

Social Welfare Expenditures, Fiscal Year 1974

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Most of the \$28 billion expansion that took place in social welfare expenditures under public programs in fiscal year 1974 was eaten up by inflation. Data compiled for this annual series revealed that the 13-percent increase in social welfare expenditures, when adjusted for price and population changes, reduces to 3 percent, the smallest annual rate of growth in real terms since 1960. Nonetheless, the proportion of the gross national product that was directed to public social welfare expenditures rose during the year to 18 percent. The proportion of government spending for such purposes also rose—to 56 percent.

AN ESTIMATED \$242.4 billion was spent in fiscal year 1974 for social welfare purposes under public law. This amount represented an increase of \$28.2 billion from 1973, the largest absolute increase in the history of the series, which dates back to 1929. In relative terms, the 1974 increase of 13.2 percent, while somewhat larger than the 11–12 percent increases of the 2 preceding years, did not match the average annual increase of 14 percent registered for the 1966–71 period.

Most of the 1974 advance in outlays for social welfare, as defined in this article, can be attributed to inflationary pressures as Federal wage and price controls were phased out. When the data are adjusted for price changes the 1974 increase in per capita dollars comes to 3.3 percent—the smallest annual rate of real increase since 1960.

Social welfare expenditures as a percent of the gross national product (GNP) continued to rise nonetheless—from 17.5 percent in 1973 to 18.0 percent in 1974. In part this is attributable to a slower growth in the GNP at a time when inflationary factors continued to affect social welfare spending. The Nation's output of goods and services rose 10.2 percent in fiscal year 1974, compared with 11.3 percent in 1973.

Another trend continuing unabated is the increasing proportion of government spending (Federal, State, and local, taken together) that is being devoted to social welfare activities. The

proportion has been rising about 1 percentage point a year, reaching 56 percent in 1974. The trend is most noticeable at the Federal level where social welfare expenditures absorbed 40 percent of the budget in 1970 and 52 percent in 1974. Even when just “discretionary” (non-trust-fund) government expenditures are considered, the rise has been from 38 percent to 45 percent during this period (24 percent to 35 percent for the Federal Government).

Social insurance and public aid programs were responsible for more than three-fifths of the \$28 billion expansion in social welfare outlays in 1974. Education programs accounted for another one-fourth. The old-age, survivors, disability, and health insurance (OASDHI) program alone disbursed \$8.5 billion more in 1974 than in 1973. With the introduction of the new Federal supplemental security income (SSI) program, total public aid for the fiscal year rose by \$5 billion.

With private social welfare spending included, the grand total for social welfare expenditures reached \$336.3 billion in fiscal year 1974 and was equivalent to one-fourth of the GNP. Public spending accounted for 71 percent of all social welfare outlays and continued to dominate the areas of income maintenance, education, and welfare. The Federal Government continued to be the major source of this spending—supplying 58 percent of all social welfare expenditures from public funds. As recently as 1965 this proportion was less than half.

Public social welfare expenditures are defined in this series as cash benefits, services, and administrative costs of all programs operating under public law that are of direct benefit to individuals and families. The programs included are those for income maintenance through social insurance programs and public assistance and the public provision of health, education, housing, and other welfare services.

Private social welfare expenditures, as defined here, represent direct consumer expenditures for medical care and education, expenditures of private employee-benefit plans (including group

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health and life insurance for government employees), industrial in-plant health services, private health insurance benefits and the cost of providing this protection, and philanthropic spending.

Fiscal year 1974 witnessed the second year of a new form of Federal assistance to the States called general revenue sharing.¹ Under the State and Local Fiscal Assistance Act of 1972 (Public Law 92-512), the Federal Government allocates to States and localities funds that they may spend for almost any purpose without the matching requirements attached to many grant programs and with minimum restrictions. General revenue sharing payments are being made to States and localities at an annual rate of about \$6 billion, compared with about \$48 billion² disbursed in Federal funds under "regular" grants programs for specific purposes.

Until the advent of revenue sharing, regular Federal grant programs were for the most part easily incorporated into the social welfare expenditure series, since their very specificity easily determined the classification of the program for social welfare purposes. (Under the concepts of the social welfare expenditures series, Federal grants to State and local governments are regarded as Federal expenditures and are subtracted from gross expenditures reported by State and local jurisdictions.)

With general revenue sharing, it is more difficult to characterize and classify in a timely fashion the nature of the expenditures from revenue sharing funds because this information is dependent upon reports States and localities are required to file with the Federal Government. So far, one actual use report has been compiled and issued by the Department of the Treasury.³ It sheds only scant light: actual use is reported by recipients for only \$2.8 billion of the \$6.6 billion disbursed up to June 30, 1973. As the State

and local governments have 24 months after the end of the entitlement period for which the checks were issued to use, obligate, or appropriate their revenue sharing receipts, a lag of this nature will undoubtedly exist during the entire 5-year life of the program. The current article, therefore, does not include Federal revenue-sharing funds—as such—in the tabulations.

It should be noted that this omission does not produce any significant understatement in the aggregate amount of social welfare expenditures reported in the series. To a large extent the shared revenue funds are already included in the series as part of the regularly reported gross expenditures of State and local governments. What is affected by the omission is the distribution of spending between Federal and State-local jurisdictions. The Federal share is understated and the State-local share is overstated by the amounts of general revenue sharing received within the States.

Some measure of this Federal understatement may be obtained from the cited report of the Office of Revenue Sharing. States and localities reported use of about \$941 million in fiscal year 1973 for what would definitely be classified as social welfare in this series, with another \$39 million that might on closer inspection be classed in part or in total in the same category. Of the \$2.8 billion reported as used by June 30, 1973, an outlay of \$687 million for education was the largest amount spent by States and localities for any single permitted function. Health expenditures of \$166 million and \$88 million spent for social services for the poor or aged complete the \$941 million.

The social welfare expenditures series has several other characteristics that produce understatements and overstatements. First, the data for certain State-local expenditures are based on the Bureau of the Census series on *Governmental Finances*—a source that does not adjust for the effects of differences in fiscal years among the hundreds of local governmental units. While all but three State governments have a July 1–June 30 fiscal year (the dates used in the social welfare series), only 30 percent of the counties and 47 percent of the 100 largest cities (these percentages are weighted by population) have a fiscal year ending June 30. The calendar year is the most common alternative.

¹ For a description of the general revenue sharing program and a report of State and local uses of its funds, see Sophie R. Dales, "Federal Grants 1973" and "General Revenue Sharing: A Closer Look," both in *Social Security Bulletin*, October 1974.

² *Special Analyses, Budget of the United States Government, Fiscal Year 1975*, table N-1, page 205

³ David A. Caputo and Richard L. Cole, *Revenue Sharing: The First Actual Use Reports* (prepared for Office of Revenue Sharing, Department of the Treasury), March 1, 1974.

In reporting expenditures for local jurisdictions the Census Bureau attributes all expenditures to the fiscal year ending June 30 if the last day of the locality's fiscal year falls within the July 1-June 30 fiscal year. The data for many local jurisdictions include, as a result, some expenditures that were not actually made during the fiscal year ending June 30 and exclude some expenditures that were made during that fiscal year.

In a period of rising social welfare expenditures, as has been the case in recent years, the exclusions are larger in amount than the inclusions, thus producing an understatement in the series. According to estimates by the Social Security Administration, the understatement in Census of Governments data for any one year is approximately 15 percent of the year-to-year increase in the reported expenditures.⁴

In dollar amounts, the understatement comes to roughly \$235 million in 1974, inasmuch as only about one-seventh of State and local expenditures presented in table 1 (\$12.8 billion in 1973 and \$14.4 billion in 1974) are derived from Census Bureau data. The balance comes from sources—mainly Federal and State program agencies—that report data for a July 1-June 30 fiscal year.

On the other side of the ledger, some overstatement appears in the social welfare series because of "duplicated" expenditures. One example involves the premium payments by State public assistance agencies on behalf of Medicaid recipients (the so-called "buy ins") for supplementary medical insurance (SMI) under Medicare.

These premium payments appear in the series as part of the vendor medical payments under public assistance. To the extent that these premium payments into the SMI trust fund are subsequently used to reimburse SMI services, they are counted again under the Medicare expenditures.

The total amounts of the premiums that have been paid by States since 1967 to "buy in" for Medicare coverage of aged assistance recipients are as follows:

⁴The detailed work underlying these estimates was done by Donald J. Cymrot, Interprogram Studies Branch, Division of Retirement and Survivor Studies, Office of Research and Statistics.

<i>Fiscal year</i>	<i>Amount</i> (in millions)
1967 -----	\$32.1
1968 -----	53.0
1969 -----	75.8
1970 -----	97.2
1971 -----	131.5
1972 -----	137.9
1973 -----	149.3
1974 -----	155.2

EXPENDITURES IN FISCAL YEAR 1974

Although social welfare expenditures have increased at the fairly constant rate of 11-13 percent during the past 3 years, the various categories continue to display different growth patterns, as the next tabulation shows. Except for housing expenditures (which, despite a rise of nearly one-fifth in 1974, still accounted for no more than 1 percent of all social welfare expenditures), the largest 1974 increase—more than 17 percent—was registered in the public aid category (table 1), as the new Federal supplemental security income (SSI) and comprehensive employment and training programs got underway. This public aid increase represented a reversal of 3 years of decelerating annual increases: 29 percent in fiscal year 1971, 23 percent in 1972, and 10 percent in 1973.

Program	Percentage increase from—		
	1971 to 1972	1972 to 1973	1973 to 1974
Social insurance.....	12.7	15.1	14.4
Public aid.....	22.6	10.0	17.2
Health and medical programs.....	13.8	1.7	11.2
Veterans' programs.....	10.2	13.0	7.5
Education.....	6.4	7.7	11.5
Other social welfare.....	12.7	11.4	9.5

The social insurance category had the next largest 1974 increase (14 percent), followed by education (12 percent), and health and medical programs (11 percent). The latter rate represented a resumption of the "normal" increase for health and medical programs, which had fallen to just 2 percent in 1973. (The health and medical category does not include medical program adjuncts to social insurance, public assistance, veterans', and other social welfare programs.)

The smallest increase of 1974 was for veterans' programs. The 7.5-percent increase here was less

than three-fifths of the 1973 increase, a peak growth year for the Vietnam era.

The 1974 spurt in public aid stems from a number of factors, the major one being the introduction of adult assistance cash programs under SSI on January 1, 1974. The first 6 months' expenditures of \$2.8 billion under this program more than offset the year's drop of \$1.2 billion in expenditures under the regular cash

payment public assistance programs. After January 1, 1974, the latter consisted almost exclusively of Federal-State aid to families with dependent children and State general assistance, as SSI took over the payment of a guaranteed monthly income to the needy aged, blind, and disabled.

