

Social Welfare Expenditures, 1959-60

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ALMOST \$52 billion was spent in the United States under public programs of social insurance, public assistance, health, education, and other social welfare programs in the fiscal year 1959-60. Private expenditures for health and education and for organized income-maintenance and welfare service activities amounted to \$28 billion. While the absolute amounts spent under public social welfare programs increased by \$2.7 billion or 5.4 percent from 1958-59 to 1959-60, social welfare expenditures represented the same proportion of the gross national product—10.5 percent—in the 2 years.

The Division of Program Research has presented estimates of social welfare expenditures annually in the BULLETIN for the past 10 years. The series was developed to provide a basis for measuring and assessing changes in the share of the total national output devoted to social welfare purposes, the impact of such programs on governmental finances, and similar questions. The definition of social welfare used is broader than some persons would prefer, though narrower than others might choose. The estimates in table 1 are presented in sufficient detail to permit considerable regrouping of the figures to suit the needs of different users of the data.

DEFINITION OF SOCIAL WELFARE

Earlier articles in this series have discussed in some detail the rationale for the decisions that have been made regarding inclusion or exclusion of particular programs. The general concepts used can be summarized fairly briefly.

The initial decision to include education with health and social security and other welfare services was influenced by the definitions and concepts used in other countries and, more importantly, in discussions in the United Nations. When questions are raised as to the share of national income that a country is using or should use for social welfare purposes—compared with economic development or military expenditures,

for example—the term social welfare usually includes not only what we in the United States think of as public welfare and social security programs but also health and education.

Widespread public education is a much more recent development in many other countries than in the United States. Here its social welfare aspects were recognized in the early debates about public schools, some 125 years ago, and are now largely taken for granted. In the newly developing countries, also, the choices that must be made between use of resources for education and use for social insurance or welfare services are more difficult than in the United States. There has been increasing emphasis throughout the world in recent years on education as a necessary condition for economic growth and development. In this respect, however, it differs only in degree from other social welfare measures that also have an important impact on economic development.

The concept of social welfare does not encompass all programs or measures that contribute to the general welfare of the population. Government actions that promote welfare indirectly by enforcing law and order, fostering economic development, stabilizing prices, and so on are by general consent not regarded as social welfare measures. The distinguishing characteristic of social welfare programs is that they are concerned directly with the economic and social well-being of individuals and families.

The borderline between social welfare and other measures is, however, broad and subject to change. Agricultural programs that help low-income farm families or make surplus foods available for needy persons have obvious social welfare aspects. In the Social Security Administration series, the value of surplus foods made available to needy persons, to institutions, and for school lunches has been treated as social welfare expenditures. The new food stamp program, with its primary emphasis on improving the diet of low-income families rather than on maintaining the prices of agricultural products, supports this definition. On the other hand, expenditures for rural electrification or farm extension work are not considered social welfare expenditures.

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TABLE 1.—Social welfare expenditures under public programs, selected fiscal years 1934–35 through 1959–60¹—Continued

