

per capita, compared with \$9.36 for the continental United States.

## Expenditures for Assistance Payments from State-Local Funds, 1956-57\*

In 1956-57, expenditures for assistance payments from State and local funds in the continental United States and Hawaii rose 3.4 percent from the amount expended in 1955-56, to reach a total of \$1.5 billion. As measured by the relationship of expenditures to personal income, however, most of the States exerted less fiscal effort to finance public assistance in the fiscal year 1956-57 than in 1955-56—a reflection of the fact that personal income increased more than expenditures for assistance payments from State and local funds. For the country as a whole, assistance payments from State and local funds in 1956-57 amounted to 45 cents per \$100 of personal income—an insignificant decline from the 46 cents spent per \$100 of personal income in the preceding year (table 1).<sup>1</sup>

The amount of State and local funds expended went up largely because States raised assistance standards in an effort to meet need more nearly adequately. The cost of living, as measured by the consumer price index of the Bureau of Labor Statistics, rose almost 3½ percent from June 1956 to June 1957—the largest increase in 6 years. The amendments to the Social Security Act providing for greater Federal financial participation in assistance payments beginning October 1, 1956, helped the States to raise payments to offset the upward movement in living costs.

Expenditures from State-local funds for aid to recipients of public assistance went up in 7 out of every 10

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<sup>1</sup> Assistance expenditures for the fiscal years 1955-56 and 1956-57 are related here to personal income for the calendar years 1955 and 1956, respectively. Since income data for Alaska, Puerto Rico, and the Virgin Islands are not available, totals represent only data for the continental United States and Hawaii.

States. Increases of 10 percent or more took place in nine States; three of them reported rises of more than 15 percent, with the largest increase in New Mexico (36.0 percent). Decreases occurred far less frequently than increases and were proportionately smaller. The non-Federal share of assistance payments fell by more

than 10 percent, for example, only in Tennessee, where there was a decline of 14.1 percent. Assistance expenditures from State-local funds changed by 5 percent or more in only four of the 15 States with decreases, compared with 14 of the 35 States with increases.

Total personal income for the 50

Table 1.—Expenditures for public assistance payments from State and local funds in relation to personal income and amount expended per inhabitant, by State, 1956-57<sup>1</sup>

State	Percentage change in—		Expenditures from State and local funds for assistance			
	Personal income, 1956 from 1955	Expenditures from State and local funds for assistance, 1956-57 from 1955-56	Per \$100 of personal income			Per inhabitant, 1956-57
			1955-56	1956-57	Percentage change, 1956-57 from 1955-56	
United States <sup>2</sup> .....	+6.9	+3.4	\$0.46	\$0.45	-2.2	\$8.67
Alabama.....	+4.6	+17.3	.37	.41	+10.8	5.10
Arizona.....	+11.9	+1.0	.42	.38	-9.5	6.45
Arkansas.....	+2.3	-2	.42	.41	-2.4	4.47
California.....	+9.3	+1.0	.65	.60	-7.7	14.48
Colorado.....	+9.0	-3.2	1.61	1.43	-11.2	26.58
Connecticut <sup>3</sup> .....	+8.3	-7.0	.41	.35	-14.6	9.34
Delaware.....	+14.3	+14.2	.15	.15	+0.1	4.34
District of Columbia.....	+2.6	+1.9	.16	.16	+0.1	3.74
Florida <sup>3</sup> .....	+11.4	+3.6	.31	.29	-6.5	5.12
Georgia.....	+6.1	+5.6	.41	.41	+0.1	5.75
Hawaii.....	+7.4	-7.5	.38	.32	-15.8	5.90
Idaho <sup>4</sup> .....	+10.6	-5	.49	.44	-10.2	6.97
Illinois.....	+7.7	+6	.46	.43	-6.5	10.26
Indiana.....	+5.4	+4.7	.23	.22	-4.3	4.37
Iowa.....	+5.4	+11.1	.52	.55	+5.8	9.13
Kansas.....	+3.3	+3.0	.61	.60	-1.6	10.07
Kentucky.....	+6.4	+5.5	.31	.31	+0.1	4.09
Louisiana.....	+10.0	+27.6	1.04	1.20	+15.4	17.38
Maine.....	+5.4	-2.2	.51	.47	-7.8	7.88
Maryland.....	+9.0	+4.8	.14	.13	-7.1	2.77
Massachusetts.....	+6.7	+2.1	.81	.77	-4.9	17.07
Michigan.....	+3.8	+14.3	.39	.43	+10.3	9.25
Minnesota.....	+5.9	+2.3	.72	.70	-2.8	12.22
Mississippi.....	+2	-5	.35	.35	+0.1	3.39
Missouri.....	+5.4	+5.2	.53	.53	+0.1	9.77
Montana.....	+4.1	+8	.61	.59	-3.3	11.06
Nebraska.....	+3.9	+2	.40	.39	-2.5	6.13
Nevada <sup>3</sup> .....	+3.5	+13.9	.33	.36	+9.1	8.71
New Hampshire.....	+6.3	-3.2	.44	.40	-9.1	7.18
New Jersey.....	+7.8	+10.6	.19	.20	+5.3	4.84
New Mexico.....	+7.9	+36.0	.35	.44	+25.7	6.57
New York <sup>6</sup> .....	+7.4	+2	.46	.43	-6.5	10.26
North Carolina.....	+5.9	+3.5	.25	.24	-4.0	3.19
North Dakota.....	+3.6	+9.7	.69	.73	+5.8	9.94
Ohio.....	+6.6	+2.8	.39	.37	-5.1	8.00
Oklahoma.....	+5.4	+8	1.34	1.28	-4.5	19.94
Oregon.....	+6.7	+13.7	.56	.60	+7.1	11.39
Pennsylvania.....	+7.0	+2.6	.29	.28	-3.4	5.58
Rhode Island.....	+5.2	+1.3	.61	.59	-3.3	11.77
South Carolina.....	+3.3	-4.5	.28	.25	-10.7	2.88
South Dakota.....	+8.3	+1.5	.54	.50	-7.4	6.69
Tennessee.....	+5.8	-14.1	.28	.23	-17.9	3.02
Texas <sup>3</sup> .....	+6.1	+3.8	.29	.29	+0.1	4.86
Utah.....	+7.4	-4.0	.57	.51	-10.5	8.33
Vermont <sup>3</sup> .....	+6.3	-2.7	.41	.37	-9.8	6.10
Virginia.....	+8.6	-5.5	.10	.08	-20.0	1.39
Washington.....	+4.5	+8.1	1.02	1.06	+3.9	21.40
West Virginia.....	+10.6	-4	.36	.32	-11.1	4.59
Wisconsin.....	+7.7	(7)	.54	.50	-7.4	9.29
Wyoming.....	+7.1	+4.5	.43	.42	-2.3	7.92