Altogether, \$12.6 billion was expended in 1974 under both public assistance and SSI programs

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1929-74¹

Program	[In millions]									
	1929	1950	1955	1960	1965	1970	1971	1972	1973	1974 ²
	Total expenditures									
Total.....	\$3,921 2	\$23,508 4	\$32,639 9	\$52,293 3	\$77,175.3	\$145,961 7	\$171,982.6	\$192,360 2	\$214,178 9	\$242,386 3
Social insurance.....	342 4	4,946 6	9,834 9	19,306 7	28,122 8	54,690 8	66,369 0	74,799 0	86,117 8	96,602.0
Old-age, survivors, disability, and health insurance ³		784 1	4,463 3	11,032 3	16,997.5	36,935 4	43,122 8	48,220 1	57,766 6	66,273 4
Health insurance (Medicare) ⁴			556 0	934 7	1,128 1	7,149 2	7,875 0	8,819 2	9,478 8	11,321 9
Railroad retirement ⁵		806 4			1,609 9	1,609 9	1,928 9	2,141 2	2,477.5	2,692 6
Public employee retirement ⁶	113 1	817.9	1,388 5	2,569 9	4,528 5	8,658 7	10,226 0	11,921 3	14,013 2	16,488 4
Unemployment insurance and employment service ⁷		2,190.1	2,080 6	2,829 6	3,002 6	3,819 1	6,665 6	7,648 0	6,046 6	6,600 0
Railroad unemployment insurance.....		119 6	158 7	215 2	70 7	38 5	49 6	86 0	45 2	26 1
Railroad temporary disability insurance.....		31 1	54 2	68 5	46 5	61.1	53 0	42.1	34 9	31.0
State temporary disability insurance ⁷		72.1	217.5	347 9	483 5	717 7	773 1	783.7	847 0	842 0
Hospital and medical benefits ⁸		2 2	20 0	40 2	50 9	62 6	68 4	68 3	68 7	71.2
Workmen's compensation ⁹	229 3	625 1	943 0	1,308 5	1,859 4	2,950 4	3,550 0	3,947.6	4,886 9	5,498 5
Hospital and medical benefits ⁸	75 0	193 0	315 0	420 0	580 0	985 0	1,060 0	1,180 0	1,315.0	1,450.0
Public aid.....	60 0	2,496 2	3,003 0	4,101 1	6,283 4	16,487.7	21,262 4	26,077 0	28,897 0	33,628.1
Public assistance ¹⁰	59 9	2,490 2	2,941.1	4,041 7	5,874 9	14,433 5	18,075 0	21,895 0	24,002 6	28,412.2
Vendor medical payments ¹¹		51 3	211 9	492 7	1,867.1	5,212 8	6,277 5	7,751 6	9,208 6	11,218 4
Social services ⁴						712 6	950.4	2,160 5	2,306 2	2,685 0
Supplemental security income ¹²									45 7	2,828.9
Other ¹³	1	6 0	61.9	59.4	408.5	2,054 2	3,187 4	4,182 0	4,648 7	5,390.0
Health and medical programs ¹⁴	351 1	2,063 5	3,103 1	4,463.8	6,240 4	9,752 8	10,915 7	12,422 6	12,639 5	14,054.4
Hospital and medical care.....	146 3	1,222 3	2,042 4	2,853 3	3,452 3	5,144 4	5,729 9	6,552 7	7,107 5	7,731.4
Civilian programs.....	117 1	886 1	1,267.6	1,873.2	2,515 5	3,384 8	3,773 3	4,211 7	4,639 5	5,022.4
Defense Department ¹⁵	29 2	336 2	744 8	880 1	986 8	1,759 6	1,956 6	2,341 0	2,468 0	2,709.0
Maternal and child health programs ¹⁶	6 2	29 8	92 9	141 3	227.3	431 4	403 3	495 3	455 3	489 8
Medical research ¹⁷			2	6	4 3					
Medical research.....		69 2	132 8	448 9	1,165 2	1,561 4	1,574 7	1,772 0	1,998 0	2,383 0
School health (educational agencies) ¹⁷	9 4	30 6	65 9	101.0	142 2	246 6	271 9	281 3	300 0	
Other public health activities.....	88 8	350 8	383 7	401.2	671 0	1,437 0	1,698 4	1,922 7	1,894 7	2,126 2
Medical-facilities construction.....	100 4	360 8	386 4	518 1	588 3	932 1	1,237.5	1,396 5	1,099 0	1,344 0
Defense Department.....		1.1	33 0	40 0	81.1	82 5	74 1	100 0	76 0	115.0
Other.....	100 4	359 8	352 4	478 1	557.2	879 6	1,163 4	1,298 5	1,023 0	1,229 0
Veterans' programs.....	657.9	6,865 7	4,833 5	5,479 2	6,031.0	9,015 3	10,395 7	11,456 1	12,951 5	13,922.7
Pensions and compensation ¹⁸	434 7	2,092 1	2,689 7	3,402 7	4,141.4	5,393 8	5,877.5	6,209 3	6,805 8	6,822.5
Health and medical programs.....	50 9	748 0	761 1	954 0	1,228 7	1,784 0	2,026 9	2,431 4	2,766 1	2,987.5
Hospital and medical care.....	46 7	582 8	721 5	879 4	1,114 8	1,651 4	1,873 9	2,265 6	2,587 3	2,786 6
Hospital construction.....	4 2	161 5	34 1	59 6	77 0	70 9	85 1	109 8	104 8	118 9
Medical and prosthetic research.....		3.7	5 6	15.1	36 9	61 8	67 9	66 0	74 0	82 0
Education.....		2,691.6	708 1	409 6	40 9	1,018 5	1,622 4	1,924 8	2,647 9	3,161.6
Life insurance ¹⁹	186 4	475 7	490.2	494 1	434 3	502 3	526 6	528 7	532 2	538 5
Welfare and other.....	35 8	858.3	186 5	218.8	185 8	319 7	342 2	367.1	399.5	412.7
Education ²⁰	2,438.7	6,674 1	11,157 2	17,626 2	28,107 9	50,905 0	56,950.2	60,579.6	65,257 6	72,763.1
Elementary and secondary.....	2,216 2	5,896 2	9,734 3	15,109 0	22,857.7	38,632 3	42,910 8	45,580 1	48,763 1	54,993.7
Construction ²¹	377 0	1,019.4	2,231 9	2,661.8	3,267 0	4,659 1	4,561.9	5,055 3	5,008 4	5,201 0
Higher.....	182 1	914 7	1,214 4	2,190.7	4,826 4	9,970 3	11,098 2	11,748 1	12,780 1	13,626 6
Construction ²¹	2	310 3	198 6	357.9	1,081.4	1,718 2	1,837.7	1,754 0	2,064 5	2,191.5
Vocational and adult ²¹	34.9	160.8	204 9	298.0	853 9	2,145 9	2,726 9	3,034 8	3,497.9	3,925 6
Housing.....		14.6	89 3	176 8	318 1	701 2	1,046 8	1,332 4	2,130 3	2,581.7
Public housing.....		14 5	74 7	143 5	234.5	459.9	608 2	731 1	1,102 6	1,263 0
Other.....		.1	14 6	33 2	83.6	241 3	438 6	601 3	1,077.7	1,318.7
Other social welfare.....	76 2	447.7	619 0	1,139.4	2,065 7	4,406 0	5,042 8	5,683 5	6,335 2	6,934 2
Vocational rehabilitation.....	1 6	30 0	42 4	96 3	210 5	703 8	800 8	875 5	911.7	974.0
Medical services ²².....	.1	7.4	9 1	17.7	34.2	133 8	182 8	179 2	175 0	193.5
Medical research ²³.....			.3	6 6	22 4	20 6		17 0	15 0	14 0
Institutional care ²³	74 7	145.5	195 3	420.5	789 5	1,307 5	1,394 5	1,640 8	1,932 4	2,267.7
Child nutrition ²⁴		160 2	239 6	398 7	617.4	896 0	1,204 5	1,502 3	1,707 0	1,864 8
Child welfare ²⁵		104 9	135 1	211 5	354 3	585 3	696 8	532 0	526 0	510 0
Special OEO and Action programs ²⁶					51 7	752 8	784 9	782 7	894 9	636 3
Social welfare, not elsewhere classified ²⁷		7.1	6.5	12 4	42 3	180.6	261 3	350.3	363.3	681.4

See footnotes at end of table.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1929-74—Continued

[In millions]

Program	1929	1950	1955	1960	1965	1970	1971	1972	1973	1974 ^a
	From Federal funds									
Total.....	\$798 4	\$10,541 1	\$14,622 9	\$24 956 7	\$37,711 7	\$77,334 0	\$92,570 4	\$106,310 5	\$122,533 6	\$139,579 9
Social insurance.....	55 9	2,103 0	6,385 0	14,307 2	21,806 6	45,245 2	53,902 8	61,246 3	72,232 4	82,508 0
Old age, survivors, disability, and health insurance ¹		784 1	4,436 3	11,032 3	16,997 5	36,835 4	43,122 8	48,229 1	57,766 6	66,273 4
Health insurance (Medicare) ⁴		306 4	556 0	934 7	1,128 1	1,609 9	1,928 9	2,141 2	2,477 5	2,692 6
Railroad retirement ²	51 9	507 9	808 5	1,519 9	2,780 5	5,516 7	6,582 1	7,648 4	8,880 5	10,549 4
Public employee retirement ³		328 6	320 8	473 5	699 8	1,035 7	1,678 1	2,483 9	1,849 8	1,705 3
Unemployment insurance and employment service ⁵		119 6	158 7	215 2	76 7	38 5	49 6	86 0	45 2	26.1
Railroad unemployment insurance.....										
Railroad temporary disability insurance.....		31 1	54 2	68 5	46 5	61 1	53 0	42 1	34 9	31 0
Workmen's compensation ⁶	4 0	25 1	50 5	63 1	77 6	147 9	488 4	615 7	1,178 1	1,230 3
Hospital and medical benefits ⁷.....	.6	5 2	6 9	9 0	11 3	20 7	25 1	26 9	32 3	36 0
Public aid.....		1,103 2	1,504 2	2,116 9	3,593 9	9,648 5	12,990 6	16,990 1	18,066 7	21,237 3
Public assistance ¹⁰		1,097 2	1,442 3	2,057 5	3,185 4	7,594 3	9,803 3	12,108 1	13,372 3	13,332 4
Vendor medical payments ¹¹			23 3	199 8	555 0	2,607 1	3,373 9	4,166 2	4,997 4	5,824 1
Social services ⁴						622 0	692 4	1,598 2	1,718 6	2,000 0
Supplemental security income ¹²									45.7	2,182 6
Other ¹³		6.0	61 9	59 4	408 5	2,054 2	3,187 4	4,182 0	4,948 7	5,890 0
Health and medical programs ¹⁴	46 7	603 5	1,150 3	1,737 3	2,780 6	4,775 2	5,148 2	6,321 8	6,697 7	8,005 0
Hospital and medical care.....	37 7	382 6	511 5	985 5	1,074 7	2,045 4	2,370 2	2,960 3	3,272 7	3,742 0
Civilian programs.....	8 5	46 4	60 7	103 4	137 9	285 8	413 6	619 3	804 7	1,083 0
Defense Department ¹⁵	29 2	336 2	744 8	890 1	936 8	1,759 6	1,956 6	2,341 0	2,488 0	2,709 0
Maternal and child health programs ¹⁶	1 2	20 1	23 7	35 3	73 4	196 0	148 2	259 0	221 0	236 0
Medical research ¹⁷			2	6	4					
Medical research.....		69 2	132 8	425 9	1,110 2	1,485 4	1,496 7	1,668 0	1,913 0	2,299 0
Other public health activities.....	6 9	63 8	65 0	57 3	222 9	590 3	677 6	968 0	911 0	1,234 0
Medical facilities construction.....	9	67.8	117 4	235 1	239 3	458 1	455.5	441 5	380 0	494 0
Defense Department.....		1 1	33 0	40 0	31 1	52 5	74 1	100 0	76 0	115 0
Other.....	9	66 8	84 4	195 1	268 2	405 6	381 4	341 5	304 0	379 0
Veterans' programs.....	657 9	6,386 2	4,771 9	5,367 3	6,010 6	8,951 5	10,331 1	11,405 2	12,903 3	13,877 7
Pensions and compensation ¹⁸	434 7	2,092.1	2,689 7	3,402 7	4,141 4	5,393 8	5,877 5	6,209 3	6,605 8	6,822 5
Health and medical programs.....	50 9	748 0	761 1	954 0	1,228 7	1,784 0	2,026 9	2,431 4	2,766 1	2,987 5
Health and medical care.....	46 7	582 8	721.5	879 4	1,114 8	1,651 4	1,873 9	2,255 6	2,587 3	2,786 6
Hospital construction.....	4 2	161 5	34 1	59 6	77 0	70 9	85 1	109 8	104 8	118 9
Medical and prosthetic research.....		3 7	5 6	15 1	38 9	61 8	67 9	66 0	74 0	82 0
Education.....		2,691 6	706 1	409 6	40 9	1,018 5	1,622 4	1,924 6	2,647 9	3,161 6
Life insurance ¹⁹	136 4	475 7	490.2	494 1	434 3	502 3	526 6	523 7	532 2	538 5
Welfare and other.....	35 8	378 8	124 9	106 9	165 4	252 9	277 6	318 2	361 3	367.7
Education ²⁰	36 5	156 7	485 1	867 9	2,469 8	5,873.1	6,579 7	6,708 7	7,389 1	8,045 8
Elementary and secondary.....	9 6	47 1	309 2	441 9	776 8	2,956 8	3,387 2	3,418 8	3,545 8	4,126 4
Construction ⁶	(28)	5 2	139 9	70 6	77 0	35 9	20 2	20 3	20 0	27 8
Higher.....	12 1	48 5	101 8	293 1	1,217.0	2,155 7	2,202 2	2,283 1	2,650 1	2,726 6
Construction ⁸	2	5 7	5 1	1 2	324 0	466 3	437 7	351 0	384 5	291 5
Vocational and adult ²¹	14 3	58 7	70 5	104 5	406 2	604 1	775 9	840 1	946 7	975 6
Housing.....		14 6	74 7	143 5	238 2	581 6	871.7	1,183 2	1,750 4	2,131 7
Public housing.....		14 5	74 7	143 5	234 5	459 9	608.2	731 1	1,102 6	1,263 0
Other.....		.1			3 6	121 7	263 5	452 1	647 8	868 7
Other social welfare.....	1 4	174 0	251 7	416 7	812 0	2,258 9	2,746 3	3,155 1	3,494 0	3,774 2
Vocational rehabilitation.....	7	21 0	27 1	64 3	143 3	567 4	642 2	719 6	753 2	800 2
Medical services ²¹.....	.1	5 1	5 7	11 2	21 2	107 0	130 2	143 4	140 0	154 0
Medical research ²²			3	6 6	22 4	29 6		17 0	15 0	14 0
Institutional care ²³	7	20 5	40 3	20 5	34 5	22 5	24 5	25 8	27 4	22 7
Child nutrition ²⁴		121 2	170 7	306 1	603 7	710 9	988 1	1,232 1	1,409 4	1,588 4
Child welfare ²⁵		4 2	7 1	13 4	36 5	44 7	45 3	44 7	45 9	45 2
Special OEO and Action programs ²⁶					51 7	752 8	784 9	782 7	894 9	636 3
Social welfare not elsewhere classified ²⁷		7 1	6 5	12 4	42 3	160 6	261 3	350 3	363 3	661 4

