

# Federal Grants to State and Local Governments, 1958-59

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FEDERAL GRANTS to the States and localities in the fiscal year 1958-59 reached the unprecedented level of \$6.3 billion, about one-third more than the former record high of 1957-58 and nearly three and one-half times the annual amount granted a decade earlier. The 32-percent increase from 1958 to 1959 represents a rate of annual increase surpassed only twice in three decades of Federal monetary grants-in-aid to State and local governments: in 1933-34, when the several emergency public works grant programs were introduced, and in 1946-47, when "normal" domestic spending was resumed after World War II.

Federal grants first topped \$1 billion in 1933-34; the \$2 billion granted the next fiscal year remained the peak for 15 years, until 1949-50. Except for 2 years in the latter half of the 1930's, grants did not again total even \$1 billion until 1946-47 marked the beginning of an upward trend that has continued uninterrupted, although at varying pace, to the present. Table 1 shows the growth of Federal grants during the past three decades in dollar amounts, and table 2 their distribution among the States in 1958-59.

## GRANTS DEFINED

Grants-in-aid to the States and localities vary considerably in purpose and in financial characteristics. The term "grants," as used here, is confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/or local level and for those programs in which the bulk of the funds is channeled through agencies of State and local governments. Emergency grants and the value of grants-in-kind have been included when they conform to this definition. Federal aid granted directly to individuals

and private institutions and reimbursements to State and local governments for expenses incurred by them as agents of the Federal Government in administering programs primarily national in character have been excluded. Shared revenues have also been excluded.

## GROWTH OF GRANT PROGRAMS

The growth in the dollar amount of total Federal grants has resulted in some measure from the addition of new programs: There were 11 grant programs in 1930, 27 by 1940, 41 by 1950, and 51 by 1959.<sup>1</sup> At least of equal importance as factors in this growth are the population expansion and monetary inflation. The first means that government services of all sorts must be supplied to more people, and the second means that it will cost progressively more to furnish even the same level of services to the same number of people. The population of the country and its dependencies is almost half again as large as it was in 1930, and inflation has cut the value of the dollar to almost half its 1930 purchasing power.

## Public Assistance

Grants for public assistance payments and administration totaled \$1,966 million in 1958-59. This sum represented an increase of \$172 million or 10 percent from the 1957-58 total; the increase from 1956-57 to 1957-58 was 15 percent. The grants for each of the four categorical assistance

<sup>1</sup>The number of programs is considerably understated, especially in recent years, because the grant tables in the Treasury Department's Annual Reports show the highway construction grant programs in consolidated form. Footnotes to those tables indicate that grants for several types of highway construction have been grouped by the reporting agencies. For the types of highways constructed or improved with the aid of Federal grants, see footnote 6, table 1, of this article.

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programs and the percentage change from the preceding year are shown below for 1958-59 and the preceding year.

Program	Amount of Federal grants (in millions)		Percentage change	
	1958-59	1957-58	1958-59 from 1957-58	1957-58 from 1956-57
OAA.....	\$1,135	\$1,080	5.1	11.0
ADC.....	630	544	15.8	25.0
APTD.....	153	126	21.6	17.5
AB.....	48	45	7.1	10.0

Part of the reason for the lower rate of increase in 1958-59 lies in the 1956 amendments to the Social Security Act that raised the Federal share of individual public assistance payments. The new formula was in effect during only 3 quarters of 1956-57. Comparison of that year with the following year—a full fiscal year of operation under the increased Federal share—yielded a higher percentage increase than did comparison of 1957-58 with 1958-59, both full years under the new formula.

Of the four categorical assistance programs, aid to the permanently and totally disabled experienced the largest relative increase (22 percent) from the preceding fiscal year. The rise is attributable to the continued expansion of this newest assistance program (established in October 1950) in the same jurisdictions in which it operated during 1957-58. At the end of 1958-59, five States (Alaska, Arizona, Indiana, Iowa, and Nevada) still had no federally approved plan and received no Federal aid, nor had Guam—to which the public assistance provisions of the Social Security Act were extended by the 1958 amendments.<sup>2</sup>

The second largest relative increase, 16 percent, occurred in aid to dependent children. This program is the most sensitive of the four to changes in economic conditions. The 25-percent increase in 1957-58 was attributable largely to the recession, the effects of which were still being mirrored in the 1958-59 figures.

During the entire period under review there has been a shift in the distribution of Federal

<sup>2</sup> A plan for Iowa was approved in 1959-60, and the State began to receive Federal grants in January 1960. A plan for Guam was approved (for this and the other categorical assistance programs) and the first grants were authorized for July 1960.

grants among the public assistance programs themselves. Public assistance grants are open-ended—that is, there is no specific limit on the amount authorized in the Social Security Act or its amendments, and the Federal Government has obligated itself to advance or reimburse a stated basic portion of State expenditures for each of the categorical assistance recipients. The rise or fall of Federal grants for each program therefore offers a general reflection of the growth or decline of the respective programs throughout the country.

In 1935-36, the first year of grants under the Act, grants for old-age assistance accounted for 87 percent of all public assistance grants and aid to dependent children for 9 percent. Aid to the blind constituted 4 percent of the total the first year, 3 percent the second, and between 2 percent and 3 percent annually thereafter. Except for 2 years during World War II, the old-age assistance program has received a gradually declining proportion of all public assistance grants and the aid to dependent children program a gradually increasing proportion. By 1950-51 grants for old-age assistance composed 70 percent, those for aid to dependent children 27 percent, and the first grants for aid to the permanently and totally disabled 1.5 percent of all public assistance grants. By 1958-59, old-age assistance grants had dropped to 58 percent, grants for aid to dependent children had advanced to 32 percent, and grants for aid to the permanently and totally disabled had risen to 8 percent of the \$2.0 billion distributed for public assistance during the year.

The reason for the upswing in children's aid at what may look like the expense of the needy aged is not that Government has switched attention from people at the end of the life span to those at its beginning—quite the contrary. The reason is that, as a larger proportion of the aged become eligible for old-age and survivors insurance benefits, there is a correspondingly smaller call on the old-age assistance program, especially in extended periods of general prosperity. This conclusion is borne out by the fact that, although the number of persons in the country aged 65 and over has increased over the decades, the number of old-age assistance recipients has decreased. The decline has occurred even though, in many States, as recipients of aid to the permanently and totally disabled reach old age they are transferred from that program to old-age assistance.

The rise in the proportion of the total represented by grants for aid to dependent children results from several factors: a general population growth, marked by proportionately more children; a general increase in marriage rates and also in divorce, separation, and illegitimacy rates; and a higher remarriage rate with an accompanying rise in the number of breadwinners supporting or trying to support two families. In addition, incomes of mother-headed families are

not rising at the same rate as those of normal families.