<sup>1</sup> Expenditures are for fiscal years 1955-56 and 1956-57 and exclude amounts spent for administration; they are related respectively to personal income for calendar years 1955 and 1956.

<sup>2</sup> Data on income for Alaska, Puerto Rico, and the Virgin Islands not available.

<sup>3</sup> Data for general assistance expenditures esti-

mated.

<sup>4</sup> Computed from unrounded ratios.

<sup>5</sup> Reporting of general assistance expenditures incomplete.

<sup>6</sup> Expenditures for all programs partly estimated.

<sup>7</sup> Decrease of less than 0.05 percent.

jurisdictions combined climbed to a peak of \$325 billion in 1956—a rise of 6.9 percent from the amount a year earlier—and all States shared in the increase (table 2). Personal income rose by at least 5 percent in 38 States; the largest increase (14.3 percent) occurred in Delaware.

**Table 2.—Number of States with specified change in personal income and in expenditures for public assistance from State and local funds, 1956-57 from 1955-56**

Percentage change	Increase in personal income	Change in assistance expenditures from State and local funds	
		Increase	Decrease
Total number of States-----	50	35	15
0-2.4-----	2	12	6
2.5-4.9-----	10	9	5
5.0-7.4-----	22	3	2
7.5-9.9-----	10	2	1
10.0-12.4-----	5	2	0
12.5-14.9-----	1	4	1
15.0 or more-----	0	3	0

As a result of the upward shifts in personal income and either smaller proportionate increases—or decreases—in assistance payments, all but 10 States exerted less fiscal effort in 1956-57 than in 1955-56. Declines in effort ranged from less than 2½ percent in 10 States to 20 percent in Virginia, which was one of the nine States in which fiscal effort decreased by 10 percent or more. As might be expected, the largest decreases in the ratio of State-local expenditures to personal income occurred for the most part in the 15 States that spent less from State and local funds in 1956-57 than in the preceding year. In contrast, in the four States with the largest upward shifts in the non-Federal share of assistance payments, the effort exerted was at least 10 percent greater than in 1956-57. Fiscal efforts in New Mexico increased by more than a fourth. The number of States making specified percentage changes in fiscal effort from 1955-56 to 1956-57 is as follows:

Increases .....	10
Decreases .....	40
0-2.4 .....	10
2.5-4.9 .....	9
5.0-7.4 .....	7
7.5-9.9 .....	5
10.0 or more .....	9

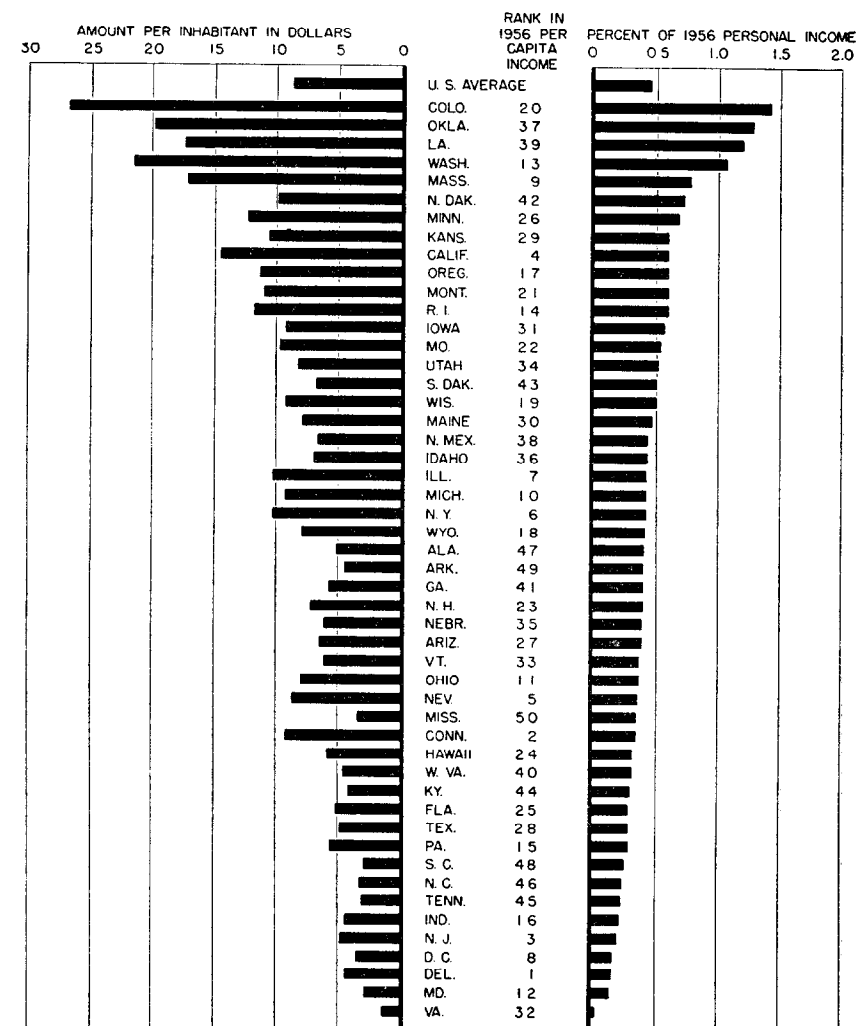
The States varied widely in their efforts to finance public assistance in 1956-57. For every \$100 of personal income, for example, Colorado, the highest State, spent \$1.43 in State-local funds—almost 18 times the 8 cents spent by Virginia, the lowest State. Expenditures for assistance payments from State and local funds amounted to less than 30 cents per \$100 of personal income in almost one-fourth of the States and to 90 cents or more in four States. The number of States spending specified amounts of State and local funds per \$100 of personal income is as follows:

Less than 30 cents .....	12
30-39 cents .....	10
40-49 cents .....	11

50-69 cents .....	10
70-89 cents .....	3
90 cents or more .....	4

The fiscal effort exerted by a State to support public assistance is directly related to its expenditure per inhabitant from State and local funds. If two States are selected at random, the chances are almost 6 to 1 that the State with the higher expenditure per inhabitant from State and local funds will also make the greater fiscal effort. In view of the close relationship between per capita expenditures for assistance from State and local funds and fiscal effort, it is not surprising that Colorado spent the most (\$26.58) per inhabitant from State and local funds and Virginia the least

**Expenditures per inhabitant for public assistance from State and local funds in relation to personal income, by State, fiscal year 1956-57**



(\$1.39), since Colorado and Virginia were also the highest and lowest States, respectively, with respect to fiscal effort. Colorado was one of 13 States that spent more than \$10.00 per inhabitant from State and local funds, and Virginia was one of 14 States spending less than \$5.00 per capita.