See footnotes at end of table.

(including the State-administered supplementary programs) for cash payments to needy individuals and families, compared with \$11.1 billion under public assistance alone in 1973. Another factor contributing to the upward trend was the 22-percent rise in Medicaid expenditures in 1974 to \$11.2 billion; the 1973 increase had been 19 percent.

The remaining components of public aid also showed a greater overall rate of increase in 1974 than in 1973 (16 percent, compared with 11 per-

cent). Expenditures for the food stamp program in 1974 increased at the accelerated rate of 27 percent, compared with a 1973 rise of 19 percent. Under the new Comprehensive Employment and Training Act (CETA) of 1973, increased expenditures of 10 percent were reported in fiscal year 1974 for programs previously operated under the Manpower Development and Training Act of 1962, the Economic Opportunity Act of 1964, and the Emergency Employment Act of 1971. The 1973 increase for these work and training pro-

grams had been 8 percent. CETA is the first Federal law to incorporate special revenue sharing by

authorizing block grants to State and local governments for various manpower services, includ-

TABLE 1—Social welfare expenditures under public programs, selected fiscal years, 1929-74¹—Continued

Program	[In millions]									
	1929	1950	1955	1960	1965	1970	1971	1972	1973	1974 ²
	From State and local funds ³									
Total.....	\$3,122 8	\$12,967 3	\$18,017 1	\$27,336 6	\$39,463 5	\$68,627 8	\$79,412 2	\$86,039 7	\$91,645 3	\$102,806 4
Social insurance.....	286 5	2,843 6	3,449 9	4,999 4	6,316 2	9,445 0	12,466 2	13,552 7	13,885 4	15,994 0
Public employee retirement ⁴	61 2	310 0	580 0	1,050 0	1,748 0	3,142 0	3,644 0	4,272 9	5,132 7	5,939 0
Unemployment insurance and employment service ⁵		1,861 5	1,759 9	2,356 1	2,302 8	2,783 4	4,987 5	5,164 1	4,196 8	4,954 7
State temporary disability insurance ⁷		72 1	217 5	347 9	483 5	717 7	783 7	847 0	842 0	842 0
Hospital and medical benefits ⁸		2 2	20 0	40 2	50 9	62 6	68 4	68 3	68 7	71 2
Workmen's compensation ⁹	255 3	600 0	892 5	1,245 4	1,781 8	2,802 5	3,061 6	3,331 9	3,708 8	4,258 3
Hospital and medical benefits ⁸	74 4	187 8	308 1	411 0	568 7	964 3	1,064 9	1,153 1	1,282 7	1,414 0
Public aid.....	60 0	1,393 0	1,498 8	1,984 2	2,689 5	6,839 2	8,271 7	9,786 9	10,630 3	12,390 8
Public assistance ¹⁰	59 9	1,393 0	1,498 8	1,984 2	2,689 5	6,839 2	8,271 7	9,786 9	10,630 3	11,747 6
Vendor medical payments ¹¹		51 3	188 6	292 9	812 1	2,605 6	2,903 6	3,585 4	4,211 3	5,394 3
Social services ⁴						190 6	258 0	562 3	587 7	685 0
Supplemental security income ¹²										643 2
Other.....	1									
Health and medical programs ¹⁴	304 4	1,460 0	1,952 8	2,726 8	3,465 8	4,977 6	5,767 6	6,100 7	5,941 8	6,049 4
Hospital and medical care.....	108 6	839 7	1,230 9	1,869 8	2,377 6	3,099 0	3,359 7	3,592 4	3,834 8	3,989 4
Maternal and child health programs ¹⁵	5 0	9 7	69 2	106 1	153 9	235 3	255 2	236 3	234 3	233 8
Medical research.....				23 0	55 0	76 0	78 0	79 0	80 0	84 0
School health (educational agencies) ¹⁷	9 4	30 6	65 9	101 0	142 2	246 6	271 9	281 3	300 0	
Other public health activities.....	81 9	287 0	318 8	343 9	448 1	846 7	1,020 8	954 7	773 7	892 2
Medical facilities construction.....	99 5	293 0	268 0	283 0	289 0	474 0	782 0	957 0	719 0	850 0
Veterans' programs.....		479 5	61 6	111 9	20 4	66 8	64 6	50 8	48.3	45 0
Education.....	2,397 2	6,517.5	10,672 1	16,758 3	25,638 1	45,031 9	60,370 5	63,871 0	57,868 5	64,717 3
Elementary and secondary.....	2,206 6	5,549 1	9,425 1	14,667 1	21,680 9	35,675 5	39,523 6	42,161 2	45,217 2	50,867 3
Construction ²¹	377 0	1,014 2	2,091 9	2,591 2	3,190 0	4,623 2	4,531 7	5,035 0	4,988 4	5,173 2
Higher.....	170 0	866 3	1,112 6	1,897 7	3,609 4	7,514 6	8,896 0	9,515 0	10,100 0	10,900 0
Construction ²¹	(28)	304 6	193 4	356 7	757 4	1,251 9	1,400 0	1,403 0	1,700 0	1,900 0
Vocational and adult ²¹	20 6	102 1	134 4	193 5	447 7	1,641 8	1,951 0	2,194 7	2,551 3	2,950 0
Housing.....			14.6	33 2	80 0	119 6	175 1	149 2	429 9	450.0
Other social welfare.....	74 8	273 7	367.3	722 8	1,253 6	2,147 1	2,296 5	2,528 5	2,841 2	3,160 0
Vocational rehabilitation.....	8	9 0	15 3	32 1	67 1	136 3	158 6	153 8	158 5	173 8
Medical services ⁸	1	2 3	3 5	6 6	13 0	26 8	32 6	35 8	35 0	39 4
Institutional care ²³	74 0	125 0	155 0	400 0	775 0	1,285 0	1,370 0	1,615 0	1,905 0	2,245 0
Child nutrition ²⁴		39 0	69 0	92 6	113 7	185 1	216 4	270 3	297 6	276 4
Child welfare ²⁵		100 7	128 0	198 1	317.8	640 7	551 5	487 3	480 1	464 8

¹ Expenditures from Federal, State, and local revenues (general and special) and trust funds and other expenditures under public law; includes capital outlay and administrative expenditures unless otherwise noted. Includes some payments abroad. Fiscal years ended June 30 for Federal Government, most States, and some localities.

² Preliminary estimates
³ Excludes financial interchange between OASDHI and railroad retirement

⁴ Included in total immediately above, includes administration.
⁵ Excludes refunds of employee contributions, includes payments to retired military personnel and survivors. Administrative expenses for Federal non-contributory retirement not available

⁶ Includes unemployment compensation under State programs, programs for Federal employees and ex-servicemen, trade adjustment and cash training allowances, and payments under extended unemployment insurance programs

⁷ Cash and medical benefits in 5 areas. Includes private plans where applicable and State costs of administering State plans and supervising private plans. Administrative expenses of all private plans and all data for Hawaii not available.

⁸ Included in total directly above, excludes administrative expenses, not available separately but included for entire program in preceding line.

⁹ Cash and medical benefits paid under Federal and State laws by private insurance carriers, State funds, and self-insurers. Includes Alaska and Hawaii beginning 1959-60. Administrative cost of private carriers and self-insurers not available. Starting 1969-70, Federal expenditures include "black lung" benefit program administered by Social Security Administration

¹⁰ Represents categorical programs under the Social Security Act and (from State and local funds) general assistance. Starting 1968-69, includes work incentive activities

¹¹ Included in total directly above, includes administrative expenses of medical assistance (Medicaid) program

¹² Benefits began January 1974, fiscal year 1973 data represent administrative expenses only.

¹³ Work relief, other emergency aid, surplus food for the needy, food stamps, repatriate and refugee assistance, and work-experience training programs under the Economic Opportunity Act and the Comprehensive Employment and Training Act. See footnote 26

¹⁴ Excludes State and local expenditures for domiciliary care in institutions other than mental or tuberculosis and services in connection with OASDHI, State temporary disability insurance, workmen's compensation, public as-

sistance, vocational rehabilitation, and veterans' and antipoverty programs (included in total expenditures for these programs).