Another shift has taken place among the grant programs, one possibly of more importance because of its implications for social welfare financing. Ever since the beginning of World War II, grants for public assistance have been the largest made by the Federal Government for any one purpose. Second in order of dollar magnitude for most of that period have been the regular and

TABLE 1.—Federal grants to State and local governments, amount and percent of total grants by purpose, fiscal years 1929-30 through 1958-59

[In thousands]

Fiscal year	Total	Public assistance <sup>1</sup>		Employment security administration <sup>2</sup>		Health services <sup>3</sup>		Other welfare services <sup>4</sup>		Education <sup>5</sup>		Highway construction <sup>6</sup>		All other <sup>7</sup>	
		Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
1929-30	\$100,499					\$10	(9)	\$1,296	1.3	\$17,647	17.6	\$75,881	75.5	\$5,666	5.6
1930-31	180,282							1,406	.8	19,274	10.7	153,637	85.2	5,965	3.3
1931-32	213,879							1,672	.8	19,907	9.3	186,280	87.1	6,020	2.8
1932-33	190,052							1,710	.9	19,058	10.0	163,398	86.0	5,885	3.1
1933-34	1,802,703			\$616	(8)			1,382	.1	18,076	1.0	221,715	12.3	1,560,914	86.6
1934-35	2,196,577			1,257	0.1			1,516	.1	21,302	1.0	274,668	12.5	1,897,833	86.4
1935-36	1,014,656	\$28,424	2.8	3,068	.3	4,389	0.4	34,117	3.4	31,937	3.1	224,073	22.1	688,649	67.9
1936-37	818,434	143,934	17.6	11,484	1.4	12,758	1.6	24,489	3.0	32,044	3.9	340,717	41.6	253,000	30.9
1937-38	790,392	216,074	27.3	45,939	5.8	15,329	1.9	39,655	5.0	41,877	5.3	247,024	31.3	184,494	23.3
1938-39	1,030,576	246,898	24.0	62,858	6.1	14,754	1.4	71,493	6.9	43,233	4.2	191,572	18.6	399,768	38.8
1939-40	967,005	271,131	28.0	119,852	12.4	21,873	2.3	67,581	7.0	43,596	4.5	164,517	17.0	278,456	28.8
1940-41	915,357	329,845	36.0	65,632	7.2	25,869	2.8	90,255	9.9	105,978	11.6	171,042	18.7	126,737	13.8
1941-42	926,221	374,568	40.4	74,034	8.0	29,057	3.1	64,947	7.0	144,361	15.6	157,911	17.0	81,342	8.8
1942-43	991,212	395,623	39.9	39,800	4.0	30,396	3.1	54,518	5.5	163,812	16.5	174,323	17.6	132,739	13.4
1943-44	982,700	404,942	41.2	35,229	3.6	60,223	6.1	64,109	6.5	128,832	13.1	144,120	14.7	145,246	14.8
1944-45	917,065	409,985	44.7	33,730	3.7	78,555	8.6	73,978	8.1	96,414	10.5	87,429	9.5	136,974	14.9
1945-46	843,721	439,132	52.0	54,547	6.5	71,169	8.4	78,233	9.3	50,633	6.0	74,529	8.8	75,479	8.9
1946-47	1,548,896	613,831	39.6	99,252	6.4	63,134	4.1	460,934	29.8	57,600	3.7	198,774	12.8	55,371	3.6
1947-48	1,575,394	718,359	45.6	157,744	10.0	55,309	3.5	171,888	10.9	113,255	7.2	318,457	20.2	40,383	2.6
1948-49	1,835,544	927,897	50.6	161,138	8.8	66,647	3.6	129,125	7.0	68,988	3.8	410,397	22.4	71,353	3.9
1949-50	2,208,019	1,123,418	50.9	214,526	9.7	123,831	5.6	183,553	8.3	69,861	3.2	428,780	19.4	64,049	2.9
1950-51	2,250,127	1,185,764	52.7	175,642	7.8	174,342	7.7	171,707	7.6	80,265	3.6	400,050	17.8	62,358	2.8
1951-52	2,325,993	1,177,088	50.6	183,157	7.9	187,301	8.1	147,143	6.3	143,503	6.2	420,135	18.1	68,011	2.9
1952-53	2,756,829	1,329,933	48.2	197,537	7.2	172,810	6.3	200,522	7.3	246,691	8.9	517,311	18.8	92,025	3.3
1953-54	2,956,155	1,437,516	48.6	200,136	6.8	1 0 2 43	4.7	308,312	10.4	235,231	8.0	538,496	18.2	96,231	3.3
1954-55	3,093,925	1,426,599	46.1	188,898	6.1	119,194	3.9	369,254	11.9	277,839	9.0	596,699	19.3	115,442	3.7
1955-56	3,438,225	1,455,275	42.3	260,347	7.6	133,166	3.9	488,281	14.2	252,086	7.3	739,997	21.5	109,073	3.2
1956-57	3,933,065	1,558,422	39.6	319,511	8.1	163,249	4.2	525,288	13.4	253,562	6.4	954,533	24.3	159,240	4.0
1957-58	4,791,832	1,794,687	37.5	324,133	6.8	192,609	4.0	489,275	10.2	283,693	5.9	1,518,520	31.7	188,915	3.9
1958-59	6,313,134	1,966,394	31.1	297,261	4.7	247,371	3.9	597,330	9.5	350,979	5.6	2,613,897	41.4	239,902	3.8

<sup>1</sup> Old-age assistance, aid to dependent children, and aid to the blind, 1935-36 to date, and beginning 1950-51, aid to the permanently and totally disabled, under the Social Security Act as amended.

<sup>2</sup> Employment service administration, from 1933-34 to 1942-43 and from 1946-47 to date; unemployment insurance administration, 1935-36 to date; administration of veterans' unemployment and self-employment allowances from 1947-48 to 1952-53; and distribution to State accounts in unemployment insurance trust fund of certain tax collections under Title IX of the Social Security Act, 1955-56 to 1957-58.

<sup>3</sup> Promotion of welfare and hygiene of maternity and infancy, 1929-30; maternal and child health services, services for crippled children, and general public health services under the Social Security Act, 1935-36 to date; venereal disease control, 1940-41 to date; emergency maternity and infant care, from 1942-43 to 1948-49 and 1950-51; construction of community facilities, 1944-45 and from 1953-54 to 1955-56; tuberculosis control, 1944-45 to date; mental health activities, cancer control, and hospital survey and construction, 1947-48 to date; heart disease control, 1949-50 to date; construction of cancer research facilities, from 1949-50 to 1952-53; industrial waste studies, from 1949-50 to 1952-53; emergency poliomyelitis vaccination, 1955-56 to date; water pollution control construction, waste-treatment works construction, and health research construction, 1956-57 to date.

<sup>4</sup> Vocational rehabilitation, and State and Territorial homes for disabled soldiers and sailors, 1929-30 to date; child welfare services, 1935-36 to date; removal of surplus agricultural commodities under sec. 32 of Act of Aug. 24, 1935, 1935-36 to date; school lunch and Federal annual contributions to public housing authorities, 1939-40 to date; community war service day care, 1942-43; veterans' re-use housing, from 1946-47 to 1950-51; commodities furnished by the Commodity Credit Corporation, 1949-50 to date; and school milk, 1954-55 to date.

<sup>5</sup> Colleges for agriculture and mechanic arts, vocational education, education of the blind, agricultural extension work, State marine schools, 1929-30 to date; Office of Education emergency grants, from 1935-36 to 1940-41; training of defense (war production) workers, from 1940-41 to 1945-46; maintenance and operation of schools, 1946-47 to date; veterans' educational facilities, from 1947-48 to 1949-50; survey and construction of schools, 1950-51 to date; State

and local preparation for White House Conference on Education, 1954-55; library services, 1956-57 to date; defense education activities, 1958-59.