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60
From Federal funds—Continued										
Veterans' programs (Continued)										
Education			\$9.7	\$2,689.1	\$699.9	\$803.5	\$811.0	\$731.2	\$602.7	\$404.7
Welfare and other ¹⁹	\$7	\$1.0	10.0	391.1	134.4	143.0	154.7	168.8	209.6	206.8
Education	28.9	47.0	81.3	106.9	374.8	351.9	374.0	416.9	512.8	622.3
Elementary and secondary, total	19.9	32.5	48.0	63.9	315.4	289.7	297.9	321.7	348.9	395.5
Construction ⁶	(²¹)	(²¹)	(²¹)	5.2	139.3	102.6	83.9	89.1	80.7	74.8
Higher education and other, total	9.0	14.5	33.3	43.0	59.4	62.2	76.1	95.2	163.9	226.8
Construction ⁶	(²¹)	(²¹)	(²¹)	5.9	5.4	4.7	3.3	3.4	1.0	1.2
Public housing ²²		4.2	11.0	12.0	74.0	90.9	100.6	110.4	127.7	143.5
From State and local funds										
Total	\$3,473.9	\$5,190.6	\$5,448.4	\$13,025.6	\$18,229.1	\$19,249.6	\$21,470.4	\$25,074.2	\$26,594.2	\$27,897.3
Social insurance	285.0	866.2	658.8	2,851.6	3,449.5	3,112.1	3,545.7	5,096.2	5,239.6	5,033.4
Public employee retirement ³	120.0	147.0	198.0	310.0	580.0	642.0	746.0	841.0	965.0	1,050.0
Unemployment insurance and employment service ⁴		485.9	71.3	1,868.2	1,759.9	1,282.5	1,504.5	2,875.5	2,790.2	2,356.1
State temporary disability insurance, total ⁵			5.1	72.3	217.5	232.9	270.2	302.1	328.1	344.1
Hospital and medical benefits ⁶	165.0			2.2	20.0	22.4	26.3	31.1	38.5	39.6
Workmen's compensation, total ⁷	62.0	233.3	384.4	601.1	892.1	954.7	1,025.0	1,077.6	1,156.3	1,282.2
Hospitalization and medical benefits ⁸	623.9	84.0	117.3	187.8	308.1	328.2	347.7	362.1	386.8	421.0
Public aid	623.9	1,352.8	610.4	1,393.0	1,498.8	1,560.3	1,618.5	1,780.5	1,915.8	1,983.7
Public assistance ⁹		843.2	610.4	1,393.0	1,498.8	1,559.3	1,618.5	1,780.5	1,915.8	1,983.7
Vendor medical payments ⁸					188.6		250.0	245.6	259.1	292.9
Other ⁹		509.6								
Health and medical programs ¹⁰	477.0	598.0	695.0	1,683.1	1,949.1	2,058.1	2,240.8	2,457.2	2,617.6	2,818.1
Hospital and medical care	330.0	410.0	470.0	1,123.0	1,379.0	1,495.0	1,618.0	1,790.0	1,806.0	2,065.0
Maternal and child health services ¹¹		6.0	6.8	9.7	69.2	69.6	82.2	89.2	100.1	106.1
Medical research ¹²								13.0	16.0	23.0
Other public health activities ¹³	112.0	142.0	168.2	248.4	240.8	255.5	273.6	290.0	341.5	348.0
Medical-facilities construction	35.0	40.0	50.0	302.0	260.0	288.0	267.0	275.0	354.0	276.0
Other welfare services	137.2	104.4	108.3	234.9	336.0	378.4	408.9	562.8	637.0	751.0
Vocational rehabilitation, total	1.2	2.1	2.7	9.0	15.0	20.5	23.6	28.7	32.9	36.3
Medical rehabilitation ⁶	.1	.2	.7	3.7	3.5	4.2	4.8	5.6	6.2	6.5
Institutional and other care ¹⁴	110.0	58.9	51.5	86.2	124.0	154.0	162.0	284.0	240.0	424.0
School lunch ¹⁵				39.0	69.0	65.4	71.7	83.6	90.4	92.6
Child welfare ¹⁶	26.0	43.4	54.1	100.7	128.0	138.5	151.6	166.6	173.7	198.1
Veterans' programs ¹⁷				462.0	61.6	89.2	39.3	121.4	61.1	111.9
Education	1,950.8	2,269.2	3,375.9	6,401.0	10,919.5	12,032.8	13,998.2	15,032.4	16,094.7	17,166.0
Elementary and secondary, total	1,830.8	2,082.9	2,631.5	5,681.8	9,730.9	10,724.6	12,049.6	13,324.6	14,254.0	15,192.4
Construction ⁶	115.3	50.1	82.5	1,013.5	2,223.1	2,503.6	2,907.8	3,020.3	2,900.0	2,788.9
Higher education and other, total	120.0	186.3	744.4	719.2	1,188.6	1,308.2	1,548.6	1,707.8	1,840.7	1,973.6
Construction ⁶	(²¹)	26.0	(²¹)	211.3	306.7	340.8	451.5	462.3	498.5	534.7
Public housing ²²					14.6	19.7	19.0	23.7	28.4	33.2

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 expenditures and payments outside the United States. Fiscal years ended June 30 for Federal Government, most States, and some localities; for other States and localities, fiscal years cover various 12-month periods ended in the specified year.

² Excludes net payments in lieu of benefits (transfers) under the financial interchange with the railroad retirement system.

³ Excludes refunds of employee contributions to those leaving the service; Federal expenditures include payments to retired military personnel and survivors. Data for administrative expenses not available for Federal non-contributory programs.

⁴ Includes unemployment compensation for Federal employees, for ex-servicemen, and for veterans under the Servicemen's Readjustment Act of 1944 and the Veterans' Readjustment Assistance Act of 1952 and payments under the temporary extended unemployment insurance programs.

⁵ Cash and medical benefits, including payments under private plans where applicable in the 4 States with programs. Includes State costs of administering State plans and supervising private plans; data for administrative expenditures of private plans underwritten by private insurance carriers or self-insured not available.

⁶ Included in total shown directly above; excludes administrative expenditures, not available separately but included for entire program in preceding line.

⁷ Cash and medical benefits paid under Federal workmen's compensation laws and under State laws by private insurance carriers, by State funds, and by self-insurers. Excludes administrative costs of State agencies before 1949-50 and all administrative costs of private insurance carriers and self-insurers. Beginning 1959-60 includes data for Alaska and Hawaii.