¹⁵ Includes medical care for military dependent families.

¹⁶ Includes services for crippled children. Starting 1970-71, excludes administrative expenses.

¹⁷ Starting 1974, data not separable from expenditures under "education."

¹⁸ Includes burial awards. Starting 1964-65, includes subsistence payments to disabled veterans undergoing training and special allowances for survivors of veterans who did not qualify under OASDHI.

¹⁹ Excludes the Servicemen's Group Life Insurance program

²⁰ Federal expenditures for administrative costs (Office of Education) and research included in total only.

²¹ Construction for vocational and adult education included with elementary-secondary construction.

²² Medical services and research included in total, excludes administrative expenses

²³ Federal expenditures represent primarily surplus food for institutions. State and local expenditures include some amounts for antipoverty programs, foster care, legal assistance to the needy, and care of transients

²⁴ Surplus food for schools and programs under National School Lunch and Child Nutrition Acts. State and local funds represent direct appropriations

²⁵ Represents primarily child welfare services under the Social Security Act. Starting 1968-69, excludes administrative expenses.

²⁶ Includes domestic programs consolidated in fiscal year 1972 under Action (former VISTA, Foster Grandparents, and other domestic volunteer programs) and special OEO programs such as community action and migrant workers' other OEO programs listed in appropriate subsection under public aid and education.

²⁷ Includes administrative and related expenses of the Secretary of Health, Education, and Welfare and of the Social and Rehabilitation Service; Indian welfare and guidance, aging and juvenile delinquency activities, and certain manpower and child development activities

²⁸ Not available

²⁹ Except as otherwise noted (see footnotes 7 and 9).

Source: Data taken or estimated from Treasury reports, Federal Budgets, Census of Governments, and reports of Federal and State administrative agencies. For detailed description of programs and for single-year historical data see *Social Welfare Expenditures Under Public Programs in the United States, 1929-1966* (Research Report No. 25.)

ing a summer youth employment program and a transitional public service employment and training program in areas that have an unemployment rate of 6.5 percent or more.

Social insurance continues to be the largest single component of the series with an increase of \$12.4 billion to a 1974 total of \$98.5 billion. Social insurance now accounts for two-fifths of social welfare expenditures. Despite the fractional decline in its rate of increase, the 1974 rise was responsible for 44 percent of the total increase in 1974 social welfare expenditures under public programs.

Leading the rate of increase in social insurance expenditures was the conglomeration of programs for the retirement of employees of Federal, State, and local governments. Together, this grouping jumped 18 percent in each of the last 2 fiscal years, mostly the result of legislated increases. The 1974 dollar increase of \$2.5 billion, however, was far outweighed by the \$8.5 billion increase in expenditures for OASDHI, which, in turn, represented an increase of 15 percent.

Cash benefits under the OASDHI program increased 14 percent, down from the 23 percent recorded in 1973. Differences in the amount of legislated benefit increases and their timing were largely responsible for the variance between the 2 years' expenditures growth rate. A 20-percent across-the-board cash benefit increase as of September 1, 1972, had affected three of the four fiscal quarters in 1973. The next benefit hike of 7 percent under Public Law 93-233 affected only the April-June quarter of 1974. In contrast, however, Medicare outlays under OASDHI rose 19 percent in 1974, compared with 7 percent in 1973. A major factor here was the extension of coverage to disability beneficiaries and insured persons with chronic kidney disease, effective July 1, 1973.

At \$5.5 billion, workmen's compensation grew 12 percent in fiscal year 1974, just half its 1973 growth rate. About one-half of the 1973 increase was attributable to expansion of the Federal "black lung" program, which had more than doubled that year and then leveled off in 1974 at about \$0.9 billion. With "black lung" benefits excluded, the rest of the workmen's compensation programs increased 15 percent in 1974.

Expenditures for unemployment insurance and employment service in 1974 were again at their

\$6.7 billion level of 1971 after a sequence of annual ups and downs. State unemployment insurance, with benefits of \$5.0 billion in 1974 (18 percent above 1973 benefits) accounted for three-quarters of the group total.

From February 1972 through March 1973, a Federal program of emergency benefits for workers who had exhausted regular- and extended-benefit rights had added \$401 million to 1972 and \$177 million to 1973 unemployment insurance expenditures. The absence of this program in fiscal year 1974 was largely compensated for in the unemployment insurance total by an increase of \$110 million (57 percent) in expenditures for extended unemployment insurance.

Expenditures for education, \$72.8 billion in fiscal year 1974, rose by exactly 11.5 percent after registering advances of only 8 percent in 1973 and 6 percent in 1972. Because of the magnitude of public education programs, the 1974 increase of \$7.5 billion accounted for 27 percent of the \$28.2 billion increase in total social welfare expenditures, second only to the 44 percent for the social insurances.

At \$14.1 billion, health and medical programs again showed a substantial (11 percent) increase in expenditures after 2 years at the \$12.4-\$12.6 billion level. The \$1.4 billion increase in fiscal year 1974 was mainly attributable to increases of \$0.6 billion in hospital and medical care benefits provided by public agencies, \$0.4 billion in outlays for public health activities, and \$0.4 billion in expenditures for publicly financed medical research.

Expenditures under veterans' programs increased by \$1.0 billion to a total of \$13.9 billion in fiscal year 1974. Education benefits for returning Vietnam veterans and their dependents and survivors accounted for about half the dollar increase in all veterans' expenditures, even though the 19-percent increase in 1974 equaled only half that of the preceding year.

Expenditures for the major components of the "other social welfare" category—child nutrition and institutional and related care—showed substantial increases in fiscal year 1974. These two sets of programs, which accounted for three-fifths of the \$6.9 billion spent for "other social welfare" in fiscal year 1974, were responsible for more than four-fifths of the \$0.6 billion increase in that year.

TABLE 2.—Per capita social welfare expenditures under public programs in the United States, in actual and 1974 prices, selected fiscal years, 1929–74

Fiscal year	Per capita social welfare expenditures in current prices ¹								Constant fiscal year 1974 prices		
	Total ²	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	All health and medical care ³	Total social welfare expenditures ¹		Implicit price deflators (1974=100)
									Amount (in millions)	Per capita	
1929.....	\$31 80	\$2 78	\$0 49	\$2 85	\$5 31	\$19 75	\$0 62	\$3 87	\$10,882 4	\$88 33	36 0
1930.....	132 56	32 19	16 26	13 34	44 18	43 47	2 92	19 97	44,107 0	287 31	53 1
1935.....	194 66	58 71	17 98	18 58	28 46	66 68	3 71	26 47	53,916 7	322 82	60 3
1940.....	285 42	105 35	22 46	24 45	29 52	96 43	6 24	35 03	78,237 6	428 56	66 6
1945.....	391 15	142 29	31 95	31 76	30 31	142 73	10 50	48 48	109,118 6	554 82	70 5
1950.....	701 78	262 47	79 48	47 01	42 99	245 23	21 24	121 65	176,472 6	860 64	82 5
1955.....	818 61	315 28	101 47	52 09	49 08	271 62	24 07	136 51	199,453 2	951 87	86 0
1960.....	906 72	351 88	123 25	58 71	53 59	286 14	26 86	156 07	216,044 3	1,021 08	88 8
1965.....	1,001 65	401 83	134 58	59 28	60 13	305 91	29 71	167 98	232,410 9	1,089 93	91 9
1974.....	1,125 59	456 41	156 58	65 44	64 19	338 66	32 29	192 35	241,736 9	1,125 59	100 0
Percentage change for 1974 expenditures (1974 prices) from:											
1960.....	+163	+189	+364	+78	+45	+134	+245	+266	+209	+163	-----
1965.....	+103	+126	+245	+45	+49	+67	+117	+180	+122	+103	-----
1970.....	+32	+43	+63	+15	+23	+14	+25	+30	+37	+32	-----
1971.....	+18	+24	+33	+8	+12	+7	+15	+21	+21	+18	-----
1972.....	+10	+15	+13	-1	+6	+5	+9	+9	+12	+10	-----
1973.....	+3	+4	+7	+1	-2	+2	0	+5	+4	+3	-----

¹ Excludes expenditures within foreign countries for education, veterans' payments, and OASDHI and civil service retirement benefits; see table 1 for data including such expenditures

² Includes housing, not shown separately.

³ Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

Source: Per capita figures based on January 1 data from the Bureau of the Census for total U.S. population, including Armed Forces and Federal civilian employees and their dependents overseas, and the civilian population of territories and possessions. Deflators based on implicit price deflators for personal consumption expenditures prepared for the national income accounts by the Bureau of Economic Analysis, Department of Commerce.

SOCIAL WELFARE EXPENDITURES SINCE 1965

To some extent, 1965 is a benchmark year because of the increased tempo of social welfare expenditures since then. Social welfare expenditures under public law in the past 9 years have more than tripled—from \$77.2 billion to \$242.4 billion. The average annual rate of increase has been 13.6 percent, almost double the annual rate of growth that prevailed in the early 1960's. The top line of chart 1 shows the year-to-year increases, which fluctuated between 11 percent and 18 percent.

The year 1965 also saw the beginning of the current inflationary cycle. In the early 1960's, prices, as measured by the personal consumption expenditures implicit price deflators of the national income accounts, rose an average of about 1 percent per year. In the period 1965–74, the increase averaged 4 percent a year with a whopping 8.8 percent recorded for fiscal 1974. The increased tempo of social welfare expenditures in the recent period is thus greatly overstated unless the data are adjusted for price changes in addition to adjustment for population growth.

Table 2 and chart 1 show the effects of these adjustments. In terms of per capita social welfare expenditures in constant dollars, the increase

