the increase in Federal financial participation. In a few other States, the decrease in total State and local funds was so large that total expenditures per inhabitant dropped despite greater Federal participation.

Table 1 shows the States in which per inhabitant expenditures for all programs combined increased and those in which decreases occurred from 1955-56 to 1956-57. Each group is further subdivided to show what happened to the amount of State-local expenditures for all programs combined and for each assistance program. In a period of generally declining caseloads in old-age assistance and increasing caseloads in the other categories, a State might well pass along the additional Federal funds made available by the amendments and still spend less State and local funds for old-age assistance but more for the other programs. Thus, the State-local funds not needed for old-age assistance might be transferred to one of the other programs to help pay for an increase in the number of recipients or to raise a lagging assistance standard. For this reason, the emphasis in the table is on the change in the total amount spent from State-local funds and in the total per inhabitant expenditure for all programs combined. Sometimes, however, general assistance is

administered by an agency separate from that administering the four federally aided categories; in States with this policy there would be no transfer of funds from the special types of public assistance to general assistance.

Expenditures per capita for all public assistance programs combined went up in 44 States from 1955-56

to 1956-57. In 10 of these States the total spent from State-local funds declined, and the increase in per capita cost of assistance payments came entirely from the additional Federal funds. In four of the 10, however, the drop in total State-local funds was insignificant (less than 1 percent). Puerto Rico spent slightly less (1.7 percent) for all programs

Table 1.—Change in State-local funds for each program and for all programs combined for States grouped by change in total expenditures per inhabitant for all programs combined, 1956-57 from 1955-56

State	Percentage change, 1956-57 from 1955-56, in State-local funds for all programs combined	Programs ¹ for which State-local funds—	
		Increased	Decreased
With increases in total expenditures per inhabitant for all programs combined:			
Alabama	+17.3	A, B, C, G	B, C, D, G
Arkansas	-2	D, G	A, B, C
California	+1.0	A, B, C, G	A, B, C
Connecticut	-7.0	D	A, B, C, G
Delaware	+14.2	A, B, C, D, G	A, B, C, G
District of Columbia	+1.9	B, D, G	A, C
Florida	+3.6	C, D	A, B, G
Georgia	+5.6	A, B, D, G	C
Idaho	-5	A, B, D	C, G
Illinois	+6	C, D	A, B, G
Indiana	+4.7	B, C, G	A
Iowa	+11.1	A, B, C, G	
Kansas	+3.0	A, B, C, D, G	
Kentucky	+5.5	A, B, C, G	
Louisiana	+27.6	A, B, C, D, G	
Maine	-2.2	D	A, B, C, G
Maryland	+4.8	A, D, G	B, C
Massachusetts	+2.1	B, C, D	G
Michigan	+14.3	A, B, C, D, G	
Minnesota	+2.3	A, B, C, D, G	
Mississippi	-5	B, C, D, G	A
Missouri	+5.2	A, B, C, D, G	
Montana	+8	C, D, G	A, B
Nebraska	+2	B, D, G	A, C
Nevada	+13.9	A, B, C, G	
New Jersey	+10.6	A, B, C, D, G	
New Mexico	+36.0	A, B, C, D, G	
New York	+2	A, B, C, D	G
North Carolina	+3.5	B, D, G	A, C
North Dakota	+9.7	A, B, C, D	G
Ohio	+2.8	A, B, D	C, G
Oklahoma	+8	A, B, C, D	G
Oregon	+13.7	A, B, C, D, G	
Pennsylvania	+2.6	B, C, D	A, G
Puerto Rico	-1.7	C, G	A, B, D
Rhode Island	+1.3	A, C, D	B, G
South Dakota	+1.5	D, G	A, B, C
Texas	+3.8	A, B, C, G	
Vermont	-2.7	D	A, B, C, G
Virgin Islands	-4.1	G	A, B, C, D
Virginia	-5.5	D	A, B, C, G
Washington	+8.1	A, B, C, D, G	
West Virginia	-4	A, B, C, D	G
Wyoming	+4.5	C, D, G	A, B
With decreases in total expenditures per inhabitant for all programs combined:			
Alaska	-11.7	B	A, C, G
Arizona	+1.0	C, G	A, B
Colorado	-3.2	D, G	A, B, C
Hawaii	-7.5	C	A, B, D, G
New Hampshire	-3.2	D	A, B, C, G
South Carolina	-4.5	B, C	A, D, G
Tennessee	-14.1	D	A, B, C, G
Utah	-4.0	G	A, B, C, D
Wisconsin	(9)	D, G	A, B, C

¹ A—old-age assistance; B—aid to the blind; C—aid to dependent children; D—aid to the permanently and totally disabled; G—general assistance. Where D is omitted, a State has no program

for aid to the permanently and totally disabled with Federal financial participation.