⁸ Old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled, and, from State and local funds, general assistance; includes vendor medical payments. For 1939-40, total includes \$1 million in administrative costs and Federal Emergency Relief Administration funds for which distribution by source of funds is not available.

⁹ Work program earnings, other emergency aid programs, and value of surplus food distributed to needy families.

¹⁰ Excludes expenditures (1) for domiciliary care in institutions other than mental or tuberculosis (included under institutional care); (2) for health and medical services provided in connection with State temporary disability insurance, workmen's compensation, public assistance, vocational rehabilitation, and veterans' programs (included in total expenditures for these

programs); and (3) made directly for international health activities and for certain subordinate medical programs, such as those of the Federal Aviation Agency, the Bureau of Narcotics, the Bureau of Mines, the National Park Service, and the U. S. Civil Service Commission.

¹¹ Services for crippled children and maternal and child health services.

¹² Medical research expenditures of the U. S. Public Health Service, the Food and Drug Administration, the Atomic Energy Commission, the National Aeronautics and Space Administration, and the Department of Defense.

¹³ Excludes expenditures for water supply, sanitation services, and sewage disposal but includes regulatory and administrative costs of these services; also includes expenditures for medical equipment and supplies for civil defense.

¹⁴ Expenditures for homes for dependent or neglected children and for adults other than veterans and the value of surplus food for nonprofit institutions.

¹⁵ Federal expenditures represent cash apportionment and the value of commodities purchased and distributed under the National School Lunch Act and the value of surplus commodities distributed under other agricultural programs. Beginning 1954-55, includes the special school milk program; nongovernmental funds are also available from private organizations and from payments by parents (in 1959-60 parents' payments totaled \$556 million).

¹⁶ Includes foster-care payments and payments for professional and facilitating services; excludes expenditures of public institutions and public day-care centers, capital expenditures by courts and by youth authorities, payments from parents and relatives, and direct appropriations by State legislatures to voluntary agencies and institutions.

¹⁷ Federal expenditures exclude bonus payments and expenditures from veterans' life insurance trust funds; State and local expenditures refer to State bonus and other payments and services; local data not available.

¹⁸ Includes burial awards and subsistence payments to disabled veterans undergoing training.

¹⁹ Includes vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guarantees, and domiciliary care.

²⁰ State data available only.

²¹ Data not available.

²² Federal and State subsidies (and administrative costs) for low-cost housing.

Source: Data taken or estimated from Treasury reports, Federal Budgets, and available reports of Federal, State, and local administrative agencies.

Another borderline is that between labor programs and social welfare programs. The cost of operating the employment service is treated as a social welfare expenditure, partly because it is a necessary adjunct to unemployment insurance. Direct expenditures for retraining and relocation of workers should probably be regarded as social welfare expenditures. The costs of enforcement of labor standards have not been so treated, and most of the expenditures under the recently enacted depressed areas legislation probably will not be included in the social welfare series.

Public housing expenditures that are in the nature of subsidies of rents for low-income families are included. The costs of urban renewal—which may improve the livability of a metropolitan area but which may also create more individual welfare problems than it ameliorates—have been excluded.

There is another problem of definition that is more difficult in the United States than in most other countries. That is the question of what is public and what private. The social welfare expenditure figures in the Social Security Administration series include amounts paid as benefits under statutory workmen's compensation and temporary disability insurance programs, whether they come from public (tax) revenues, or from private insurance companies, or directly from employers who self-insure. These programs are compulsory, and the benefits are specified in statutes. It is therefore appropriate to include the payments in any analysis of the protection available through public programs, whether the risk is insured through private carriers, through State or Federal funds, or is self-insured. In comparing social welfare expenditures with total government expenditures for all purposes, however, these "private" mandated benefit payments are omitted.

TRENDS IN SOCIAL WELFARE EXPENDITURES

At the turn of the century the United States was using about 2.5 percent of its national output for public social welfare programs as here defined. Almost half of these expenditures were for education and about a third for veterans' pensions and medical care. By 1929, with the spread of free public secondary education, the share of the national output devoted to public education

had more than doubled. There had also occurred an expansion of public health activities and of State and local mental, tuberculosis, and general hospitals and a fairly widespread development of workmen's compensation and of pension plans for Federal, State, and local government employees. There had been some increase in local and State support for needy persons—principally through mother's aid and old-age pension programs. As a result, in 1929, social welfare expenditures amounted to 4.2 percent of the gross national product.

With the decline in national output and the large emergency relief expenditures of the depression in the early 1930's, social welfare expenditures approached 10 percent of the national output—a level they did not reach again until 1958. The Social Security Act of 1935 laid the basis for the major expansions that have occurred in social welfare expenditures since that time. In addition to establishing a national system of old-age insurance and a Federal-State program of unemployment insurance, the original act provided for the first time for grants to the States for public assistance, child welfare services, services for crippled children, and general public health activities. It also placed on a permanent basis grants for maternal and child health services (previously in effect from 1921 through 1929) and vocational rehabilitation services (partially supported by a temporary grant program since 1920).