<sup>6</sup> Cooperative construction of rural post roads, 1929-30 to 1939-40; Federal-aid highways, including regular and emergency, prewar and postwar, and trust fund activities, restoration of roads and bridges, flood relief, secondary and feeder roads, grade-crossing elimination, 1930-31 to date; National Industrial Recovery Act highway activities, 1933-34 to 1943-44, 1946-47 to 1948-49, and 1950-51; Emergency Relief Appropriation Acts activities, 1935-36 to 1943-44 and 1946-47 to 1951-52; access roads, flight strips, strategic highway network, and surveys and plans, 1941-42 to 1956-57 and 1958-59; public land highways, 1942-43 to date; payment of claims, 1945-46 to 1951-52; war and emergency damage in Hawaii, 1947-48 to 1955-56; reimbursement of District of Columbia highway fund, 1954-55 and 1957-58; and forest highways, 1957-58 to date.

<sup>7</sup> Agricultural experiment stations and forestry cooperation, including water-shed protection and flood prevention, 1929-30 to date; Civil Works Administration, 1933-34; Federal Emergency Relief Administration, from 1933-34 to 1937-38; Federal Emergency Administration of Public Works, from 1933-34 to 1939-40; Reclamation Service (emergency), 1935-36; wildlife restoration, 1938-39 to date; Public Works Administration and liquidation thereof, from 1941-42 to 1949-50; war public works, from 1941-42 to 1943-44; supply and distribution of farm labor, from 1942-43 to 1948-49; community facilities, from 1944-45 to 1955-56; public works advance planning, from 1946-47 to 1948-49; cooperative projects in marketing, 1948-49 to date; Federal airport program, 1947-48 to date; disaster, drought and other emergency relief, 1948-49 to date; civil defense, 1951-52 to date; slum clearance and urban redevelopment, from 1952-53 to 1954-55; urban planning, urban renewal, 1955-56 to date; and National Science Foundation facilities and installations, beginning 1957-58.

<sup>8</sup> Less than 0.05 percent.

Source: *Annual Reports of the Secretary of the Treasury, and the Combined Statement of Receipts, Expenditures and Balances of the United States Government*. Grants for the school lunch program from 1939-40 to 1942-43 and for the removal of surplus agricultural commodities from 1935-36 to 1946-47, as reported by the Department of Agriculture.

emergency grants for highway construction administered by the Bureau of Public Roads, Department of Commerce. All through the fifties the gap between assistance grants and highway grants has been narrowing, and by 1957-58 highway grants were within 15 percent of public assistance grants. In 1958-59, grants for highway construction not only caught up with but outstripped grants for public assistance by 33 per-

cent. Public assistance grants accounted for 37 percent of all Federal grants in 1957-58 and highway grants for 32 percent, but in 1958-59 highway grants represented more than 41 percent of all grants and public assistance grants had declined to 31 percent of the total (table 1). Highway grants have been separated from "all other" grants and are given in a separate column in all tables showing grants by purpose.

TABLE 2.—Federal grants to State and local governments, by State and purpose,<sup>1</sup> fiscal year 1958-59

[In thousands]

States ranked by 1956-58 average per capita personal income	Total	Public assistance	Employment security administration	Health services	Other welfare services	Education	Highway construction	All other
Total *	\$6,313,134	\$1,966,394	\$297,261	\$247,371	\$597,330	\$350,979	\$2,613,897	\$239,902
United States *	6,253,623	1,955,713	295,531	241,991	575,364	342,519	2,604,948	237,556
High-income group	2,787,067	844,675	179,111	94,290	257,110	137,299	1,155,039	110,544
Delaware.....	14,356	2,304	708	943	1,058	829	7,846	668
Connecticut.....	63,816	15,244	5,199	2,608	6,154	3,117	23,724	7,770
Alaska.....	29,784	1,753	1,179	2,161	587	6,457	15,013	2,636
District of Columbia.....	31,628	7,262	2,220	2,786	3,206	198	10,655	5,303
California.....	545,982	217,452	29,890	12,151	29,537	45,212	194,209	17,331
New York.....	451,151	143,810	41,451	11,778	52,655	12,321	169,417	19,920
New Jersey.....	99,961	23,719	11,305	4,735	15,948	4,694	36,127	3,433
Nevada.....	26,015	2,321	1,086	748	444	1,608	17,310	2,496
Illinois.....	272,100	94,991	13,325	10,574	27,630	9,831	104,318	11,731
Massachusetts.....	156,998	63,188	11,121	4,463	14,990	6,754	50,100	6,383
Ohio.....	318,144	67,145	14,887	7,623	19,952	10,388	191,743	6,406
Maryland.....	84,673	15,489	4,716	3,407	8,336	11,621	37,801	3,302
Michigan.....	201,232	60,273	13,951	9,860	27,257	6,267	76,216	7,493
Washington.....	134,671	41,770	5,348	3,980	6,891	9,474	63,871	3,336
Pennsylvania.....	319,448	85,383	21,946	15,269	41,597	7,440	127,564	20,241
Wyoming.....	37,108	2,871	779	1,206	869	1,089	29,124	1,171
Middle-income group	1,764,535	531,130	61,182	68,851	123,730	98,381	822,035	50,226
Indiana.....	97,146	24,836	5,179	4,683	10,659	5,647	43,381	2,761
Colorado.....	95,139	35,381	2,787	2,808	4,799	7,411	39,394	2,559
Oregon.....	74,774	17,980	3,468	2,892	3,615	2,389	41,896	2,533
Rhode Island.....	30,919	9,244	2,667	1,247	3,032	1,965	11,480	1,284
Missouri.....	205,237	80,208	4,892	4,607	13,515	7,312	80,989	7,655
Wisconsin.....	104,622	28,487	4,313	5,444	10,507	3,080	48,792	3,999
Montana.....	46,121	6,728	1,505	1,481	1,659	2,185	31,293	1,271
Arizona.....	67,168	13,760	3,274	2,310	3,870	6,477	36,050	1,427
Kansas.....	100,080	25,049	2,151	3,024	4,771	7,310	56,042	1,733
Minnesota.....	127,140	36,409	4,162	5,200	9,832	4,260	60,241	7,036
New Hampshire.....	24,816	3,872	1,181	922	1,704	1,256	15,181	699
Florida.....	142,539	50,121	5,597	6,678	10,997	10,605	53,972	4,670
Iowa.....	109,991	28,903	2,603	4,484	8,139	3,969	59,032	2,861
Nebraska.....	49,285	11,999	1,267	2,522	3,008	3,990	24,700	1,799
Texas.....	352,855	124,032	11,441	13,720	25,880	19,991	145,677	12,115
New Mexico.....	70,837	14,803	1,607	2,962	3,707	7,448	38,178	2,133
Utah.....	47,595	9,249	2,188	2,199	2,889	2,427	26,608	2,034
Vermont.....	18,271	4,069	900	1,609	1,147	660	9,127	758
Low-income group	1,678,614	579,908	47,976	78,593	185,313	99,112	629,175	58,537
Maine.....	41,222	11,366	1,467	1,467	3,159	2,298	19,757	1,494
Oklahoma.....	176,166	73,227	3,536	5,444	13,107	9,808	64,204	6,840
Idaho.....	42,345	6,786	3,041	1,517	1,447	2,556	25,831	1,167
Virginia.....	108,723	16,287	2,571	6,105	13,077	16,356	48,168	6,158
Louisiana.....	197,271	100,900	3,583	5,620	15,840	5,374	60,508	5,447
North Dakota.....	42,495	6,749	1,037	1,852	2,011	1,834	27,351	1,661
South Dakota.....	34,846	8,051	763	1,742	2,700	3,342	17,251	998
West Virginia.....	77,552	26,739	2,139	5,150	11,611	2,280	27,494	2,140
Georgia.....	154,016	65,322	3,979	6,081	18,263	9,840	44,179	6,351
Tennessee.....	133,852	42,100	3,835	7,702	19,412	5,604	48,270	6,930
Kentucky.....	123,407	38,602	3,486	7,054	17,045	5,812	48,222	3,185
North Carolina.....	140,070	47,218	5,657	7,721	14,865	7,667	52,359	4,884
Alabama.....	130,201	47,474	3,953	7,433	16,384	9,497	41,606	3,855
South Carolina.....	78,849	21,403	2,950	4,448	8,482	7,197	32,854	1,514
Arkansas.....	89,883	31,813	3,031	4,245	13,618	3,949	30,535	2,692
Mississippi.....	107,717	35,879	2,949	4,786	14,291	5,700	40,588	3,524
Outlying areas:								
Hawaii.....	19,150	4,034	858	2,139	1,961	5,126	4,273	739
Puerto Rico.....	38,264	6,401	790	2,979	19,376	2,457	4,676	1,584
Virgin Islands.....	967	245	67	245	349	59		2