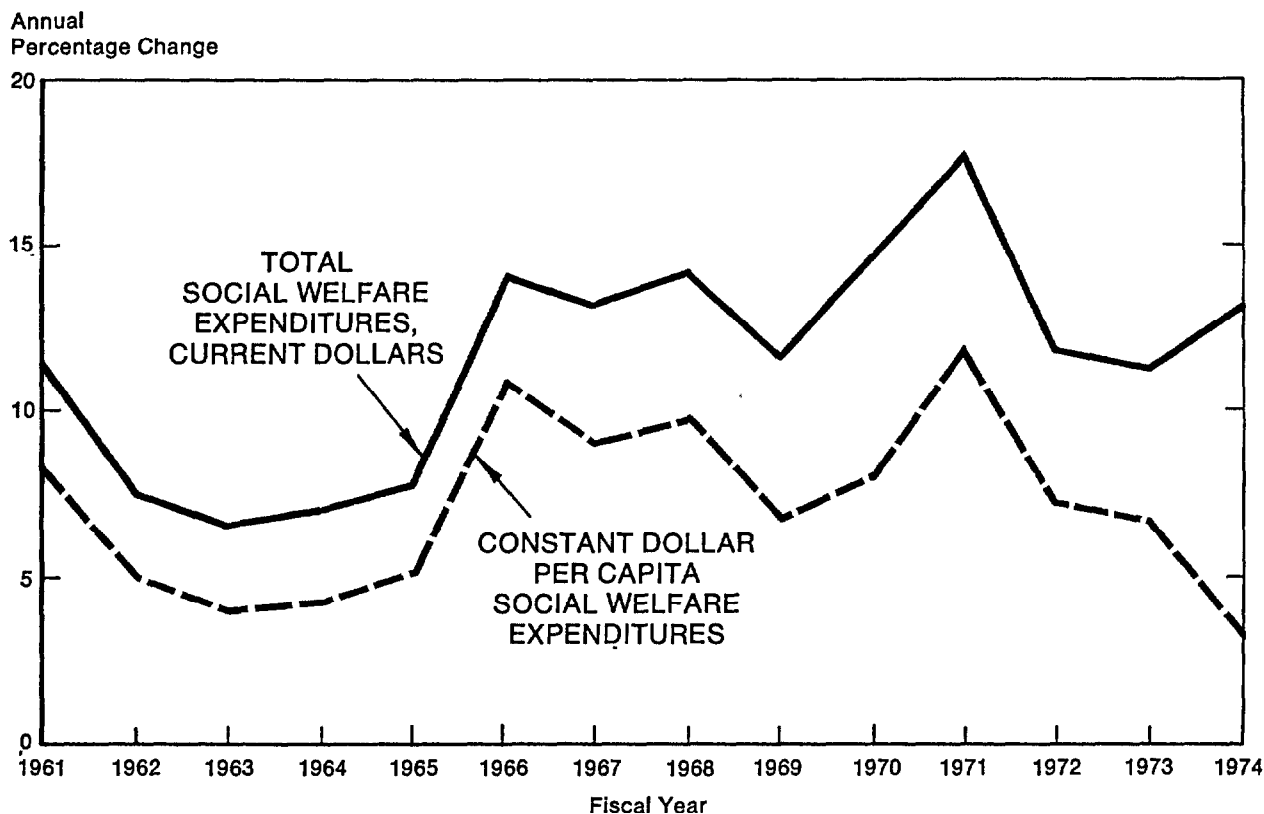
from 1965 to 1974 was 103 percent, compared with a 214-percent increase in absolute and current dollars. The bottom line of chart 1 depicts the year-to-year increase in constant (inflation-free) dollar per capita social welfare expenditures—a measure of the real increase in the level of publicly-financed social welfare cash and service benefits.

Until 1974, this "real growth" had been impressive, with annual increases ranging from 7 percent to 12 percent. For the period 1965–73, the average annual increase had been 9 percent. As the chart shows, the gap between the real percentage increase and the percentage increase in aggregate expenditures during this period had been rather constant. The combination of population growth and price changes has maintained about the same effect from year-to-year, accounting for roughly 40–45 percent of the increase in aggregate expenditures.

In 1974, however, the picture was different. The rampant effects of inflation, paired with a population change of less than 1 percent, accounted for 75 percent of the increase in aggregate expenditures, as the real increase plummeted to 3 percent.

The real increase, however, has varied among the major social welfare categories. The public

CHART 1.—Annual percentage change in total public social welfare expenditures in current dollars and in per capita public social welfare expenditures in constant dollars, fiscal years 1961-74



aid programs, for example, registered a 7-percent increase in 1974 in per capita constant dollar expenditures (table 2). The social insurance programs also registered an above-average increase of 4 percent, as did all health and medical care programs (5 percent) when the medical services provided in connection with social insurance, public aid, veterans', and other welfare programs are added to the category "health and medical programs."

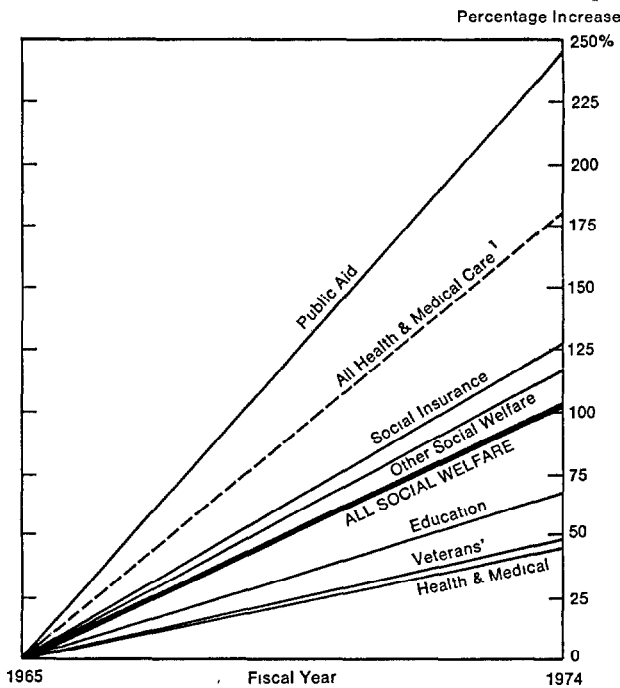
For the entire period 1965-74, these programs also led the way in increased expenditures per capita (chart 2). The greatest rise was in the public aid category, which jumped 245 percent in constant (1974) dollars. Major factors here were the introduction of Medicaid for the medically indigent, the growth in payments under aid to families with dependent children, the expansion of work and training programs, and initiation of the SSI program.

Leaving aside all health and medical care, next highest were expenditures for social insurance, which rose 126 percent during the 9-year

period. The OASDHI program played a prominent role in the social insurance increase, accounting for 60 percent of all social insurance expenditures in 1965 and for 67 percent in 1974. Aggregate expenditures for OASDHI in current dollars rose from \$17.0 billion in 1965 to \$66.3 billion in 1974. More than \$11 billion of the 1974 total represented expenditures under Medicare, which first paid benefits in fiscal year 1967.

Per capita expenditures for "other social welfare" slightly exceeded the average increase for all social welfare expenditures, registering a 117-percent advance. The remaining three categories had below-average increases that ranged from 67 percent for education to 45 percent for health and medical programs. It should be noted in connection with the latter, however, that when all public expenditures for health services are considered (including those that are part of other social welfare programs), the increase amounts to 180 percent since 1965. The introduction of Medicaid and Medicare is, of course, the paramount factor responsible for this growth.

CHART 2—Per capita social welfare expenditures under public programs in constant dollars: Percentage increase from fiscal year 1965 to fiscal year 1974 for selected programs



¹ Combines health and medical programs with medical services provided in connection with social insurance and other categories.

Another measure of the real advance that has taken place in the level of publicly financed cash and service benefits is the relationship of these expenditures to the GNP. In fiscal year 1965, this ratio was 11.8 percent (table 3). By 1974, the

proportion had reached 18.0 percent, after 2 years of hovering at 17.5 percent. The 0.5 percentage-point rise in 1974 was in part the result of a slower growth in GNP at a time when welfare programs were subject to inflationary pressures.

As table 3 indicates, all but two major social welfare expenditure categories played a substantial role in this growth. Veterans' programs and health and medical programs have both remained at about 1 percent of GNP since 1965. When all health services under public programs are considered, however, expenditures as a percent of GNP more than doubled—from 1.5 percent in fiscal year 1965 to 3.1 percent in fiscal year 1974.

FEDERAL AND STATE-LOCAL SOCIAL WELFARE EXPENDITURES

The Federal Government continued to consolidate its role as the major supplier of public social welfare funds in fiscal year 1974. Fifty-eight percent of all spending for social welfare purposes now comes from Federal general or special revenues and trust funds and 42 percent from State and local funds (table 4). During the first half of the sixties, the proportion of Federal social welfare spending remained a steady 49 percent. Since then it has been rising by roughly 1 percentage point a year.

Social insurance played the major role in tilting the ratio of Federal spending up. Federal funds accounted for 84 percent of the money expended under social insurance in both fiscal years 1973

TABLE 3.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1890-1974

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product								Total health and medical expenditures as percent of GNP ²	
		Total ¹			Social insurance	Public aid	Health and medical programs	Veterans' programs	Education		Other social welfare
		Total	Federal	State-local							
1890.....	\$13 0	2 4	(³)	(³)	(⁴)	⁵ 0 3	0 1	0 9	1 1	(⁶)	(⁶)
1913.....	39 9	2 5	(³)	(³)	(⁴)	⁵ . 3	. 4	. 5	1 3	(⁶)	(⁶)
1929.....	101. 0	3 9	0 8	3 1	0 3	. 1	. 3	. 7	2 4	0 1	0 5
1950.....	263 4	8 9	4 0	4 9	1 9	. 9	. 8	2 6	2 5	. 2	1 2
1955.....	379 7	8 6	3 9	4 7	2 6	. 8	. 8	1 3	2 9	. 2	1 2
1960.....	495 6	10 6	5 0	5 5	3 9	. 8	. 9	1 1	3 6	. 2	1 3
1965.....	655 6	11 8	5 8	6 0	4 3	1 0	1 0	. 9	4 3	. 3	1 5
1970.....	954 8	15 3	8 1	7 2	5 7	1 7	1 0	. 9	5 3	. 5	2 6
1971.....	1013 6	17 0	9 1	7 8	6 5	2 1	1 1	1 0	5 6	. 5	2 8
1972.....	1100 6	17 5	9 7	7 8	6 8	2 4	1 1	1 0	5 5	. 5	3 0
1973.....	1225 2	17 5	10 0	7 5	7 0	2 3	1 0	1 1	5 3	. 5	2 9
1974 *.....	1349 8	18 0	10 3	7 6	7 3	2 5	1 0	1 0	5 4	. 5	3 1

¹ Includes housing, not shown separately.

² Combines "health and medical programs" with medical services provided in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

³ Not available.

⁴ Less than 0.5 percent.

⁵ "Other social welfare" included with "public aid."

⁶ Preliminary estimates.

TABLE 4.—Social welfare expenditures under public programs: Federal funds as percent of total, selected fiscal years, 1929–74

Program	1929	1950	1955	1960	1965	1970	1971	1972	1973	1974 ¹
Total.....	20 4	44 8	44 8	47 7	58 9	53 0	53 8	55 3	57.2	57 6
Social insurance.....	16 3	42 5	64 9	74 1	77 5	82 7	81 2	81 9	83 9	83 8
Public aid.....		44 2	50 1	51 6	57 2	58 5	61.1	62 5	63 0	63 2
Health and medical programs.....	13 3	29 2	37 1	38 9	44 5	49 0	47 2	50 9	53 0	57.0
Veterans' programs.....	100 0	93 0	98 7	98 0	99 7	99 3	99.4	99 6	99 6	99 7
Education.....	1 5	2 3	4 3	4 9	8 8	11 5	11 6	11 1	11 3	11 1
Housing.....		100 0	83 7	81 2	74 9	82 9	83 3	88 8	80 3	82.6
Other social welfare.....	1 8	38 9	40 7	36 6	39 3	51 3	54 5	55 5	55 2	54 4
All health and medical care ²	20 6	44 4	44 1	45 6	48 5	55 8	65 6	66 9	67 8	68.6

¹ Preliminary estimates.

² Combines "health and medical programs" with medical services pro-

vided in connection with social insurance, public aid, veterans', vocational rehabilitation, and antipoverty programs.

and 1974, compared with 78 percent in 1965. The expansion of the OASDHI and "black lung" benefit programs at the Federal level was largely responsible for this development.

Annual changes in the Federal share of spending for other major social welfare categories have been small—usually only a few tenths of a percentage point each year. The proportion of expenditures for health and medical programs financed by the Federal Government, however, has leaped from 44 percent in 1965 to 57 percent in 1974. During fiscal year 1974 alone, the increase was 4 percentage points.