Since 1935 the share of our total national output going into social insurance benefits has grown to six times what it was in that year. The share going to education has increased by about one-fourth, and that going to veterans is almost half again as large as in 1935 (table 2). Public aid takes only one-fifth as large a share. Health programs as such account for a share of national output only one-eighth larger than in 1935. However, increasing expenditures for medical care under other public programs, notably public assistance, have resulted in a somewhat more rapid growth in the percentage of the gross national product used for publicly supported health and medical care as shown in table 5.

The rapid increase in social insurance expenditures since 1940 has resulted primarily from the expansion and gradual maturing of old-age, survivors, and disability insurance.

About 90 percent of the labor force is now

covered, and the system has been in operation long enough so that 74 percent of the population aged 65 and over are receiving benefits or eligible to receive them. The rate of increase in expenditures under this program may therefore be expected to fall off. From 1949-50 to 1959-60, expenditures under old-age, survivors, and disability insurance increased 1,307 percent or 130 percent a year on the average. During 1959-60, these expenditures increased 14.7 percent. The addition of any new benefits, such as hospital or other health benefits, or a lifting of benefit levels, could of course raise expenditures substantially. The pace of expansion can be expected, however, to be slower in the future than it was during the program's first 25 years.

Again primarily as a result of the growth of old-age, survivors, and disability insurance, 46 percent of all social welfare expenditures came from Federal funds in 1959-60, compared with 43 percent 10 years earlier. By contrast, the proportion of social welfare expenditures from general revenues accounted for by Federal funds declined from 46 percent in 1949-50 to 33 percent in 1959-60. State and local expenditures for education and for health have expanded much more rapidly than Federal funds for these purposes—so rapidly that the increased Federal share of expenditures for public assistance over the past decade has been more than offset.

From 1958-59 to 1959-60, total social welfare expenditures under public programs increased

about 5 percent, compared with annual increases of 10 percent and 16 percent in the 2 previous years. There were substantial declines in unemployment insurance benefits as the economy picked up after the 1958-59 recession. Total expenditures for unemployment insurance and the employment services in 1959-60 were still, however, more than \$3 billion. Expenditures under Medicare and other Defense Department expenditures for medical care decreased in 1959-60 from their 1958-59 level, as did State and local and Defense Department expenditures for medical-facilities construction. Other Federal expenditures for the construction of hospital and other medical facilities, primarily those under the Hill-Burton Act, increased by 12 percent.

Expenditures for medical-facilities construction under the veterans' program also increased. Expenditures for medical research were up 30 percent from the amount in the preceding year; public support of medical research has increased more than sixfold in the 10 years since 1949-50. Vendor payments for medical care under public assistance increased 20 percent in 1959-60 and accounted for 12 percent of all public assistance expenditures in that year.

REAL EXPENDITURES PER CAPITA

Part of the increase in social welfare expenditures represents simply an expansion of services to a larger population, part reflects price rises, and part represents an increase in the level and scope of services. Since 1929 the total population of the United States has increased 48 percent, and the number of children under age 18 by 49 percent. The population of college age has also gone up. The general price level as measured by the consumer price index of the Bureau of Labor Statistics is about 1¾ times what it was in 1929.

In relating expenditures to population, one is faced with a choice as to what aggregates to use. The expenditure data in table 1 include the cost of medical care for military personnel in the United States and abroad and the cost of schools for the children of military and civilian personnel abroad. They also include benefits paid under old-age, survivors, and disability insurance, the veterans' program, and government employee-benefit plans to beneficiaries living in other countries. Some of the medical research sup-

TABLE 2.—Social welfare expenditures as percent of gross national product, selected fiscal years 1889-90 through 1959-60

Fiscal years	Gross national product (in billions)	Social welfare expenditures as percent of gross national product						Education
		Total ¹	Social insurance	Public aid	Health and medical services	Other welfare	Veterans' programs	
1889-90.....	\$13.0	2.4	(2)	³ 0.3	0.1	(3)	0.9	1.1
1912-13.....	39.9	2.5	(2)	³ 0.3	.4	(3)	.5	1.3
1928-29.....	101.6	4.2	0.3	³ .5	.4	(3)	.5	2.4
1934-35.....	68.7	9.4	.6	4.4	.8	0.2	.7	2.9
1939-40.....	95.9	8.8	1.3	3.8	.7		.6	2.4
1944-45.....	212.5	4.2	.7	.5	.9	.1	.4	1.6
1949-50.....	264.0	8.7	1.9	.9	.9	.2	2.4	2.5
1954-55.....	377.5	8.5	2.6	.8	.8	.2	1.2	3.0
1955-56.....	409.5	8.4	2.6	.8	.7	.2	1.1	3.0
1956-57.....	432.9	8.9	2.9	.8	.8	.2	1.1	3.2
1957-58.....	440.2	10.2	3.6	.8	.8	.2	1.1	3.5
1958-59.....	467.1	10.5	3.9	.9	.9	.2	1.1	3.6
1959-60.....	494.6	10.5	3.9	.8	.9	.2	1.0	3.6

¹ Includes public housing, not shown in distribution.