² Change of less than 1.0 percent.

³ Decrease of less than 0.05 percent.

combined than in the preceding year. A decline is not surprising, since Puerto Rico had been making extraordinary fiscal effort in 1955-56 to support public assistance by putting up more than 67 percent of payments for the federally aided categories. Even with the increase in the ceiling on total Federal funds for assistance

and administration, Puerto Rico was still paying about 60 percent of the total assistance payments under the special types of public assistance.

In contrast to the generally modest decreases in the amounts spent from State-local funds, the increases were frequently substantial. Of the 34 States with increases in total per

inhabitant expenditures and in State-local funds for all categories combined, nine¹ raised State-local funds by more than 10 percent.

Expenditures per inhabitant for all five programs combined fell in nine States despite the increase in Federal funds. The amount spent from State and local funds rose by 1 percent in Arizona and dropped in the other eight States—by more than 10 percent in Alaska and Tennessee. Each of these nine States spent less from their own funds for the special types of public assistance, and five also spent less for general assistance. Most of the nine failed to raise average payments sufficiently to pass on the additional Federal funds to recipients. South Carolina and Wisconsin made substantial increases in average payments to recipients, however, and reductions in caseloads—especially in old-age assistance—were largely responsible for the drop in total expenditures from State and local funds. Sizable reductions in the number of recipients of old-age assistance and aid to dependent children also contributed to the smaller total outlay from State-local funds in Hawaii, New Hampshire, and Tennessee.

State Variations, 1957

The individual States varied considerably in per inhabitant expenditures during 1956-57 for each program and for all programs combined (table 2). Total per capita expenditures for assistance payments, for example, amounted to less than \$10 in seven States but were \$20 or more in nine States. Half the States spent \$15.00-\$19.99 per inhabitant for public assistance payments, and 10 States spent \$10.00-\$14.99. Oklahoma, with an expenditure of \$44.35, pushed Colorado out of the highest place, but Virginia, with a per capita cost of \$4.91, remained in the lowest place.

A State's relative standing in total expenditures per inhabitant for all programs combined is in large part determined by what it spends for old-age assistance. Old-age assistance is the biggest program in terms of expenditures per inhabitant in all but

Table 2.—Amount expended per inhabitant¹ for assistance payments, including vendor payments for medical care, by State and by program, fiscal years 1955-56 and 1956-57