On the other hand, although public aid spending from Federal sources showed only a fractional increase in 1974, the longer term trend was more impressive—from 57 percent in fiscal year 1965 to 63 percent in fiscal years 1973 and 1974. Similarly, Federal spending for "other social welfare" increased from 39 percent of the total in 1965 to 54 percent in 1974, though higher proportions had been registered in 1972 and 1973.

The Federal share of total social welfare spending shown in table 4 would have been greater if the Federal general revenue-sharing funds mentioned earlier had been included in the data. Such an inclusion would have affected especially the education and health and medical categories.

Federal social welfare spending in fiscal year 1974 rose at a greater rate (14 percent) than did that of the States and localities (12 percent). The effect of such increased social welfare spending on total governmental spending is shown in table 5.

The proportion of Federal, State, and local budgets now going for social welfare amounts to 56 percent, fractionally above the 1973 ratio. The proportion has been steadily on the rise—reaching 42 percent in 1965 and 48 percent in 1970.

The Federal Government has taken a clear lead in its budgetary spending for social welfare with a persistent and steady rise from 33 percent of all 1965 Federal expenditures to 52 percent

TABLE 5.—Social welfare expenditures from public funds¹ in relation to government expenditures for all purposes, by type of funds, selected fiscal years, 1929–74

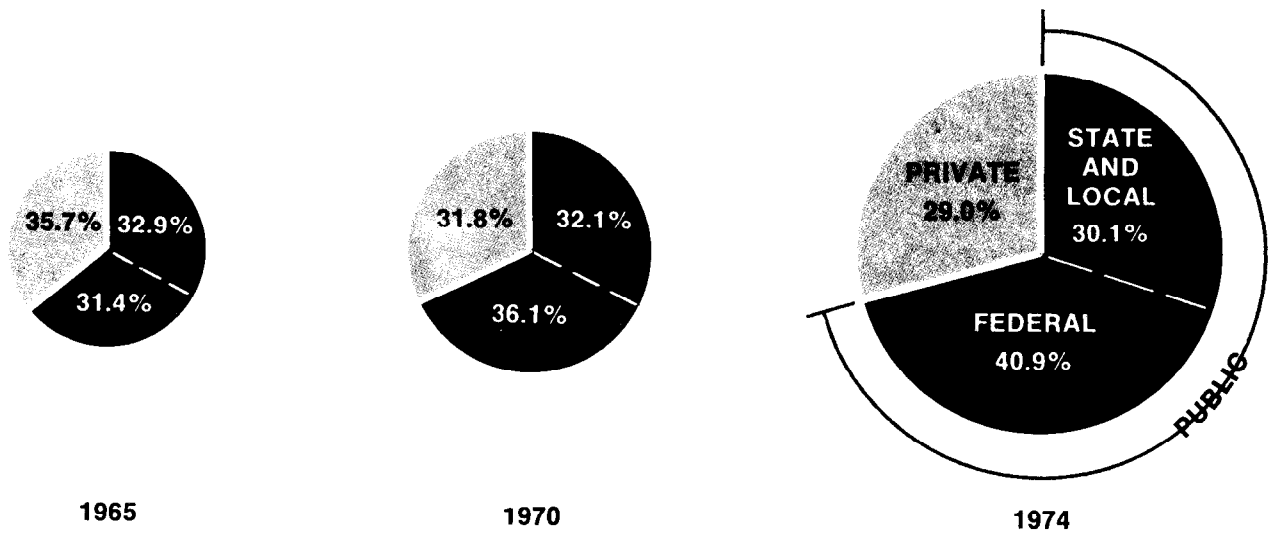
Item	1929	1950	1955	1960	1965	1970	1971	1972	1973	1974 ²
All social welfare expenditures from public funds:										
Total, as percent of all government expenditures.....	36 3	37 6	32 7	38 0	42 4	47 8	51 8	53 4	55 2	55 8
Federal, as percent of all Federal Government expenditures.....	30 9	26 2	22 3	28 1	32 6	40 1	44 9	47 4	50 4	52 1
State and local, as percent of all State and local government expenditures ³	38 2	60 1	55 3	58 3	61 7	62 4	64 0	64 3	64 0	62.6
Social welfare trust-fund expenditures:										
Total, as percent of all government expenditures.....	2 3	6 8	9 1	13 1	14 4	16 8	18 5	19 1	20 6	21.2
Federal, as percent of all Federal Government expenditures.....	1 2	4 5	9 1	15 2	17 7	22 0	24 1	24 8	27.3	28 5
State and local, as percent of all State and local government expenditures ³	2 6	11 3	8 9	8 8	7 9	6 9	8 6	8 7	8 1	8 3
Social welfare non-trust-fund expenditures:										
Total, as percent of total non-trust-fund expenditures.....	34 9	35 0	26 2	29 5	33 7	38 0	41 6	43 4	44 9	45.4
Federal, as percent of Federal non-trust-fund expenditures:										
All programs.....	30 2	24 7	14 7	15 9	18 9	23 9	28 3	31 1	34 0	34 9
Veterans' programs.....	25 2	17 0	7 4	6 9	6 2	5 8	6 5	6 7	7 5	7 4
State and local, as percent of State and local government non-trust-fund expenditures ³										
All programs.....	36 5	55 0	50 9	54 3	58 3	59 7	60 7	60 9	60 8	59 2
Education.....	32 4	36 1	38 9	42 6	47 0	47.8	48 1	47 8	48 0	46 8

¹ Excluding that part of workmen's compensation and temporary disability insurance payments made through private carriers and self-insurers.

² Preliminary estimates.

³ From own sources, excluding Federal grants-in-aid.

CHART 3.—Per capita public and private social welfare expenditures in constant dollars, fiscal years 1965, 1970, and 1974



in 1974 going for these programs. State and local social welfare spending has remained almost static proportionately: 62 percent of all 1965 expenditures from State and local sources went for social welfare purposes and 63 percent of 1974's outlays, although a slightly higher ratio (64 percent), was so spent in fiscal years 1971-73.

In 1974, 38 percent of all social welfare outlays were made from trust funds accumulated through earmarked taxes or contributions. This ratio has been increasing slowly but steadily since 1965 when it was 34 percent. The broad expansion of OASDHI trust fund expenditures and the relative slowdown in education expenditures (which do not come from trust funds) are largely responsible for this situation.

Non-trust-fund expenditures—those sometimes termed “discretionary” expenditures because they do not generally involve the type of fixed obligation to payees contained in trust-funded programs—often give a somewhat better picture of the extent to which government resources are committed to social welfare purposes. Table 5 shows that the proportion of “discretionary” expenditures for social welfare continues to rise—from 34 percent in 1965, to 38 percent in 1970, to more than 45 percent in 1974. During the seventies this overall upward trend has been produced exclusively at the Federal rather than at the State-local level where the ratio has been subject to minor fluctuations within one percentage point of 60 percent. A major influence at the local level

is the education expenditures that account for about four-fifths of non-trust-fund State and local expenditures for social welfare and almost one-half of all non-trust-fund State and local expenditures.

PRIVATE AND PUBLIC EXPENDITURES

Private social welfare expenditures continue to represent a declining share of total social welfare spending under public and private programs (chart 3). In fiscal year 1974, with private expenditures increasing by only 8.8 percent to \$98.7 billion—the smallest rise in 6 years—the proportion of total social welfare expenditures provided through private arrangements was 29 percent. The corresponding ratio in 1965 was 36 percent. Taking up this slack, in effect, Federal Government spending rose from 31 percent of total social welfare expenditures in 1965 to 41 percent in 1974. The diminishing role of State and local government spending for social welfare is also evident throughout the 9-year period, as noted earlier in this review.

The following section regroups the social welfare expenditures listed in table 1 according to the major functions of income maintenance, health, education, and welfare. When parallel spending in the private sector for these functions is added to the public spending, the total is \$336 billion, or 25 percent of the gross national product.

Health

Preliminary estimates indicate that combined public and private expenditures for health purposes rose \$10 billion in fiscal year 1974 to exceed the \$100-billion mark (table 6). Fifty-five percent of the 1974 increase came from public funds; 45 percent was privately financed. Except for 1973, the 1974 overall increase of 10.6 percent was the lowest since 1966 (the fiscal year before Medicare benefits began). The low rates of increase registered for the past 2 years are to some extent the result of the price controls first imposed by the Government in August 1971 and not lifted for the health industry until April 1974.

Despite the slackening growth rate, public and

private health expenditures continued to equal 7.7 percent of GNP in 1974. In 1965 the ratio had been 5.9 percent, and in 1970 it was 7.2 percent.

Although public outlays for health increased at twice the rate of that for private outlays in 1974 (15.3 percent, compared with 7.7 percent), the private sector still accounts for 60 percent of the Nation's health bill. This ratio, however, has been dropping; it was as high as 75 percent in 1965 and fell to 64 percent in 1970.

For the public sphere table 6 shows not only the programs specifically concerned with health and listed under the "health and medical programs" category in table 1, but also expenditures for medical services under social insurance, public aid, veterans', and other welfare programs. In

TABLE 6.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1929–74

[Amounts in millions]