² Less than 0.05 percent.

³ "Other welfare" included with public aid.

ported from public funds is carried out abroad, and there may be other small expenditures outside the boundaries of the United States included in the figures in table 1.

If one is concerned with a measure of the per capita cost to the American people of social welfare expenditures, expenditures made abroad should be included. The population base would then include civilian and military personnel in the United States and abroad. Although the situation with respect to the payment of taxes is different, the populations of United States territories and possessions might also be included since they come under the governmental aegis of the United States.

If, on the other hand, one is concerned primarily with the relation of current benefits and expenditures under the programs to the total personal incomes of individual Americans, then possibly certain expenditures abroad should be excluded. In particular, payments to noncitizens should be omitted. Furthermore, American civilians living abroad who do not benefit currently from any of the programs might be excluded from the population base.

The adjustments that can be made are limited by the availability of the necessary statistical data. Moreover, the effect of any appropriate adjustments would not be large, although they have been increasingly important. For general purposes it would perhaps be best to include all ex-

penditures and to include in the population base the population of the United States and its territories and possessions, as well as United States citizens abroad. Except for the data on Federal employees outside the United States, however, estimates of the number of civilians abroad are available only in Decennial Census years. Since the population base thus excludes civilians overseas, old-age, survivors, and disability insurance and veterans' payments outside the United States have been excluded in computing the per capita expenditure figures in table 3.

SOCIAL WELFARE AND ALL GOVERNMENT EXPENDITURES

Social welfare expenditures from public funds represented 37 percent of all government expenditures (Federal, State, and local) in 1959-60. The slight increase from the preceding year resulted primarily from the continuing growth of old-age, survivors, and disability insurance. The proportion of State and local expenditures from general revenues going to social welfare (56.4 percent) and of Federal general revenues so used (14.7 percent) remained substantially unchanged, as shown in table 4.

In spite of the substantial increase in recent years, social welfare expenditures represented a smaller proportion of total government spending

TABLE 3.—Social welfare expenditures per capita under public programs, actual and 1959-60 prices, selected fiscal years 1928-29 through 1959-60¹

Fiscal year	Per capita social welfare expenditures							Social welfare expenditures in 1959-60 prices	
	Total ²	Social insurance	Public aid	Health and medical services	Other welfare services	Veterans' programs	Education	Total (in millions)	Total per capita
1928-29.....	\$34.79	\$2.76	³ \$4.06	\$3.61	(³)	\$4.46	\$19.90	\$7,360	\$59.78
1934-35.....	50.22	2.97	23.22	4.16	\$1.08	3.45	15.33	14,040	108.75
1939-40.....	63.28	9.08	26.86	5.20	.85	3.95	17.29	17,836	135.14
1944-45.....	62.77	9.78	7.27	13.66	1.38	6.24	24.37	17,836	103.60
1949-50.....	150.10	32.01	16.28	15.29	2.62	41.30	42.44	14,695	186.30
1954-55.....	192.05	59.04	18.00	17.46	3.45	25.85	67.69	35,152	210.67
1955-56.....	203.26	62.48	18.35	17.88	4.11	26.84	72.95	37,720	222.19
1956-57.....	223.60	71.90	19.15	19.69	4.53	28.78	80.86	41,053	237.59
1957-58.....	254.20	90.53	20.57	21.20	5.16	28.09	87.89	45,925	261.28
1958-59.....	274.45	101.85	22.36	22.67	5.71	28.11	92.89	49,780	278.43
1959-60.....	284.53	105.89	22.55	23.27	6.39	27.63	97.82	51,738	284.53
Percentage change for 1959-60 expenditures (1959-60 prices) from—									
1928-29.....	+376	+2,134	(³)	+275	(³)	+261	+186	+603	+376
1934-35.....	+162	+1,547	-55	+158	+173	+270	+195	+269	+162
1949-50.....	+53	+167	+12	+23	+97	-46	+86	+81	+53

¹ Old-age, survivors, and disability insurance and veterans' payments in foreign countries omitted; for actual expenditures including such payments, see table 1. Per capita figures based on mid-fiscal-year data for total U.S. population, including Armed Forces overseas, and civilian population of U.S. Territories and possessions.

² Includes public housing, not shown in distribution.