State	Total		Old-age assistance		Aid to dependent children		Aid to the blind		Aid to the permanently and totally disabled		General assistance	
	1955-56	1956-57	1955-56	1956-57	1955-56	1956-57	1955-56	1956-57	1955-56	1956-57	1955-56	1956-57
U.S. average.....	\$16.63	\$17.43	\$9.77	\$10.12	\$3.82	\$4.11	\$0.44	\$0.47	\$0.99	\$1.11	\$1.62	\$1.62
Alabama.....	17.02	19.91	12.13	15.18	3.15	2.93	.22	.23	1.51	1.56	.01	.01
Alaska.....	19.23	15.08	7.60	5.52	8.93	7.37	.35	.31	(?)	(?)	2.34	1.88
Arizona.....	16.41	16.26	9.55	8.90	5.30	5.75	.60	.59	(?)	(?)	.96	1.02
Arkansas.....	16.65	17.60	12.07	12.69	2.76	2.83	.54	.55	1.08	1.30	.20	.23
California.....	26.02	26.27	17.41	17.57	6.08	6.14	1.04	1.09	(?)	(?)	1.50	1.47
Colorado.....	45.39	44.10	35.96	34.47	4.89	4.96	.17	.16	2.23	2.29	2.14	2.22
Connecticut.....	15.00	15.19	7.86	7.75	3.91	4.07	.17	.18	1.30	1.44	1.76	1.75
Delaware.....	7.92	8.84	2.14	2.30	2.99	3.31	.42	.45	.64	.68	1.83	2.10
District of Columbia.....	8.16	8.61	2.31	2.26	3.19	3.42	.22	.23	1.94	2.14	.51	.56
Florida.....	16.20	16.45	11.19	10.84	4.05	4.14	.47	.43	4.17	.75	3.32	3.29
Georgia.....	18.14	19.47	12.36	13.15	3.59	3.74	.49	.52	1.54	1.90	.17	.16
Hawaii.....	13.50	11.70	1.97	1.60	6.86	6.52	.15	.11	1.91	1.56	2.61	1.91
Idaho.....	15.15	15.21	9.26	9.36	4.52	4.43	.23	.24	1.06	1.13	5.09	5.05
Illinois.....	16.34	17.09	7.20	7.17	3.87	4.60	.30	.30	.72	1.08	4.26	3.94
Indiana.....	8.50	8.77	4.92	4.84	2.18	2.36	.30	.32	(?)	(?)	1.09	1.25
Iowa.....	15.75	17.45	10.62	11.60	3.18	3.72	.48	.53	(?)	(?)	1.49	1.60
Kansas.....	18.56	19.19	12.99	13.09	2.96	3.26	.26	.27	1.48	1.72	.86	.85
Kentucky.....	13.34	14.99	7.79	8.69	4.76	5.24	.45	.50	(?)	4.21	.34	.35
Louisiana.....	35.85	42.02	26.21	30.79	5.45	6.35	.43	.64	2.44	2.70	1.31	1.54
Maine.....	16.97	17.35	8.10	8.05	4.96	5.24	.38	.37	.33	.66	3.20	3.03
Maryland.....	6.54	6.65	2.13	2.10	2.69	2.71	.11	.11	1.20	1.21	.42	.52
Massachusetts.....	25.42	27.61	16.61	18.25	3.95	4.30	.43	.50	2.56	2.82	1.87	1.74
Michigan.....	14.10	15.20	6.75	6.81	3.57	3.90	.19	.20	.29	.35	3.30	3.42
Minnesota.....	20.17	20.64	13.52	13.60	3.69	3.93	.36	.38	.22	.31	2.37	2.94
Mississippi.....	14.48	16.88	11.39	12.33	1.78	1.97	.76	.94	.47	.57	.07	.07
Missouri.....	26.56	27.66	18.90	19.18	4.08	4.49	.77	.84	2.02	2.18	.79	.97
Montana.....	19.64	20.24	9.69	9.59	4.01	4.48	.54	.53	1.75	1.88	3.65	3.76
Nebraska.....	12.78	13.20	7.91	7.72	2.21	2.32	.43	.49	4.26	.58	1.96	2.09
Nevada.....	14.16	15.05	8.10	8.07	1.50	2.53	.47	.45	(?)	(?)	4.10	4.00
New Hampshire.....	13.15	12.95	8.06	7.90	2.84	2.68	.38	.37	.43	.58	1.45	1.42
New Jersey.....	6.81	7.63	3.06	3.30	1.65	2.00	.14	.15	.66	.86	1.30	1.32
New Mexico.....	15.04	18.45	6.25	7.18	6.98	8.68	.26	.31	1.03	1.40	.52	.88
New York.....	16.15	16.52	5.97	6.04	5.61	5.95	.29	.30	2.57	2.62	1.70	1.61
North Carolina.....	10.45	11.15	4.60	4.76	3.36	3.59	.55	.58	1.29	1.49	.64	.73
North Dakota.....	16.31	17.52	10.52	11.13	3.46	3.92	.13	.13	1.34	1.54	.87	.80
Ohio.....	13.90	14.48	7.74	8.14	2.00	2.19	.29	.31	.54	.61	3.33	3.23
Oklahoma.....	43.60	44.35	33.14	33.35	6.87	7.15	.84	.84	2.02	2.33	.72	.68
Oregon.....	16.80	18.23	8.80	9.48	2.96	3.37	.18	.18	1.74	2.10	3.12	3.10
Pennsylvania.....	9.59	10.32	2.72	2.81	3.32	3.70	.94	1.19	.76	.83	1.84	1.79
Puerto Rico.....	5.18	5.59	1.85	1.82	2.32	2.67	.07	.07	.90	.96	.06	.07
Rhode Island.....	18.33	19.54	6.96	7.47	5.53	6.04	.17	.16	1.66	1.86	4.01	4.01
South Carolina.....	11.23	10.98	7.27	6.83	2.00	2.17	.35	.37	1.32	1.35	.30	.26
South Dakota.....	15.48	15.71	8.35	8.15	3.99	4.09	.16	.16	.62	.70	2.36	2.61
Tennessee.....	12.75	12.38	7.65	7.15	4.25	4.22	.46	.43	.25	.45	.15	.13
Texas.....	15.36	16.06	12.85	13.25	1.82	2.10	.41	.42	(?)	(?)	3.28	3.29
Utah.....	17.27	16.82	8.66	8.30	5.05	4.75	.24	.22	1.81	1.78	1.51	1.57
Vermont.....	15.17	15.82	9.77	10.22	2.72	2.82	.23	.22	.79	.92	1.65	1.64
Virgin Islands.....	12.72	13.19	6.44	6.25	3.82	4.38	.31	.27	.99	1.03	1.16	1.26
Virginia.....	4.79	4.91	1.75	1.75	1.97	2.04	.16	.17	.63	.71	.28	.24
Washington.....	32.85	34.16	21.40	21.64	4.98	5.47	.33	.36	2.37	2.41	3.78	4.28
West Virginia.....	14.51	16.08	3.87	4.39	7.80	9.09	.22	.26	1.58	1.78	1.04	.56
Wisconsin.....	15.14	15.07	8.80	8.73	3.48	3.46	.25	.25	.37	.41	2.23	2.22
Wyoming.....	14.95	15.13	9.08	8.78	2.52	2.68	.17	.16	1.10	1.21	2.08	2.30