Type of expenditure	1929	1950	1955	1960	1965	1970	1971	1972	1973	1974 ¹
Total	\$3,589 1	\$12,027 3	\$17,329 6	\$25,856 2	\$38,892 3	\$69,201 1	\$77,161 6	\$86,390 2	\$94,234 1	\$104,239 9
Private expenditures	3,112 0	8,982 0	12,909 0	19,461 0	29,367 0	43,964 0	48,568 0	53,365 0	58,415 0	62,929 0
Health and medical services.....	3,010 0	8,710 0	12,529 0	18,816 0	28,023 0	41,483 0	46,124 0	50,589 0	55,271 0	59,815 0
Direct payments.....	2,900 0	7,107 0	8,992 0	12,576 0	17,577 0	24,272 0	26,307 0	28,083 0	30,193 0	31,970 0
Insurance benefits.....		879 0	2,358 0	4,698 0	8,280 0	14,406 0	16,728 0	18,620 0	20,568 0	23,139 0
Expenses for prepayment.....		274 0	596 0	792 0	1,212 0	1,515 0	1,694 0	2,391 0	2,877 0	2,994 0
Other ²	110 0	460 0	583 0	750 0	954 0	1,290 0	1,395 0	1,495 0	1,688 0	1,772 0
Medical research.....		37 0	55 0	121 0	162 0	193 0	207 0	203 0	203 0	205 0
Medical-facilities construction.....	102 0	215 0	325 0	524 0	1,172 0	2,288 0	2,227 0	2,573 0	2,941 0	2,909 0
Public expenditures	477 1	3,065 3	4,420 6	6,395 2	9,535 3	25,237 1	28,603 6	33,025 2	35,819 1	41,310 9
Health and medical services.....	372 5	2,470 2	3,882 3	5,346 3	7,641 2	22,581 4	25,638 4	29,661 8	32,533 3	37,369 1
OASDHI (Medicare).....						7,149 2	7,875 0	8,819 2	9,478 8	11,321 9
Temporary disability insurance (medical benefits) ³		2 2	20 0	40 2	50 9	62 6	68 4	68 3	68 7	71 2
Workmen's compensation (medical benefits) ⁴	75 0	193 0	315 9	420 0	580 0	985 0	1,090 0	1,180 0	1,315 0	1,450 0
Public assistance (vendor medical payments).....		51 3	211 9	492 7	1,367 1	5,212 8	6,277 5	7,751 6	9,208 6	11,218 4
General hospital and medical care.....	117.1	886 1	1,297 6	1,973 2	2,515 5	3,384 8	3,773 3	4,211 7	4,639 5	5,022 4
Defense Department hospital and medical care (Armed Forces).....	29 2	336 2	744 8	820 1	858 5	1,495 9	1,606 1	1,932 0	1,990 0	2,202 0
Military dependents' medical care.....				60 1	78 3	263 7	350 5	409 0	478 0	507 0
Maternal and child health programs.....	6 2	29 8	92 7	140 7	223 0	431 4	403 3	496 3	455 3	469 8
School health (educational agencies) ⁵	9 4	30 6	65 9	101 0	142 2	246 6	271 9	281 3	300 0	300 0
Other public health activities.....	88 8	350 8	383 7	401 2	671 0	1,437 0	1,698 4	1,922 7	1,684 7	2,128 2
Veterans' hospital and medical care.....	46 7	582 8	721 5	879 4	1,114 8	1,651 4	1,873 9	2,255 6	2,587 3	2,786 6
Medical vocational rehabilitation.....	.1	7 4	9 1	17 7	34 2	133 8	162 8	179 2	175 0	193 5
OEO health and medical care ⁶					5 6	127 3	187 2	155 9	152 4	152 4
Medical research.....		72 9	138 9	471 2	1,228 8	1,652 8	1,642 6	1,855 0	2,082 0	2,479 0
Medical-facilities construction.....	104 7	522 3	419 4	577 7	665 3	1,003 0	1,322 6	1,508 3	1,203 8	1,462 9
Defense Department.....	(7)	1 1	33 0	40 0	31 1	52 5	74 1	100 0	76 0	115 0
Veterans Administration.....	4 2	161 5	84 1	59 6	77 0	70 9	85 1	109 8	104 8	118 9
Other.....	100 4	389 8	352 4	478 1	557 2	879 6	1,163 4	1,298 5	1,023 0	1,229 0
Total expenditures, as percent of gross national product	3.6	4.6	4.6	5.2	5.9	7.2	7.6	7.8	7.7	7.7
Public expenditures, as percent of total expenditures	13.3	25.5	25.5	24.7	24.5	36.5	37.1	38.2	38.0	39.6
Personal care expenditures⁷	3,165 2	10,400 4	15,281 0	22,728 7	33,498 3	60,113 0	67,227 7	74,687 5	81,858 2	90,281 9
Private expenditures.....	2,883 0	8,298 0	11,762 0	17,799 0	26,540 0	39,568 0	43,999 0	47,738 0	51,886 0	56,329 0
Public expenditures.....	282 2	2,102 4	3,469 0	4,429 7	6,958 3	20,545 0	23,228 7	26,949 5	29,972 2	33,952 9
Percent from										
Private expenditures.....	91 1	79 8	77.2	78 3	79 2	65 8	65 4	63 9	63 4	62 4
Direct payments.....	88 5	68 3	59 0	55 3	52 5	40 4	39 1	37 6	36 9	35 4
Insurance benefits.....		8 5	15 5	20 7	24 7	24 0	24 9	24 9	25 1	25 6
Public expenditures.....	8 9	20 2	22 8	21 7	20 8	34 2	34 6	36 1	36 6	37.6

¹ Preliminary estimates

² Includes any insurance benefits and expenses for prepayment (insurance premiums less insurance benefits).

³ Industrial in-plant services and philanthropy.

⁴ Includes medical benefits paid under public law by private insurance carriers and self-insurers.

⁵ Starting 1974, data not separable from expenditures under "education" category in table 1.

⁶ Starting 1974, included with "other public health activities."

⁷ Data not available.

⁸ Includes all items shown under "health and medical services" except (1) "expenses for prepayment," (2) expenditures of private philanthropic agencies for fund-raising activities under "other health and medical services," (3) "other public health activities," and (4) administrative expenses for "health insurance for the aged," "public assistance," "maternal and child health programs," and "veterans' hospital and medical care."

1974 these latter programs accounted for 66 percent of total public spending for health, up from 61 percent in 1970.

In the public sector, increases greater than the 15 percent for the entire sector were recorded by Medicare (19 percent), Medicaid (22 percent), medical research (19 percent), medical-facilities construction (22 percent), and public health activities (26 percent). The increase for the last-named program is greater than usual because starting with 1974 data, Office of Economic Opportunity medical expenditures appear as part of other public health activities instead of appearing as a separate item.

In 1974, as in most recent years, the proportion of all government expenditures for health from Federal sources continued to rise and that from State and local sources declined. The Federal share was 66 percent in 1970, 67 percent in 1972, 68 percent in 1973, and 69 percent in 1974 (table 7).

Private health expenditures in 1974 are esti-

mated to have increased \$4.5 billion to a total of \$62.9 billion. The 1974 increase of 7.7 percent was the lowest annual increase since 1968, but the benefits paid under private insurance contracts, amounting to \$23.1 billion in 1974, rose by 12.5 percent, the largest increase since 1971. Direct "out-of-pocket" payments for health services rose by just 6 percent, after increases of 8 percent in 1973 and 7 percent in 1972. Private expenditures for medical-facilities construction leveled off in 1974, but continued to finance at least two-thirds of combined public and private medical-facilities construction.

In 1974, as has been the case for several years, private health insurance benefits covered about one-fourth of personal health care, and philanthropy and industrial in-plant health services covered 1 percent. In contrast, the government's role in providing personal health care has steadily grown—from 21 percent of the total in 1965, to 34 percent in 1970, to 38 percent in 1974. As a result, the proportion of the Nation's personal

TABLE 7.—Health and medical care: Expenditures under public programs, by source of funds, selected fiscal years, 1929-74

[In millions]

Type of expenditure	1929	1950	1955	1960	1965	1970	1971	1972	1973	1974 ¹
Federal expenditures										
Total.....	\$98 3	\$1,361 8	\$1,947 6	\$2,917 6	\$4,624 7	\$16,600 2	\$18,766 5	\$22,081 9	\$24,279 5	\$28,342 6
Health and medical services.....	93 1	1,059 6	1,657 3	2,174 8	3,074 6	14,494 4	16,661 3	19,754 6	21,702 8	25,334 7
OASDHI (Medicare).....						7,149 2	7,875 0	8,819 2	9,478 8	11,321 9
Workmen's compensation (medical benefits).....	6	5 2	6 9	9 0	11 3	20 7	25 1	26 9	32 3	36 0
Public assistance (vendor medical payments).....			23 3	199 8	555 0	2,607 1	3,373 9	4,166 2	4,997 4	5,824 1
General hospital and medical care.....	8 5	46 4	66 7	103 4	137 9	285 8	413 6	619 3	804 7	1,033 0
Defense Department hospital and medical care (Armed Forces).....	29 2	336 2	744 8	820 1	858 5	1,495 9	1,606 1	1,982 0	1,990 0	2,202 0
Military dependents' medical care.....				60 0	78 3	263 7	350 5	409 0	478 0	507 0
Maternal and child health services.....	1 2	20 1	23 5	34 7	69 1	196 0	148 2	259 0	221 0	236 0
Other public health activities.....	6 9	63 8	65 0	57 3	222 9	590 3	677 6	968 0	911 0	1,234 0
Veterans' hospital and medical care.....	46 7	582 8	721 5	879 4	1,114 8	1,651 4	1,873 9	2,255 6	2,587 3	2,786 6
Medical vocational rehabilitation.....	1	5 1	5 7	11 2	21 2	107 0	130 2	143 4	140 0	154 1
OEO health and medical care ²					5 6	127 3	187 2	155 9	152 4	
Medical research.....		72 9	138 9	448 2	1,173 8	1,576 8	1,564 6	1,776 0	2,002 0	2,395 0
Medical-facilities construction.....	5 2	229 3	151 4	294 7	376 3	529 0	540 6	551 3	484 8	612 9
Defense Department.....	(³)	1 1	33 0	40 0	31 1	52 5	74 1	100 0	76 0	115 0
Veterans Administration.....	4 2	161 5	34 1	59 6	77 0	70 9	85 1	109 8	104 8	118 9
Other.....	9	66 8	84 4	195 1	268 2	405 6	381 4	341 5	304 0	379 0
State and local expenditures										
Total.....	\$378 8	\$1,703 6	\$2,472 9	\$3,477 5	\$4,910 5	\$8,636 9	\$9,837 1	\$10,943 3	\$11,539 5	\$12,968 3
Health and medical services.....	279 3	1,410 6	2,204 9	3,171 5	4,566 5	8,086 9	8,977 1	9,907 3	10,740 5	12,034 3
Temporary disability insurance (medical benefits) ⁴		2 2	20 0	40 2	50 9	62 6	68 4	68 3	68 7	71 2
Workmen's compensation (medical benefits) ⁵	74 4	187 8	308 1	411 0	568 7	964 3	1,064 9	1,153 1	1,282 7	1,414 0
Public assistance (vendor medical payments).....		51 3	188 6	292 9	812 1	2,605 6	2,903 7	3,585 4	4,211 3	5,394 3
General hospital and medical care.....	108 6	839 7	1,230 9	1,869 8	2,377 6	3,099 0	3,359 7	3,592 4	3,834 8	3,989 4
Maternal and child health services.....	5 0	9 7	69 2	106 1	153 9	235 3	255 2	236 3	234 3	233 8
School health (educational agencies) ⁴	9 4	30 6	65 9	101 0	142 2	246 6	271 9	281 3	300 0	
Other public health activities.....	81 9	287 0	318 8	343 9	448 1	846 7	1,020 8	954 7	773 7	892 2
Medical vocational rehabilitation.....	1	2 3	3 5	6 6	13 0	26 8	32 6	35 8	35 0	39 4
Medical research.....				23 0	55 0	76 0	78 0	79 0	80 0	84 0
Medical-facilities construction.....	99 5	293 0	268 0	283 0	289 0	474 0	782 0	957.0	719 0	850 0

¹ Preliminary estimates

² Starting 1974, included with "other public health activities"

³ Includes medical benefits paid under public law by private insurance

carriers and self-insurers

⁴ Starting 1974, data not separable from expenditures under "education" category in table 1.

health bill met by the consumer directly has been steadily declining—from 52 percent in 1965, to 40 percent in 1970, to 35 percent in 1974.

Education

Total expenditures for education from public and private sources rose by \$9.3 billion in 1974 to reach \$90.5 billion (table 8). The 1974 rise of 11 percent was higher than the increases registered in the past 2 years and undoubtedly reflects the effects of inflation since total enrollment for all educational institutions has been leveling off.

Enrollment in higher institutions is still continuing to rise but is overshadowed by the declining enrollment in elementary and secondary schools. Despite this situation, elementary-secondary school expenditures rose at a faster pace in 1974 than did higher education expenditures. Taking into account both public and private expenditures, the increase was 12 percent for elementary-secondary schools and 8 percent for institutions of higher learning.

Since elementary-secondary expenditures in the public sector account for three-fifths of all public and private education expenditures, the greater than average increase in this sector assured that public expenditures in 1974 would register a more rapid increase (12 percent) than private expenditures (10 percent). This trend was further bolstered by the 19-percent rise in Federal education

benefits for Vietnam veterans and their families. It should be noted, nevertheless, that the increase in public spending at the higher education level (7 percent) was less than that in private spending (10 percent). The proportion of current operating expenditures for higher education that came from the public treasury continued to decline as a result—from 54 percent in 1972 to 52 percent in 1974.