<sup>1</sup> See footnotes to table 1 for programs in each group of grants.

\* Includes a small amount undistributed, grants to the outlying areas listed, and grants under a few programs to American Samoa, the Canal Zone, Guam, and the Trust Territory of the Pacific Islands.

† Includes a small amount of advances and undistributed sums.

Source: Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1959. Personal income data are from the Survey of Current Business, August 1959.

## Employment Security

The \$297 million granted in 1958-59 for State employment service and unemployment insurance administration represents an increase of \$7 million or 2.3 percent from the administration grants in 1957-58. From 1955-56 through 1957-58 the employment security total included amounts transferred on a pro rata basis to the State accounts in the unemployment trust fund from the excess of Federal unemployment tax collections over (1) total Federal and State administrative expenses for the program and (2) the \$200 million loan fund in the Federal unemployment account in the unemployment trust fund. In the 3 years a total of \$137 million was transferred to the State accounts as additional reserves. As a result of severe demands on the loan fund (which is itself built up from the excess of tax collections over administrative expenses) during the recent recession, not only was there no excess for distribution in 1958-59 but the fund was temporarily exhausted except for about \$1 million in interest earned on outstanding loans. Comparison of the employment security totals for 1958-59 and the preceding year, therefore, would present a distorted view of the program's development.

## Health Services

A total of \$247 million was granted for health services in 1958-59, about 28 percent or \$55 million more than grants for these purposes in 1957-58. The largest increases, in both percentage and dollar terms, occurred in health construction programs. Grants for building health research facilities rose 176 percent to \$8 million, and grants for constructing waste-treatment works went up 116 percent to \$36 million. The two largest dollar increases were in grants for the construction of hospital and medical facilities (\$30 million) and waste-treatment works (almost \$20 million). Among them, these three construction programs accounted for practically the entire increase in the health service grants; increases of 1-3 percent (\$1 million or less) in some programs were canceled by comparable decreases in others.

Grants for the control of venereal disease are once more on the increase. From wartime levels of \$7-\$10 million, this program rose to peak grants of \$13 million in 1948-49 and then declined by a few million each year to a low of \$631,000

in 1954-55. Since then the annual grants have been slowly increasing: \$1.2 million in 1955-56 and 1956-57; \$1.7 million in 1957-58; and \$2.4 million in 1958-59. This last sum was 43 percent higher than the preceding year's grant.

There is, of course, no direct causal connection between the growth of a Federal grant program to aid control of a disease and the increase or decrease of the incidence of that disease. The Public Health Service has noted, however, that the decline of a control program below certain minimum levels will result in the "bouncing up again" of a disease previously brought under control. The venereal disease control program would seem to have been reduced to too low a level. The situation appears to have been corrected in 1958-59, for the 1959-60 grants will be about the same as those of 1958-59.

Grants for the control of tuberculosis, on the other hand, have remained fairly constant in recent years at about \$4 million, after a slow decline from \$7 million a year a decade or so ago. There would appear to have been no reversal in the downward trend of the incidence of this disease as a result of the reduction of the control program. The danger here lies not in the resurgence of tuberculosis but in the unnecessary prolongation of the disease as a public health problem.

## Other Welfare Services

The \$597 million granted in 1958-59 for welfare services other than public assistance represented an increase of 22 percent from the \$489 million granted during the preceding year. Of the eight programs in this group (see footnote 4, table 1), only two have solely welfare aspects. Two have certain health and medical aspects in addition, and the remaining four are connected as closely with agricultural surplus and price support programs as with welfare.

Grants for child welfare services rose \$2.3 million (24 percent) to \$12 million in 1958-59. The increase was the largest, both relatively and in dollars, in recent years. Grants for this program, established under the Social Security Act of 1935, remained substantially less than \$2 million until 1946-47. They then increased gradually until, in 1952, they topped \$7 million. The amount hovered in the \$6-millions for several years and

did not reach a peak again until 1956-57, when \$8 million was granted; grants in 1957-58 totaled more than \$9 million.

It was among the welfare programs associated with agricultural price support and surplus commodity removal that the largest increases occurred from 1957-58 to 1958-59. School lunch grants rose 45 percent to \$142 million, grants in the form of commodities donated by the Commodity Credit Corporation advanced 41 percent to top \$80 million, school milk grants rose 11 percent to \$74 million, and grants for the removal of surplus agricultural commodities increased 8 percent to more than \$126 million. These figures pertain to the domestic aspects of the food distribution programs; foreign distribution is excluded. Together, the annual increase in the four food programs accounted for \$85 million or 78 percent of the total increase in grants for "other welfare" purposes.

In the past several years these domestic food programs have constituted about 70 percent of grants for all welfare programs other than public assistance. This has been a gradual decrease from 1935-36, when the first grants of \$32 million for the removal of surplus agricultural commodities accounted for 94 percent of the grants for "other welfare" purposes.

## Education

An all-time high in grants for education was recorded in 1958-59, when \$351 million was distributed to State and local governments. This sum was 24 percent or \$67 million more than the grants of the preceding year.

The bulk of the increase is attributable to the \$44 million granted for several new programs under the National Defense Education Act of 1958 (Public Law 85-864, signed September 2, 1958). Although the act was in effect during the last 3 quarters of 1958-59, by the time States had drawn up and submitted their plans, had them approved by the U.S. Office of Education, and been authorized to receive their first checks considerably less than 3 quarters of the fiscal year remained for operation.