¹ Based on population data from the Bureau of the Census; excludes Armed Forces overseas.

² No program.

³ Estimated.

⁴ Program not in operation for full year. First

payments made as follows: Florida, August 1955; Kentucky, September 1956; and Nebraska, October 1955.

⁵ Data incomplete.

⁶ Partly estimated.

¹ Alabama, Delaware, Iowa, Louisiana, Michigan, Nevada, New Jersey, New Mexico, and Oregon.

10 States,² where more was spent for aid to dependent children, as shown in the accompanying chart. The cost per inhabitant of payments to the needy aged amounted to less than \$7.50 in 20 States, to \$7.50-\$9.99 in 15 States, and to \$10 or more in the remaining 18 States. Per capita expenditures ranged from a low of \$1.60 in Hawaii to a high of \$34.47 in Colorado.

The States also varied widely in their expenditures per inhabitant for each of the other assistance programs in 1956-57. Expenditures of \$9.09 per capita for aid to dependent children in West Virginia, the high State, for example, were more than four and one-half times larger than Mississippi's expenditures of \$1.97 per inhabitant. The average expenditure per capita for aid to dependent children (\$4.11) was about two-fifths of the old-age assistance costs (\$10.12). About 4 out of every 7 States spent less than the national average.

Nationally, expenditures per inhabitant for the other three programs were comparatively small, averaging only 47 cents for aid to the blind, \$1.11 for aid to the permanently and totally disabled, and \$1.62 for general assistance. Costs for aid to the blind ranged from \$1.19 in Pennsylvania to only 7 cents in Puerto Rico, and almost three-fourths of the States spent less than 50 cents. Expenditures for aid to the permanently and totally disabled were somewhat higher than those for aid to the blind; more than half the 46 States with programs spent at least \$1.00 to aid their needy disabled. Kentucky had a program for the disabled in operation during three-fourths of the fiscal year and spent 21 cents per inhabitant, or one-fourteenth as much as Massachusetts (\$2.82). The greatest variation among States in per capita costs, however, occurred in general assistance. For this program the State of Washington spent 428 times as much as Alabama (1 cent) and 61 times as much as Mississippi and Puerto Rico (7 cents). Expenditures per inhabitant for general assistance amounted to less than the national average (\$1.62) in three-

fifths of the States. The distribution of the States by the amount of assistance expenditures per inhabitant for each of the assistance programs for the fiscal year 1956-57 is shown below.