Cash Transfer Payments

About 85 percent of all cash payments for retirement, disability, unemployment, and death come from public income-maintenance programs—a ratio that has shown little change since 1971 (table 9). Benefits under social insurance, veterans', and public assistance plus supplemental security income programs amounted to \$103 billion in 1974; those paid under private employee-benefit plans reached \$18 billion. The total of \$121 billion represented a 13-percent increase from 1973—the same increase as in the preceding year.

Social insurance programs continued to show the most rapid expansion. In 1970, cash benefits paid out under the OASDHI and other social insurance programs were 77 percent of public transfer payments; by 1974, they were 81 percent. Veterans' cash benefits and the public assistance plus supplemental security income programs ex-

TABLE 8.—Expenditures for public and private funds for education, selected fiscal years, 1950-74

(Amounts in millions)

Program	1950	1955	1960	1965	1970	1971	1972	1973	1974 ¹
Total.....	\$10,914	\$14,206	\$21,742	\$34,228	\$62,368	\$69,897	\$74,785	\$81,237	\$90,525
Public expenditures for education.....	9,366	11,863	18,036	28,149	51,022	58,572	62,505	67,906	75,925
Current operations ²	8,036	9,433	15,016	23,800	45,545	52,182	55,696	60,814	68,533
Elementary and secondary.....	4,577	7,502	12,447	19,091	33,973	38,359	40,525	43,755	49,793
Higher.....	604	1,016	1,833	3,745	8,252	9,260	9,994	10,666	11,435
Veterans.....	2,692	706	410	41	1,018	1,622	1,925	2,648	3,162
Vocational and adult.....	161	205	298	854	2,146	2,727	3,035	3,498	3,926
Construction.....	1,330	2,431	3,020	4,348	6,377	6,390	6,809	7,092	7,392
Elementary and secondary.....	1,019	2,232	2,662	3,267	4,659	4,552	5,055	5,008	5,201
Higher.....	310	199	358	1,081	1,718	1,838	1,754	2,084	2,191
Private expenditures for education ²	1,548	2,343	3,706	6,079	10,446	11,325	12,280	13,331	14,600
Current operations.....	1,266	1,845	3,162	5,363	9,616	10,538	11,442	12,545	13,850
Elementary and secondary.....	436	719	1,232	1,883	2,643	2,794	2,935	3,116	3,350
Higher.....	830	1,126	1,930	3,480	6,973	7,744	8,507	9,429	10,500
Construction.....	282	498	544	716	830	787	838	786	750
Public expenditures as percent of expenditures for specified purposes:									
Total.....	85 8	83 5	83 0	82 2	83 3	83 8	83 6	83 6	83 9
Current operations.....	86 4	83 6	82 6	81 6	82 6	83 2	83 0	82 9	83 2
Elementary and secondary.....	91 3	91 3	91 0	91 0	92 8	93 2	93 3	93 4	93 7
Other.....	80 6	83 1	86 8	87 1	82 1	83 6	83 7	84 1	83 8
Higher.....	42 1	47 4	48 7	51 8	54 2	54 3	54 0	53 1	52 1
Construction.....	82 5	83 0	84 7	85 9	88 5	89 0	89 0	90 0	90 8

¹ Preliminary estimates.

² Includes Federal expenditures for administration (U.S. Office of Education) and research, not shown separately below.

³ Includes expenditures by privately controlled schools and private expenditures in publicly controlled schools for current educational purposes in the form of students' tuition and fees and private gifts.

TABLE 9—Expenditures from public and private funds for cash transfer payments (excluding administration), selected fiscal years, 1950-74

[Amounts in millions]

Source of funds	1960	1965	1970	1975	1980	1985	1990	1995	2000
Total cash transfer payments.....	\$10,112	\$16,609	\$28,708	\$40,638	\$69,994	\$84,473	\$94,854	\$107,391	\$121,340
Public.....	9,147	14,714	25,173	34,883	58,409	71,448	80,094	91,001	102,990
Social insurance ¹	4,447	9,118	18,151	26,439	44,813	55,329	62,556	72,821	83,136
Veterans' programs ²	2,423	3,094	3,810	4,526	5,849	6,354	6,678	7,085	7,302
Public assistance and SSI.....	2,277	2,502	3,212	3,918	7,746	9,765	10,859	11,096	12,552
Private employee benefits ³	965	1,895	3,535	5,955	11,585	13,025	14,760	16,390	18,350
Public as percent of total.....	90.5	88.6	87.7	85.4	83.4	84.6	84.4	84.7	84.9

¹ Preliminary estimates.

² Includes cash benefits paid under workmen's compensation and temporary disability insurance laws by private insurance carriers and self-insurers.

³ Veterans' pensions and compensation and life insurance.

⁴ Under private pension plans; group life (including government civilian

employee programs), accidental death and dismemberment, and cash sickness insurance, paid sick leave; and supplemental unemployment benefit plans. Temporary disability insurance benefits under State legislation excluded here and included under social insurance above.

perceived drops in share of total income-maintenance outlays from public funds over this 4-year period, the first more sharply than the second.

The introduction of Federal SSI benefits at the midpoint of fiscal year 1974, however, portends a reversal of this trend. Combined cash transfer payments for the needy rose from \$11.1 billion in 1973 to \$12.6 billion in 1974—an increase of 13 percent, compared with a 2-percent rise a year earlier.

The data on private employee benefits refer to benefits payable to civilian employees through their place of employment. Excluded are payments for death, disability, and retirement under individual insurance and annuity policies and under policies for farm, professional, fraternal, and other groups that are not organized on the basis of an employer-employee relationship. These excluded amounts are estimated at \$7.0 billion in fiscal year 1974, the largest item being death payments of about \$5.0 billion under ordinary and industrial life policies.

Combined Public and Private Expenditures

Combining the dollar figures shown in tables 6, 8, and 9 (plus administrative expenses and welfare services left out of the cash-transfer data for table 9) produces a grand total of public and private expenditures for social welfare. This total, when adjusted for the overlap that occurs when cash benefits received under public and private income-maintenance program are used to purchase medical care and education services in the private sector, amounted to an estimated \$336.3 billion in fiscal year 1974 (table 10).

This adjusted total represents an increase of \$35.6 billion from the preceding year. The 11.8-percent increase registered in 1974 was somewhat higher than the increases of the preceding 2 years, but not as high as any of the increases registered for other years since 1965. With the 1974 increase, the proportion of GNP represented by all social welfare expenditures reached 24.9 percent. Despite some fluctuation in this ratio in recent years, the long-term upward trend in the Nation's output of goods and services for social welfare is evident. In 1965 the ratio was 18 percent and in 1970, 22 percent.

In 1974, as in many recent years, the public sector expanded at a faster pace than the private sector—13.2 percent, compared with 8.8 percent. The average annual increase since 1965 in the public sphere has been 13.6 percent and in the private sphere, 9.8 percent. Public sources have thus accounted for an increasing share of combined social welfare expenditures, as chart 3 shows.

Public sources also continue to dominate the income-maintenance, education, and welfare groups, while private sources continue to dominate the health area. In 1974, 85 percent of the income-maintenance programs, 84 percent of the education program, and 86 percent of welfare and related programs were funded through public sources. In the case of health, the ratio was 40 percent. These percentages are up slightly from the 1970 figures, more so in the case of health and welfare and less so in the case of income-maintenance and education.

The distribution of the private social welfare dollar and the public social welfare dollar varies considerably. Within the private social welfare

TABLE 10.—Public and private expenditures for social welfare purposes, selected fiscal years, 1950–74

Type of expenditure	1950	1955	1960	1965	1970	1971	1972	1973	1974 ¹
All expenditures (in millions)									
Total, net ²	\$35,337	\$49,957	\$78,704	\$117,871	\$211,224	\$243,734	\$271,389	\$300,687	\$336,266
Public.....	23,508	32,640	52,293	77,175	145,952	171,988	192,353	214,179	242,386
Private.....	12,160	17,997	27,790	42,766	67,995	75,008	82,705	90,736	98,679
Income maintenance.....	10,723	17,304	29,827	42,530	72,388	87,483	98,905	112,050	126,085
Public ³	9,758	15,409	26,292	36,575	60,803	74,458	84,145	95,660	107,685
Private.....	965	1,895	3,535	5,955	11,585	13,025	14,760	16,390	18,360
Health.....	12,027	17,330	25,858	38,892	69,201	77,162	86,390	94,234	104,240
Public.....	3,065	4,421	6,395	9,535	25,237	28,604	33,025	35,819	41,311
Private.....	8,962	12,909	19,461	29,357	43,964	48,558	53,365	58,415	62,929
Education.....	10,914	14,206	21,742	34,228	62,368	69,897	74,785	81,237	90,525
Public.....	9,366	11,863	18,038	28,149	51,922	58,572	62,505	67,906	75,925
Private.....	1,548	2,343	3,706	6,079	10,446	11,325	12,280	13,331	14,600
Welfare and other services.....	2,004	1,797	2,658	4,291	9,990	12,449	14,978	17,394	20,285
Public ⁴	1,319	947	1,570	2,916	7,990	10,349	12,678	14,794	17,465
Private.....	685	850	1,088	1,375	2,000	2,100	2,300	2,600	2,800
Public expenditures as percent of expenditures for specified purposes									
Total ⁵	65.9	64.5	65.3	64.3	68.2	69.6	69.9	70.2	71.1
Income maintenance.....	91.0	89.0	88.1	86.0	84.0	85.1	85.1	85.4	85.4
Health.....	25.6	25.5	24.7	24.5	36.5	37.1	38.2	38.0	39.6
Education.....	85.8	83.5	83.0	82.2	53.3	83.8	83.6	83.6	83.9
Welfare and other services.....	65.8	52.7	59.1	68.0	80.0	83.1	84.6	85.1	86.2
All expenditures as percent of gross national product									
Total, net ¹	13.4	13.2	15.9	18.0	22.1	24.0	24.7	24.5	24.9
Income maintenance.....	4.1	4.6	6.0	6.5	7.6	8.6	9.0	9.1	9.3
Health.....	4.6	4.6	5.2	5.9	7.2	7.6	7.8	7.7	7.8
Education.....	4.1	3.7	4.4	5.2	6.5	6.9	6.8	6.6	6.7
Welfare and other services.....	.8	.5	.5	.7	1.0	1.2	1.4	1.4	1.5

¹ Preliminary data.

² Total expenditures adjusted to eliminate duplication resulting from use of cash payments received under public and private social welfare programs to purchase medical care and educational services.

³ Includes cash benefits and administrative costs under social insurance, public assistance, and veterans' and emergency employment programs. Excludes cost of medical services provided in conjunction with these programs.

and for other welfare programs.

⁴ Food stamps, surplus food for the needy and for institutions, child nutrition, institutional care, child welfare, economic opportunity and manpower programs, veterans' welfare services, vocational rehabilitation, and housing.

⁵ Before adjustment for elimination of duplication.

component, the largest share of private spending is for health—64 percent in fiscal year 1974. Income-maintenance programs accounted for 18 percent of all private social welfare expenditures and education accounted for 15 percent. Only 3 percent of private social welfare spending, consisting exclusively of philanthropic expenditures,

is estimated to go for welfare and other services.

In the public sector, on the other hand, income maintenance accounts for the largest single area of social welfare expenditures—45 percent in 1974. Education absorbed 31 percent and health, 17 percent. As in the private sphere, welfare accounted for the smallest share—7 percent.