Grants, as defined here, are made under four of the titles of the National Defense Education Act. Other titles provide loans and fellowships to undergraduate and graduate students and

loans, contracts, and grants to institutions and to public and private agencies. However, expenditures under those titles are not included in the \$44 million granted to State and local governments. Title III authorizes grants for the use of local elementary and secondary schools to strengthen instruction in science, mathematics, and modern foreign languages. Recipients have 2 years (instead of the more usual 1 year) in which to use the granted funds. Under title V, grants are made for State public school programs for the identification and encouragement of able students through testing and counseling. The U.S. Commissioner of Education can also make testing arrangements for private schools. Title VIII extends the Vocational Education Act of 1946 by providing grants for vocational education programs in areas now inadequately served and also for training and retraining "personnel equipped to render skilled assistance in fields particularly affected by scientific and technological developments." Title X provides grants for the improvement of the statistical services of State educational agencies.

As far as dollar amounts are concerned, the two most important grant programs in the education field until now have been the grants for school maintenance and operation in federally affected areas (started in 1946-47) and for school construction (started in 1950-51). These are the programs responsible for the jump of total grants for education, in the early years of the past decade, from less than \$100 million to substantially more than \$200 million and their maintenance at that level ever since.

## Highway Construction

Now that highway grants have become the largest of the complex of federally aided programs, a summary of their beginnings is appropriate. More than a decade ago the importance of their advent was characterized as follows:

The modern era of Federal grants-in-aid to States may be said to have begun with the passage of the Federal Aid Road Act of 1916 for the construction of rural post roads . . . The . . . Act . . . was the first major innovation, both as to function and amount of money.<sup>3</sup>

<sup>3</sup> Byron L. Johnson, *The Principle of Equalization Applied to the Allocation of Grants-In-Aid*, Social Security Administration, Bureau of Research and Statistics, Bureau Memorandum No. 66, September 1947.

The highway grants, which began in 1916 with the Federal-aid highway system, antedate the series published here. In 1921 the public land highway program was started, and in 1936 the elimination of grade crossings and a Federal-aid program of secondary or feeder roads. Federal grants for highway construction in various periods and under various auspices are detailed in footnote 6, table 1.

By 1929-30, when this series begins, highway grants accounted for slightly more than three-fourths of the \$100 million granted annually. During the early depression years the grants rose to as much as 87 percent of total Federal grants, but they were then dwarfed by the relief program grants of the Federal Emergency Relief Administration and the Civil Works Administration, which accounted for the bulk of all grants for a few years. During the war, highway grants remained fairly steady, averaging about 17 percent of all grants, which were relatively stable at slightly less than \$1 billion. The year 1945-46 marked a low point for the highway grant programs: the \$75 million granted represented less than 9 percent of all grants. From then on, however, increasing emphasis has been placed on Federal aid for highway construction. Sizable increases have occurred in the amounts granted for highways each year from 1946-47 to the present and, almost every year, in the annual percentage increases of these grants as well as in the proportion of total grants that they represented.

The year 1956-57 saw the beginning of grants from the earmarked taxes collected and deposited in the highway trust fund. In that year, when highway grants totaled \$955 million and made up 24 percent of all grants, \$953 million of the amount that went for highway grants came from the trust fund. In 1957-58, highway grants—again largely from the trust fund—increased 59 percent to \$1.5 billion, 32 percent of all grants. In 1958-59 all but \$30 million of the \$2.6 billion of highway grants came from the trust fund; the grants had increased 72 percent and represented more than 41 percent of all grants.

Although this group is labeled "highway construction," it should be pointed out that for some years—even before the highway trust fund was established—the grants have also been made to help meet the costs of engineering (including plans and surveys), highway administration, and

the acquisition of highway rights of way, in addition to actual construction. Federal aid does not extend to maintenance of roads and highways.

### "All Other" Grants

With the removal from the "all other" group of the highway construction grants, which completely overshadowed the rest of the programs, the miscellany now remaining consists of the agricultural and natural resources conservation grants (six programs, 37 percent of the "all other" grants in 1958-59), urban renewal (two programs, 32 percent), airport construction (one program, 24 percent), and civil defense and disaster relief (three programs, 7 percent). These group components are administered by several Federal agencies, and the sums granted for each program in the past few years are shown below.

Purpose of grant	Amount (in millions)		
	1958-59	1957-58	1956-57
Total.....	\$238.2	\$189.1	\$159.2
Agricultural experiment.....	30.6	29.7	28.3
Airport construction.....	56.6	42.9	20.6
Civil defense.....	11.4	15.4	8.6
Cooperative marketing.....	2.9	2.9	2.8
Defense community facilities.....	.2	1.3	.7
Disaster relief.....	4.1	11.9	10.2
Drought relief.....			18.0
Forestry cooperation.....	12.4	11.9	10.8
National Science Foundation, facilities and installations.....		.5	
Urban planning.....	1.8	2.0	.7
Urban renewal.....	75.5	35.2	29.6
Watershed protection and flood prevention.....	22.9	16.8	13.2
Wildlife restoration.....	19.8	18.6	15.7

Grants for miscellaneous purposes totaled \$240 million in 1958-59, \$51 million or 27 percent more than the 1957-58 total and \$81 million or 51 percent more than that in 1956-57. Urban renewal grants more than doubled from 1957-58; they accounted for \$41 million of the total increase. Airport construction grants increased \$14 million (32 percent), grants for civil defense declined \$4 million, and disaster relief dropped \$8 million. Slight increases occurred in the other programs.

## RELATION TO OTHER INDICATORS

### Population and Personal Income

Grants per capita are shown in table 3 by State and major purpose. The States are ranked by

per capita personal income and divided into high-, middle-, and low-income groups. To dampen the effect of single-year fluctuations in income that might temporarily change a State's ranking, per capita personal income for the most recent 3 years has been averaged.

Within each income group the States vary widely in the amount of Federal grants received

per capita. Total grants in 1958-59 ranged from \$155.94 per person in Alaska to \$17.24 in New Jersey, a range of \$138.70. Both are high-income States. (Alaska was ranked among the States in 1958-59, and Hawaii continued to be shown with the other outlying areas because it had not yet been officially admitted to the Union at the close of the fiscal year.)

TABLE 3.—Per capita Federal grants to State and local governments, by State and purpose, fiscal year 1958-59