³ "Other welfare" included with public aid; percentage increase, 1928-29 to 1959-60, for public aid and other welfare per capita in 1959-60 prices was 315 percent.

for all purposes in 1959-60 than in 1928-29 and a much smaller proportion of expenditures from general revenues. State and local governments, however, were spending a considerably larger proportion of their total revenues for health, education, and welfare in 1959-60 than they did 30 years earlier—whether social insurance expenditures are included or excluded—primarily because of the increased share going to education.

Although Federal expenditures for social welfare purposes have increased tremendously, they have been matched or outpaced (depending on whether one includes social insurance or looks at general revenues only) by mounting expenditures for war, defense, and international activities. In this series, expenditures for veterans are treated as social welfare expenditures. Because veterans' programs accounted for so large a part of all Federal welfare expenditures in 1928-29, if they were classified as defense-related expenditures the remaining social welfare expenditures would represent not a declining but an increasing proportion of the Federal general revenue budget (from 4 percent to 8 percent).

PRIVATE AND PUBLIC EXPENDITURES

Private expenditures for health, education, and organized income-maintenance and welfare programs amounted to \$28 billion in 1959-60, about the same as State and local expenditures for social welfare programs. The relative size of public and private expenditures differs substantially in the three major fields of health, education, and welfare.

TABLE 4.—Social welfare expenditures ¹ in relation to government expenditures for all purposes, selected fiscal years 1928-29 through 1959-60

Item	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60
All social welfare expenditures from public funds:											
Total, as percent of total government expenditures.....	41.0	49.2	46.0	8.3	36.3	31.7	32.5	33.1	36.4	35.7	37.0
Federal, as percent of total Federal Government expenditures.....	24.0	47.8	36.1	3.6	24.3	20.2	21.5	22.0	24.5	24.6	26.1
State and local, as percent of total State and local government expenditures.....	47.0	50.6	56.1	64.0	60.3	57.8	56.6	57.7	60.2	59.7	59.3
Social welfare expenditures from general revenue:											
Total, as percent of total government expenditures from general revenue.....	41.0	48.6	43.5	7.8	34.0	25.8	26.7	27.0	28.9	28.2	29.1
Federal, as percent of total Federal Government expenditures from general revenue:											
All programs.....	24.0	47.6	35.1	3.3	22.2	13.2	13.8	13.8	14.8	14.6	14.7
Veterans' programs.....	20.0	7.2	6.0	.9	14.8	6.8	7.0	6.6	6.9	6.2	6.3
State and local, as percent of total State and local expenditures from general revenue: ²											
All programs.....	47.0	49.6	52.5	63.7	54.5	54.0	54.0	54.9	56.1	56.5	56.4
Education.....	32.0	29.7	27.0	43.8	33.6	33.9	39.2	40.5	41.1	41.3	41.1

¹ Expenditures from general revenues and from social insurance trust funds; that part of workmen's compensation and temporary disability insurance payments made through private carriers was omitted in computing

Education

In recent years, about four-fifths of all expenditures for education have come from public funds. In 1950, when expenditures under the veterans' educational program were at a high level, 85 percent came from public funds. These approximate relationships hold both for current expenditures only and for current and capital outlays combined. Because of conceptual differences in the estimates of public construction prepared by the Office of Education and those of privately financed construction prepared by the National Income Division of the Department of Commerce, only current expenditures are shown below.

[In thousands]

Current expenditures for education	Amount			Percentage distribution		
	1949-50	1954-55	1959-60	1949-50	1954-55	1959-60
Total amount.....	\$9,398	\$11,536	\$13,170	100	100	100
Public expenditures (including those for veterans).....	7,961	9,320	14,793	85	81	81
Private expenditures.....	1,437	2,216	3,377	15	19	19

Health

Total expenditures for health in the United States are now considerably larger than those for education. Private and public expenditures for health and medical services in 1959-60 amounted to \$26.5 billion or 5.4 percent of the gross national product. A little less than one-fourth of the total came from public funds or expenditures under public programs (table 5).

percentages.

² Excludes Federal grants-in-aid.

To measure the total amount of public funds spent for medical care and health services, it is necessary to add to the amounts shown in table 1 under "health and medical programs" the expenditures for medical services made under social insurance, public assistance, and other welfare programs. (Data for these services are shown separately in table 1 under the specific program.) For the purposes of this analysis, expenditures for medical education and training are classified as education expenditures and not as health expenditures.

The cost of medical care provided under workmen's compensation is treated as a public expenditure, in line with the inclusion of workmen's compensation in table 1. Since estimates of private expenditures for medical care generally exclude any payments under workmen's compensation, the treatment of public and private expenditures is consistent.

For medical benefits under temporary disability insurance the situation is somewhat different. Payments for hospital benefits from the State fund in California are treated as public expenditures. Health benefits paid by private insurance carriers as part of the benefit package provided to meet the requirements of the temporary disability insurance laws, however, are included in table 5 with private insurance benefits. These benefits are included in most estimates of private medical expenditures, and therefore the same practice is followed in this series, at least for the time being.