The accompanying chart indicates that there is little relationship between a State's fiscal effort and its income position as measured by per capita income. Of the 25 States that rank in the top half with respect to fiscal effort, 13 were above and 12 were below the median State with respect to per capita income. Of the 12 States that exerted the greatest fiscal effort in 1956-57, two were among the 12 highest States in per capita income and five others were also above the median State in per capita income; the remaining five States in this group had per capita incomes less than the median for the Nation, and two were among the 12 States with the least economic resources. Similarly, in the 12 States that made the least fiscal effort to support public assistance, per capita incomes were above the median in seven States and below it in five States. Four of the States making low effort were among the wealthiest in the country, however, and three had low incomes per capita.

The lack of a clear-cut relationship between fiscal effort and per capita income stems in part from the fact that the ability to finance public assistance varies directly with per capita income, but the need for assistance varies inversely with per capita income. The lowest-income States, for example, have the least amount of fiscal resources to support public assistance but have the greatest need for assistance. The high-income States, on the other hand, have more resources with which to aid recipients but generally have the least need for assistance.

Variations in the scope of the programs that the States have chosen to set up also affect the total amount spent for assistance and, hence, the fiscal effort made by the individual States. The relative stringency of such eligibility requirements as lien laws and maximums on the amount of income and resources that an ap-

plicant may possess and still be eligible for assistance affect the proportion of the population that will qualify for assistance. In addition, the level of the assistance standard, coupled with State maximums on the individual assistance payment or other reductions in the amount of budgeted need that can be met from the assistance payment, affects the size of the average payment per recipient. The impact of variations in average payments and recipient rates (the proportion of the population aided) upon assistance payments from State-local funds may be illustrated by a comparison of the low-income States that made high effort and the high-income States that made comparatively low effort during the year.

Louisiana and North Dakota, low-income States, supported public assistance at a level higher than might be expected from their income positions. Louisiana's assistance expenditures were large primarily because of high recipient rates and average payments in the middle range. In North Dakota, expenditures for assistance from State and local funds were large in relation to personal income because high or greater-than-average payments to recipients were generally combined with recipient rates that were near the median for the Nation.

In contrast, Delaware, the District of Columbia, Maryland, and New Jersey made less fiscal effort than might be expected from their high-income position. These jurisdictions had relatively restrictive eligibility requirements for assistance and, as a result, generally aided a comparatively small proportion of their population—especially of the aged population. In addition, a relatively high proportion of the aged population in Delaware and New Jersey receive old-age and survivors insurance benefits and in the District of Columbia, benefits under the civil-service retirement system; need for old-age assistance is thereby reduced. Average payments to recipients were comparatively high in New Jersey, but they were usually either near the median or toward the lower end of the middle range in the other three States.

## Recent Publications\*

### Social Security Administration

BUREAU OF OLD-AGE AND SURVIVORS INSURANCE. *Report of a Study of Referral Services by Old-Age and Survivors Insurance District Offices*, by Roberta E. Townsend. Baltimore: The Bureau, 1957. 27 pp. Processed. Limited free distribution; apply to the Bureau of Old-Age and Survivors Insurance, Social Security Administration, Baltimore 2, Md.

### General

CALIFORNIA. UNIVERSITY. HELLER COMMITTEE FOR RESEARCH IN SOCIAL ECONOMICS. *Quantity and Cost Budgets for Two Income Levels: Prices for the San Francisco Bay Area, September 1957*. Berkeley: University of California, 1958. 86 pp. Processed. \$1.75.

Budgets for a salaried worker and a wage earner.

COMMITTEE FOR ECONOMIC DEVELOPMENT. RESEARCH AND POLICY COMMITTEE. *Economic Growth in the United States: Its Past and Future. A Statement on National Policy*. New York: The Committee, 1958. 63 pp.

DWINELL, LANE. "The States and the American Federal System." *State Government*, Chicago, Vol. 31, Apr. 1958, pp. 66-69 f. 50 cents.

Summarizes the recommendations from the first progress report of the Joint Federal-State Action Committee.

GREAT BRITAIN. CENTRAL OFFICE OF INFORMATION. REFERENCE DIVISION. *Social Services in Britain*. (Rev. Jan. 1958.) London: The Office, 1958. 84 pp.

Includes chapters on education, youth services, employment, health, housing and planning, national insurance and related services, voluntary organizations, and the social worker.

INSTITUTO VENEZOLANO DE LOS SEGUROS SOCIALES. *Los Seguros Sociales en Venezuela Bajo el Nuevo Ideal Nacional, 2 de Diciembre de 1952-2 de Diciembre de 1957*. Caracas: The Institute, 1957. No paging.

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