States ranked by 1956-58 average per capita personal income	Average per capita personal income, 1956-58	Per capita grants <sup>1</sup>							
		Total	Public assistance	Employment security administration	Health services	Other welfare services	Education	Highway construction	All other
Total <sup>2</sup> .....		\$35.75	\$11.14	\$1.68	\$1.40	\$3.38	\$1.99	\$14.80	\$1.36
United States <sup>3</sup> .....	\$2,025	36.06	11.28	1.70	1.40	3.32	1.98	15.02	1.37
High-income group.....		30.97	9.39	1.99	1.05	2.86	1.53	12.83	1.33
Delaware.....	2,819	32.33	5.19	1.59	2.12	2.38	1.87	17.67	1.50
Connecticut.....	2,807	27.00	6.45	2.20	1.10	2.60	1.32	10.04	3.29
Alaska.....	4,600	155.94	9.18	6.17	11.31	3.07	33.80	78.60	13.80
District of Columbia.....	2,567	38.20	8.77	2.68	3.36	3.87	.24	12.87	6.40
California.....	2,526	38.22	15.22	2.09	.85	2.07	3.17	13.61	1.21
New York.....	2,519	27.66	8.82	2.54	.72	3.23	.76	10.37	1.22
New Jersey.....	2,494	17.24	4.09	1.95	.82	2.75	.81	6.23	.59
Nevada.....	2,473	95.64	8.53	3.99	2.75	1.63	5.91	63.64	9.18
Illinois.....	2,435	27.21	9.47	1.33	1.06	2.78	.98	10.43	1.17
Massachusetts.....	2,327	32.04	12.90	2.27	.91	3.06	1.38	10.22	1.30
Ohio.....	2,213	33.37	7.04	1.65	.80	2.09	1.09	20.11	.67
Maryland.....	2,173	28.60	5.23	1.59	1.15	2.82	3.92	12.77	1.12
Michigan.....	2,161	25.70	7.70	1.78	1.26	3.48	.80	9.73	.95
Washington.....	2,117	48.62	15.08	1.93	1.44	2.49	3.42	23.06	1.20
Pennsylvania.....	2,106	28.55	7.63	1.95	1.36	3.72	.66	11.40	1.10
Wyoming.....	2,025	117.80	9.11	2.47	3.83	2.76	3.46	92.46	3.30
Middle-income group.....		39.20	11.80	1.36	1.53	2.75	2.19	18.26	1.32
Indiana.....	2,012	21.28	5.44	1.13	1.03	2.33	1.24	9.50	.60
Colorado.....	1,983	57.49	21.38	1.68	1.70	2.90	4.48	23.80	1.55
Oregon.....	1,979	42.83	10.30	1.99	1.66	2.07	1.37	24.00	1.45
Rhode Island.....	1,977	35.74	10.68	3.08	1.44	3.50	2.27	13.27	1.48
Missouri.....	1,975	45.67	20.44	1.16	1.11	3.20	1.73	19.21	1.82
Wisconsin.....	1,919	26.59	7.24	1.10	1.38	2.67	.78	12.40	1.02
Montana.....	1,900	68.33	9.97	2.23	2.19	2.46	3.24	46.36	1.88
Arizona.....	1,877	57.16	11.71	2.79	1.97	3.29	5.51	30.68	1.21
Kansas.....	1,857	47.34	11.85	1.02	1.43	2.26	3.46	26.51	.82
Minnesota.....	1,847	38.04	10.89	1.25	1.56	2.94	1.27	18.03	2.11
New Hampshire.....	1,842	42.64	6.65	2.03	1.58	2.93	2.16	26.08	1.20
Florida.....	1,829	31.57	11.10	1.24	1.48	2.44	2.35	11.95	1.01
Iowa.....	1,787	39.55	10.39	.94	1.61	2.93	1.43	21.23	1.03
Nebraska.....	1,779	34.37	8.37	.88	1.76	2.10	2.78	17.22	1.25
Texas.....	1,776	37.84	13.30	1.23	1.47	2.78	2.14	15.62	1.30
New Mexico.....	1,719	82.85	17.31	1.88	3.46	4.34	8.71	44.65	2.49
Utah.....	1,711	55.47	10.78	2.55	2.56	3.37	2.83	31.01	2.37
Vermont.....	1,699	49.12	10.94	2.42	4.33	3.08	1.77	24.54	2.04
Low-income group.....		43.69	15.09	1.25	2.05	4.82	2.58	16.38	1.52
Maine.....	1,676	43.67	12.03	1.55	1.79	3.35	2.43	20.93	1.58
Oklahoma.....	1,667	78.23	32.52	1.57	2.42	5.82	4.36	28.51	3.04
Idaho.....	1,666	64.95	10.41	4.66	2.33	2.22	3.92	39.62	1.79
Virginia.....	1,659	27.84	4.17	.66	1.56	3.35	4.19	12.34	1.58
Louisiana.....	1,547	63.49	32.47	1.15	1.81	5.10	1.73	19.47	1.75
North Dakota.....	1,528	66.61	10.58	1.63	2.90	3.15	2.87	42.87	2.60
South Dakota.....	1,521	50.94	11.77	1.11	2.55	3.95	4.89	25.22	1.46
West Virginia.....	1,518	39.47	13.61	1.09	2.62	5.91	1.16	13.99	1.09
Georgia.....	1,451	40.67	17.25	1.05	1.61	4.82	2.60	11.67	1.68
Tennessee.....	1,402	38.60	12.14	1.11	2.22	5.60	1.62	13.92	2.00
Kentucky.....	1,372	39.98	12.50	1.13	2.29	5.52	1.88	15.62	1.03
North Carolina.....	1,352	31.34	10.57	1.27	1.73	3.33	1.72	11.72	1.03
Alabama.....	1,317	41.15	15.00	1.25	2.35	5.18	3.00	13.15	1.22
South Carolina.....	1,191	32.98	8.95	1.23	1.86	3.55	3.01	13.74	.63
Arkansas.....	1,179	51.33	18.17	1.73	2.42	7.78	2.26	17.44	1.54
Mississippi.....	1,003	49.94	16.63	1.37	2.22	6.63	2.64	18.82	1.63
Outlying areas:									
Hawaii.....	1,820	30.30	6.38	1.36	3.39	3.13	8.11	6.76	1.17
Puerto Rico.....		16.49	2.76	.34	1.28	8.35	1.06	2.01	.68
Virgin Islands.....		40.28	10.22	2.80	10.22	14.56	2.40		.07

<sup>1</sup> See footnotes to table 1 for programs in each group of grants.

<sup>2</sup> See footnote 2, table 2.

<sup>3</sup> See footnote 3, table 2.

<sup>4</sup> Estimated.

Source: Grants data are from the *Annual Report of the Secretary of the Treasury . . . June 30, 1959* and are on the basis of checks issued in the fiscal year.

Per capita grants are based on estimates of the Bureau of the Census for the total population, excluding the Armed Forces overseas, as of July 1, 1958 (*Current Population Reports, Population Estimates, Series P-25, No. 210*), plus Bureau of the Census estimates for outlying areas. Personal income data are for the calendar year and are from the *Survey of Current Business, August 1959*.