Personal health care expenditures, as defined here, exclude expenditures for medical-facilities construction, medical research, fund-raising costs of private philanthropy, and community health programs. They include the value of health insurance benefits but exclude the costs of obtaining such benefits. In other words, the item "expenses

TABLE 5.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years 1928–29 through 1959–60

[In millions]

Type of expenditures	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1955-56	1956-57	1957-58	1958-59	1959-60
Total.....	\$3,625.0	\$3,257.7	\$3,914.9	\$7,533.2	\$12,364.5	\$17,738.4	\$19,183.4	\$21,008.2	\$22,825.5	\$24,942.2	\$26,503.4
Private expenditures.....	3,112.0	2,580.0	3,023.0	5,335.0	9,042.0	13,455.0	14,700.0	16,082.0	17,462.0	18,735.0	20,275.0
Health and medical services.....	3,010.0	2,570.0	2,992.0	5,305.0	8,827.0	13,130.0	14,399.0	15,693.0	16,953.0	18,238.0	19,759.0
Direct payments.....	2,900.0	2,500.0	2,900.0	4,875.0	7,125.0	9,388.0	10,176.0	10,937.0	11,722.0	12,490.0	13,303.0
Insurance benefits.....					878.0	2,357.0	2,776.0	3,245.0	3,676.0	4,138.0	4,698.0
Expenses for prepayment.....					274.0	595.0	611.0	639.0	645.0	680.0	793.0
Industrial in-plant services.....	30.0	30.0	40.0	90.0	150.0	210.0	221.0	232.0	245.0	255.0	265.0
Philanthropy.....	80.0	40.0	52.0	340.0	400.0	580.0	615.0	640.0	665.0	675.0	700.0
Medical-facilities construction.....	102.0	10.0	31.0	30.0	215.0	325.0	301.0	389.0	509.0	497.0	516.0
Public expenditures.....	513.0	677.7	891.9	2,198.2	3,322.5	4,283.4	4,483.4	4,926.2	5,363.5	6,207.2	6,228.4
Health and medical services.....	414.0	639.8	836.8	2,130.5	2,737.5	3,897.1	4,122.1	4,448.2	4,856.3	5,601.1	5,671.8
General medical and hospital care.....	215.0	339.0	415.0	485.7	1,174.0	1,449.5	1,577.8	1,707.0	1,881.5	2,237.2	2,173.9
Defense Department facilities.....	30.0	39.0	45.0	1,100.0	332.0	602.6	548.0	529.3	584.7	665.4	580.1
Medicare.....								24.7	86.6	79.7	58.5
Veterans' hospital and medical care.....	30.0	56.0	72.1	96.3	585.9	722.0	723.5	732.9	794.1	836.0	867.2
Public assistance (vendor medical payments).....						211.9	252.6	287.6	320.2	410.0	492.5
Workmen's compensation (medical benefits) ²	25.0	65.0	90.0	122.0	193.0	315.0	335.0	355.0	370.0	395.0	430.0
Temporary disability insurance (medical benefits) ³					1.4	6.0	6.6	7.7	8.8	14.6	15.6
Medical vocational rehabilitation.....		.2	.4	1.4	7.4	9.2	11.0	12.7	14.9	16.6	17.7
Maternal and child health services.....	5.0	6.7	13.8	62.0	29.8	92.9	109.4	113.2	122.1	133.4	139.4
School health (educational agencies).....	9.0	9.9	17.9	23.3	30.6	66.3	74.2	81.0	85.6	94.2	98.5
Medical research ⁴			3.1	17.0	55.0	105.9	115.9	183.0	237.5	300.3	392.3
Other public health activities.....	100.0	124.0	179.5	222.8	328.4	315.8	368.2	414.1	349.3	418.7	406.1
Medical-facilities construction.....	99.0	37.9	55.1	67.7	585.0	386.3	361.3	478.0	507.2	606.1	556.6
Veterans Administration.....	4.0	2.9	14.1	16.2	156.2	33.0	27.2	36.8	33.3	45.7	57.5
Defense Department.....	(⁵)	(⁶)	(⁶)	(⁶)	(⁶)	8.9	25.8	83.4	66.2	34.3	30.9
Other.....	95.0	35.0	41.0	51.5	428.8	344.4	308.3	357.8	407.7	526.1	468.2
Total expenditures as percent of gross national product.....	3.6	4.7	4.1	3.5	4.7	4.7	4.7	4.9	5.2	5.3	5.4
Public expenditures as percent of total expenditures.....	14.2	20.8	22.8	29.2	26.9	24.1	23.4	23.4	23.5	24.9	23.5
Personal health care expenditures: ⁶											
Total amount.....	\$3,304.0	\$3,075.8	\$3,038.2	\$7,110.7	\$10,807.1	\$15,865.4	\$17,272.2	\$18,745.1	\$20,411.2	\$22,271.3	\$23,664.4
Percent from:											
Private expenditures.....	90.5	83.2	82.0	73.4	78.2	78.1	78.9	79.5	79.1	78.1	79.4
Direct payments.....	87.8	81.3	79.8	68.6	65.9	59.2	58.9	58.3	57.4	56.1	56.2
Insurance benefits.....					8.1	14.9	16.1	17.3	18.0	18.6	19.9
Public expenditures.....	9.5	16.8	18.0	26.6	21.8	21.9	21.1	20.5	20.9	21.9	20.6