Expenditures per inhabitant	Total, all programs	OAA	ADC	AB	APTD	GA
Total number of States.	53	53	53	53	46	53
Less than \$0.50.....	0	0	0	39	5	12
0.50-0.99.....	0	0	0	12	13	9
1.00-1.49.....	0	0	0	2	10	6
1.50-1.99.....	0	3	1	0	9	10
2.00-2.99.....	0	4	15	0	9	7
3.00-3.99.....	0	1	12	0	0	6
4.00-4.99.....	1	3	12	0	0	3
5.00-7.49.....	2	9	11	0	0	0
7.50-9.99.....	4	15	2	0	0	0
10.00-14.99....	10	10	0	0	0	0
15.00-19.99....	27	4	0	0	0	0
20.00 or more	9	4	0	0	0	0

Vendor Payments for Medical Care

The 1956 amendments that permit the States to claim Federal matching for vendor payments for medical care separately from matching for money payments did not go into effect until the beginning of the fiscal year 1957-58. Accordingly, during 1956-57, States claimed Federal funds for these vendor payments within the monthly maximums³ on Federal participation in the total amount of aid to the individual recipient.

The \$288 million paid to vendors of medical care throughout the United States in 1956-57 under all programs combined amounted to \$1.69 per inhabitant, 18 cents more than in 1955-56. Almost 55 percent of the total cost was met from old-age assistance funds (92 cents). Expenditures from general assistance funds amounted to 43 cents per inhabitant but constituted an important part (more than one-fourth) of the total cost for that program. In contrast, vendor payments from funds of the four special types of public assistance combined came to

less than 8 percent of total assistance expenditures under those programs. At least 12 percent of the vendor payments from general assistance funds, however, and possibly a much larger proportion, went to recipients of money payments under one of the four federally aided categories. The exact proportion is in doubt because a number of States did not report the amount of general assistance funds used to make vendor payments on behalf of recipients of a specific federally aided program. Thirty-nine States reported payments from general assistance funds to vendors of medical care—more than the number using funds from any of the other programs—and 13 of these States showed the amount for medical bills incurred by recipients under one or more of the four special types of public assistance.

Expenditures per capita for vendor payments were small under each of the assistance programs, amounting to less than 50 cents in almost half

Table 3.—Number of States with specified amount of expenditures per inhabitant for vendor payments for medical care, by program, fiscal year 1956-57

Expenditures per inhabitant for vendor payments for medical care	Total, all programs	OAA	ADC	AB	APTD	GA
Average, all States.	\$1.69	\$0.92	\$0.16	\$0.03	\$0.16	\$0.43
Total number of States.	53	53	53	53	46	53
No vendor payments	12	23	26	24	20	14
Vendor payments	41	30	27	29	26	39
Less than \$0.50.....	12	14	22	29	23	18
0.50-0.99....	5	3	5	0	2	10
1.00-1.49....	1	4	0	0	1	4
1.50-1.99....	5	4	0	0	0	5
2.00 or more....	18	5	0	0	0	2

the States making such payments under old-age assistance and general assistance, in all the States under aid to the blind, and in almost all the States under aid to dependent children and aid to the permanently and totally disabled (table 3). Expenditures for this purpose exceeded \$2.00 per inhabitant, however, in five States

² Alaska, Delaware, the District of Columbia, Hawaii, Maryland, New Mexico, Pennsylvania, Puerto Rico, Virginia, and West Virginia.

³ Effective October 1, 1956, these maximums are \$60 in old-age assistance, aid to the blind, and aid to the permanently and totally disabled; in aid to dependent children, they are \$32 for a needy adult relative, \$32 for the first child, and \$23 for each additional child in the family.

under old-age assistance and in two States under general assistance. For all programs combined, the per capita cost of vendor payments for medical care was more than \$2.00 in 18 States, less than 50 cents in 12 States, and from 50 cents to \$1.99 in 11 States.

Trust Fund Operations, 1957*

All financial operations of the old-age, survivors, and disability insurance system are carried on through the Federal old-age and survivors insurance trust fund and the Federal disability insurance trust fund.¹ Amounts equivalent to 100 percent of current collections under the Federal Insurance Contributions Act and under chapter 21 of the Internal Revenue Code of 1954, as amended, are transferred by permanent appropriation to the trust funds on the basis of estimates made by the Secretary of the Treasury. Differences between these estimates and the contributions actually payable on the basis of reported earnings are adjusted periodically. Contributions received under voluntary agreements with States for the coverage of State and local government employees are deposited directly in the trust funds.