The States ranking second highest and second lowest in per capita grants were Wyoming with \$117.80 per person and Indiana with \$21.28. Occupying income-rank positions 16 and 17, respectively, these two States fall on opposite sides of the arbitrary dividing line between high- and

middle-income States, although the difference in their per capita income was only \$13. The wide difference (\$96.52) between their per capita grants is the result of minimum allotment provisions in certain of the grant formulas that operate to provide higher grants per capita in the more

TABLE 4.—Federal grants to State and local governments in relation to personal income and State general revenues, by State, fiscal year 1958-59

States ranked by 1956-58 average per capita personal income	Total grants to States			Grants under programs administered by Social Security Administration				
	Amount (in thousands)	As percent of personal income for calendar year 1958	As percent of total State general revenues <sup>1</sup>	Amount (in thousands)	As percent of personal income	As percent of total State general revenues	As percent of total grants	Per capita
Total <sup>2</sup> .....	\$6,313,134			\$2,009,623			32	\$11.38
United States <sup>3</sup> .....	6,253,623	1.8	25.4	1,997,268	0.6	8.1	32	11.52
High-income group.....	2,787,067	1.3	22.2	859,677	.4	6.9	31	9.55
Delaware.....	14,566	1.1	14.4	2,568	.2	2.6	18	5.78
Connecticut.....	63,816	1.0	20.0	15,820	.2	5.0	25	6.69
Alaska.....	29,784	1.3	66.9	2,183	.4	4.9	7	11.43
District of Columbia.....	31,628	1.5	( <sup>1</sup> )	7,720	.4	( <sup>1</sup> )	24	9.32
California.....	545,982	1.5	19.8	219,423	.6	8.0	40	15.36
New York.....	451,151	1.1	21.0	145,496	.3	6.8	32	8.92
New Jersey.....	99,961	.7	18.7	24,291	.2	4.5	24	4.19
Nevada.....	26,015	3.8	38.9	2,612	.4	3.9	10	9.60
Illinois.....	272,100	1.1	25.6	95,954	.4	9.0	35	9.60
Massachusetts.....	156,998	1.3	22.4	64,036	.6	9.2	41	13.07
Ohio.....	318,144	1.6	28.4	68,686	.3	6.1	22	7.21
Maryland.....	84,673	1.3	19.8	16,317	.2	3.8	19	5.51
Michigan.....	201,232	1.2	17.1	61,748	.4	5.2	31	7.89
Washington.....	134,671	2.3	22.3	42,400	.7	7.0	31	15.31
Pennsylvania.....	319,448	1.4	24.9	87,297	.4	6.8	27	7.80
Wyoming.....	37,108	5.6	39.4	3,126	.5	3.3	8	9.93
Middle-income group.....	1,764,535	2.0	27.2	542,910	.6	8.4	31	12.06
Indiana.....	97,146	1.1	17.3	25,534	.3	4.6	26	5.59
Colorado.....	95,139	2.7	30.6	36,034	1.0	11.6	38	21.77
Oregon.....	74,774	2.1	24.6	18,468	.5	6.1	25	10.58
Rhode Island.....	30,919	1.8	26.7	9,553	.6	8.2	31	11.04
Missouri.....	205,237	2.4	40.6	87,109	1.0	17.2	42	20.66
Wisconsin.....	104,622	1.4	19.2	29,350	.4	5.4	28	7.46
Montana.....	46,121	3.5	36.8	7,101	.5	5.7	15	10.52
Arizona.....	67,168	3.0	30.8	14,039	.6	6.4	21	11.95
Kansas.....	100,080	2.4	30.2	25,653	.6	7.8	26	12.13
Minnesota.....	127,140	2.0	24.3	37,502	.6	7.2	29	11.22
New Hampshire.....	24,816	2.3	32.4	4,147	.4	5.4	17	7.13
Florida.....	142,539	1.7	22.3	51,102	.6	8.0	36	11.32
Iowa.....	109,991	2.1	25.9	29,674	.6	7.0	27	10.67
Nebraska.....	49,285	1.8	30.6	12,358	.4	7.7	25	8.62
Texas.....	352,855	2.1	29.6	126,067	.7	10.6	36	13.52
New Mexico.....	70,837	4.6	30.8	15,281	1.0	6.6	22	17.87
Utah.....	47,595	3.1	32.0	9,592	.6	6.4	20	11.18
Vermont.....	18,271	2.8	28.7	4,347	.7	6.8	24	11.68
Low-income group.....	1,678,614	3.0	30.3	594,681	1.1	10.7	35	15.48
Maine.....	41,222	2.5	30.2	11,714	.7	8.6	28	12.41
Oklahoma.....	176,166	4.4	38.2	73,926	1.9	16.0	42	32.83
Idaho.....	42,345	3.8	39.8	7,097	.6	6.7	17	10.89
Virginia.....	108,723	1.7	26.0	17,588	.3	4.2	16	4.50
Louisiana.....	197,271	4.0	25.8	101,901	2.1	13.3	52	32.80
North Dakota.....	42,495	3.9	31.3	7,081	.6	5.2	17	11.10
South Dakota.....	34,846	3.0	31.6	8,330	.7	7.6	24	12.18
West Virginia.....	77,552	2.6	30.9	27,495	.9	10.9	35	13.99
Georgia.....	154,016	2.7	30.0	66,597	1.2	13.0	43	17.59
Tennessee.....	133,852	2.7	31.2	43,434	.9	10.1	32	12.52
Kentucky.....	123,407	2.9	34.5	39,713	.9	11.1	32	12.86
North Carolina.....	140,070	2.2	24.0	48,923	.8	8.4	35	10.95
Alabama.....	130,201	3.0	31.6	48,854	1.1	11.8	38	15.44
South Carolina.....	78,849	2.7	26.1	22,471	.8	7.4	28	9.40
Arkansas.....	89,883	4.1	36.6	32,605	1.5	13.3	36	18.62
Mississippi.....	107,717	4.7	35.1	36,951	1.6	12.1	34	17.13
Outlying areas:								
Hawaii.....	19,150	1.7	11.6	4,409	.4	2.7	23	6.98
Puerto Rico.....	38,264			7,480			20	3.22
Virgin Islands.....	967			466			48	19.41

<sup>1</sup> General revenue data for the District of Columbia not yet available; all affected totals adjusted accordingly.

<sup>2</sup> See footnote 2, table 2.

<sup>3</sup> See footnote 3, table 2.

<sup>4</sup> Personal income for Alaska estimated.

Source: State general revenue data are for fiscal year 1958-59 and are from *Summary of State Government Finances in 1959* (Bureau of the Census). For sources of other data see table 4.

sparsely populated States. For about 6 years before 1958-59 the highest grants per capita were received in Nevada, which has the smallest population of any State. The lowest per capita grants in those years were received in New Jersey, one of the most heavily industrialized and densely populated States in the country. Nevada is still the State of smallest population, followed closely by Alaska.

Total grants and grants for public assistance, health, other welfare services, education, and highways tend to vary inversely with per capita income, but there is a noticeable tendency for employment security grants to vary directly with State per capita income. In general, grants are somewhat higher per capita in the low-income States than in the middle-income States and higher in the middle-income group than in the high-income group. There is considerable overlap, however, from group to group. Oklahoma's total grants of \$78.23 per capita, the highest among the low-income States in 1958-59, were only \$4.62 less than New Mexico's \$82.85 per capita, the highest among the middle-income States. The lowest per capita grants among the low-income States—\$27.50 in Virginia—were only \$6.16 less than the lowest of the middle-income States—\$21.28 in Indiana. The range in the middle-income States was \$61.57, less than half the range among the high-income States; in the low-income States the range was \$50.39.

The effect of the minimum allotment provisions shows up most notably in the grant programs for highway construction. In Nevada, which was the eighth highest State in terms of per capita personal income and where grants amounted to \$95.64 for each inhabitant (compared with \$36.06 for the United States), 67 percent of all grants received were for highway construction. An even higher proportion of the total—more than 78 percent—was received for highways in Wyoming, where grants totaled \$117.80 per capita. In other sparsely populated States the situation was similar: highway construction grants accounted for 56 percent of the \$55.47 per capita granted in Utah, for 54 percent of Arizona's \$57.16 per capita, and more than half of Alaska's \$155.94 per capita. Of the \$82.85 per capita received in grants in New Mexico, 54 percent was for highway construction and 21 percent for public assistance, leaving 25 percent or less than \$21 per capita for all other federally aided programs.