¹ Includes any insurance benefits and expenses for prepayment (insurance premiums less insurance benefits).

² Includes medical benefits paid under public law by private insurance carriers and self-insurers.

³ Excludes medical benefits paid under public law in California and New York by private insured and self-insured plans; such benefits included in insurance benefits under private expenditures.

⁴ Includes medical research carried on by the Veterans Administration.

⁵ Included with "other" medical-facilities construction below.

⁶ Includes all items shown under "health and medical services," except (1) "expenses for prepayment" and one-fourth of "philanthropy" under private expenditures and (2) "medical research" and "other public health activities" under public expenditures.

for prepayment," which represents essentially the difference between insurance premiums and insurance benefits or the costs of administration, reserve accumulation, and profits of the insurance carriers, is omitted from the personal health care aggregate. The corresponding costs of administering medical benefits under workmen's compensation, temporary disability insurance, vocational rehabilitation, and vendor payments under public assistance are entirely omitted from the figures in table 5, since separate estimates are not available on this part of the administrative costs. (Total administrative costs of these programs are included in table 1.)

Total expenditures for health and medical care in the United States in 1959-60 were 6.3 percent larger than in the preceding year. Private expenditures increased 8.2 percent, from \$18.7 billion to \$20.3 billion. Total public expenditures for health remained almost the same as in 1958-59; increases in some public programs largely offset declines in expenditures for medical care in Defense Department facilities and under Medicare and in public funds used for medical research and medical-facilities construction.

Total health expenditures took a slightly larger share of the gross national product in 1959-60 than in any earlier year. Since 1929, health expenditures have risen from 3.6 percent of the gross national product to 5.4 percent. This increase reflects, among other factors, the gradual catching up of wages and salaries of health personnel—particularly the lower-paid hospital and laboratory employees—with general wage levels, and the changing character of the medical arts and medical technology.

Income-Maintenance and Other Social Welfare Programs

Aggregate expenditures for income security cannot be measured in the same way one measures total expenditures for education or for health. Retired persons, disabled earners, and widows and orphans have sources of support—private savings and investments, help from relatives and friends—that are not identifiable in any statistics

of total income flows. What can be measured is the total spent under organized income-maintenance and welfare programs.

Private employee-benefit plans have developed rapidly in recent years. In 1959-60 they paid out in cash benefits—excluding all health insurance benefits—about \$3.5 billion. About \$1.6 billion represented pensions for retired workers; \$1.1 billion, group life insurance; \$0.8 billion, temporary sickness benefits or paid sick leave; and \$90 million, supplementary unemployment benefits. Also financed through employee-benefit plans was about three-fourths (\$4.0 billion) of the health insurance costs—benefits plus expenses of prepayment—accounted for above as health expenditures.

Private philanthropic contributions used for welfare services such as institutional care, family counseling, recreation and day-care services, and emergency relief amounted to \$1.1 billion in 1959-60. Relatively little of the money spent by private welfare agencies now takes the form of cash payments to recipients; most of it is used to provide services.

The amounts spent from public and from private funds for organized income-maintenance and welfare service programs in recent years are shown in the following tabulation.

[Amount in millions]

Source of funds	1949-50	1954-55	1959-60
Total amount (excluding expenditures for health).....	\$11,915	\$18,545	\$31,922
Public expenditures.....	10,552	15,814	27,352
Social insurance.....	4,716	9,543	18,856
Veterans' programs.....	2,946	2,908	3,744
Public assistance and other welfare programs.....	2,890	3,362	4,752
Private expenditures.....	1,363	2,731	4,570
Employee-benefit plans.....	678	1,881	3,495
Philanthropy.....	685	850	1,075
Percent of total:			
Public expenditures.....	88.6	85.3	85.7
Private expenditures.....	11.4	14.7	14.3

If only "guaranteed" cash benefits are considered—social insurance, veterans' service-connected pensions, and cash payments under private employee-benefit plans—the public programs accounted for 89 percent of total expenditures in 1949-50 and 86 percent in 1959-60.