The total contributions appropriated to and deposited in the old-age and survivors insurance trust fund—less any reimbursements to the General Treasury for refund of excess employee tax collections²—amounted in 1957 to \$6.825 million, 10.6 percent more than 1956 collections. The increase is largely the result of 1956 legislation that extended coverage to most self-employed professional persons, to certain self-employed farmers, and to members of the uniformed services. Employment tax contribu-

tions for these newly covered persons were paid for the first time in 1957. Coverage of State and local employees also rose during 1957 as additional groups elected to enter the system. The rising wage level and normal population growth also played their part in the contribution increase.

The invested assets of the old-age and survivors insurance trust fund earned \$556 million in 1957. An additional \$2 million in interest was received during the year under the financial interchange provisions of the 1951 amendments to the Railroad Retirement Act. Total interest received, including the \$2 million transfer, was 5.0 percent higher than in the previous year.

Expenditures for old-age and survivors insurance benefit payments amounted to \$7,347 million or 28.6 percent more than in 1956. Benefits paid to women aged 62-64 (first payable for November 1956 to women of that age other than those caring for entitled children) and to some of the newly covered groups account for a large part of this increase.

Administrative costs paid out of the old-age and survivors insurance trust fund amounted to \$162 million in 1957, an increase of 22.3 percent from 1956. This sum is subject to a significant reduction because it includes the cost to the Department of Health, Education, and Welfare of operating the new disability insurance program. Reimbursement to the old-age and survivors insurance trust fund will be made later from the disability insurance trust fund.

The total assets of the old-age and survivors insurance trust fund at the end of 1957 were \$22,393 million, a net decrease of \$126 million or 0.6 percent during the year, compared with an increase of \$856 million in 1956. Of these assets, \$21,556 million was held in the form of Government securities and \$827 million in cash.³

A new social security trust fund—the disability insurance trust fund

—was established by the 1956 amendments to the Social Security Act for the purpose of financing disability insurance benefits to eligible individuals aged 50-64. The new fund was activated as of January 1, 1957, to receive contributions at the rate of $\frac{1}{4}$ of 1 percent of payroll each from employers and employees and at $\frac{3}{8}$ of 1 percent from the self-employed. In the first year of operation⁴ a total of \$702 million in contribution income was appropriated to the fund, including \$22 million in deposits by States.

Investment of the disability insurance trust fund is governed by the same provisions that apply to the old-age and survivors insurance trust fund. From March—when its first investments were acquired—to the end of 1957, the disability fund earned \$7 million in interest. Total receipts for the year amounted to \$709 million.

Disbursements from the new fund for disability insurance benefits began in August 1957 (for July). In the last 5 months of 1957, benefits totaling \$57 million were paid to disabled persons on the basis of their past covered employment.⁵

Administrative expenses of slightly less than \$3 million were paid from the disability insurance trust fund in 1957. This sum represents the cost to the Treasury Department of establishing the new trust fund and operating it during its first year. Costs of operating the disability insurance program incurred by the Department of Health, Education, and Welfare have not yet been charged to the fund; they have been met on a current basis from the old-age and survivors insurance trust fund. The 1956 amendments provide for an annual adjustment of administrative costs between the two funds.

After the close of each fiscal year, the Secretary of Health, Education, and Welfare shall analyze the costs of

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¹ The disability insurance trust fund was established by the 1956 amendments to the Social Security Act.

² Refunds are payable to employees who work for more than one employer during a year, each of whom deducts the tax on wages up to \$4,200.

³ In day-to-day operations the cash balances of the trust fund are relatively small. At the end of each month, however, cash on hand is built up to pay the checks that are to be issued the following month for benefits and administrative expenses. Benefit payments in December 1957, for example, were \$638 million and administrative expenses \$13 million.

⁴ The fund had actually been in operation only 11 months at the end of 1957, since monthly receipts pertain to wages of the preceding month or earlier periods.

⁵ Payments to disabled dependent or surviving children aged 18 or over who were disabled before attainment of that age are chargeable to the old-age and survivors insurance trust fund.