Because of the Federal matching requirements in the Social Security Act, total grants per capita were also significantly high in States that spend relatively large sums from State and local funds for their public assistance programs. Louisiana, for example, was fifth among the low-income States and received grants amounting to \$63.49 per capita; 51 percent, or \$32.41 per capita, was for public assistance, compared with \$11.28 per capita for the country as a whole. Oklahoma, second among the low-income States, received \$78.23 in grants for each inhabitant, of which 42 percent or \$35.52 was for public assistance. The decreasing proportion that public assistance grants represent among all grants is also reflected by these figures: in the preceding year, 64 percent of the grants to Louisiana were for public assistance and 52 percent of those to Oklahoma.

### General Revenues

Table 4 shows the relation in 1958-59 of total Federal grants and of grants administered by the Social Security Administration to personal income received in each State and to total State general revenues. On balance, grants tend to represent a higher percentage of both of these indicators in States with low per capita income. The percentages are also high in the "public land" States and in those that make relatively heavy expenditures for public assistance. Federal grants in 1958-59 represented 1.7 percent of personal income for the United States and 25.4 percent of State general revenues.

It is more meaningful to relate grants to combined State and local general revenues than to the general revenues of the States alone. A new serial publication of the Bureau of the Census<sup>4</sup> now makes this comparison possible, although with a 1-year lag. Total grants in 1957-58, reported in the *BULLETIN* for June 1959, represented 21.7 percent of State general revenues. It can now be added that they represented 11.4 percent of all State and local general revenues in that year (table 5). When the States are grouped by income level, it is found that grants as a proportion of State and local general revenues in 1957-58 followed the same general pattern as

<sup>4</sup> *Governmental Finances in 1958* (G-GF 58, No. 2), October 28, 1959.

TABLE 5.—Federal grants as percent of State and local general revenues, fiscal year 1957-58

States ranked by 1955-57 average per capita personal income	Total grants to States		Grants under programs administered by Social Security Administration	
	Amount (in thousands)	As percent of total State and local general revenues	Amount (in thousands)	As percent of total State and local general revenues
United States.....	\$4,715,639	11.4	\$1,822,310	4.4
High-income group.....	2,161,831	8.9	801,272	3.3
Delaware.....	9,939	9.7	2,644	2.6
Connecticut.....	50,049	8.5	15,427	2.6
New York.....	354,751	7.2	129,084	2.6
California.....	456,683	9.5	205,298	4.3
District of Columbia.....	23,254	11.3	6,103	3.0
New Jersey.....	75,983	5.7	19,950	1.5
Nevada.....	20,852	19.7	2,359	2.2
Illinois.....	199,971	8.9	80,004	3.6
Massachusetts.....	128,169	9.8	63,849	4.9
Ohio.....	208,882	10.3	74,933	3.7
Michigan.....	170,503	8.6	58,084	2.9
Maryland.....	64,809	10.1	13,704	2.1
Washington.....	99,234	12.6	39,902	5.1
Pennsylvania.....	203,121	9.3	59,037	2.7
Rhode Island.....	33,544	17.8	8,294	4.4
Indiana.....	62,088	6.5	22,599	2.4
Middle-income group.....	1,320,606	13.1	480,804	4.8
Wyoming.....	27,556	21.3	2,910	2.3
Oregon.....	59,518	11.6	16,829	3.3
Colorado.....	85,274	16.5	34,576	6.7
Missouri.....	170,205	20.0	84,027	9.8
Montana.....	30,190	15.3	6,536	3.3
Wisconsin.....	75,840	8.1	27,866	3.0
New Hampshire.....	19,948	16.0	4,122	3.3
Minnesota.....	85,190	9.6	32,833	3.7
Florida.....	112,027	10.6	53,178	5.0
Kansas.....	63,606	11.8	22,641	4.2
Texas.....	286,852	14.5	112,257	5.7
Arizona.....	50,698	16.4	11,662	3.8
Idaho.....	84,864	12.5	23,922	3.5
Nebraska.....	39,184	12.9	11,597	3.8
Maine.....	29,051	14.0	11,636	5.6
Utah.....	28,428	13.7	8,676	4.2
Virginia.....	72,165	11.0	15,627	2.4
Low-income group.....	1,224,329	18.0	540,144	7.9
Vermont.....	13,548	14.0	4,315	4.4
Idaho.....	26,374	17.0	5,796	3.7
Oklahoma.....	132,712	22.9	69,102	11.9
New Mexico.....	61,523	22.5	12,236	4.5
Louisiana.....	132,704	16.4	86,664	10.7
West Virginia.....	50,057	15.6	24,665	7.7
North Dakota.....	31,552	17.2	5,813	3.2
Georgia.....	122,703	16.2	62,037	8.2
South Dakota.....	30,301	16.9	7,100	4.0
Tennessee.....	88,938	15.0	37,691	6.3
Kentucky.....	86,007	18.0	38,642	8.1
North Carolina.....	108,336	14.5	43,147	5.8
Alabama.....	118,773	21.5	51,022	9.2
South Carolina.....	57,114	15.5	21,663	5.9
Arkansas.....	74,584	23.3	32,628	10.2
Mississippi.....	89,103	28.7	37,623	10.0

Source: General revenue data are from *Governmental Finances in 1958* (Bureau of the Census, G-GF 58, No. 2); grants data are from *Annual Report of the Secretary of the Treasury... June 30, 1958*.

their relation to State general revenues. Grants composed an even larger proportion of State and local general revenues in the low-income States compared with the high-income States than the proportion they formed of State general revenues in the same groups of States. Within the groups there are wide variations from the overall pattern because of the wide differences from State

to State in the division of revenue sources between the State and the local levels of government.

## GRANTS FOR SOCIAL SECURITY ADMINISTRATION PROGRAMS

Grant programs administered by the Social Security Administration are seven in number: old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled, maternal and child health services, crippled children's services, and child welfare services. The grants for employment security administration that are included in the Social Security Act are administered by the Department of Labor.

In 1958-59, \$2,010 million was granted for the Social Security Administration programs, an increase of \$174 million or 9.5 percent from the preceding year; total grants increased 31.7 percent in the same period. The proportion of all grants represented by the Social Security Administration grants dropped more sharply in 1958-59 than in any previous year. In that year they constituted only 32 percent of total grants, compared with 38 percent, 40 percent, and 43 percent, respectively, for the 3 immediately preceding fiscal years.

Social Security Administration grants equaled 1/10 of 1 percent of personal income in the United States in 1958-59 and 8 percent of State general revenues. For each person in the country they amounted to \$11.52 out of the \$36.06 represented by all grants. The proportion tended to be larger in States with low per capita personal income. As a proportion of all grants, Social Security Administration grants varied only slightly among the three income groups of States. State-by-State variation was considerably wider, from less than 6 percent in high-income Connecticut to 52 percent in low-income Louisiana. A further indication of the decline in the relative importance of these grants—particularly those for public assistance—is afforded by a comparison with the preceding fiscal year, when the span was from 11 percent of all grants in Nevada to 65 percent in Louisiana.