

Federal Grants to State and Local Governments, 1966-67

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IN THE FISCAL year 1966-67, Federal grants to the States and localities totaled \$14.8 billion, about 18 percent more than the \$12.5 billion disbursed in the preceding fiscal year. About two-thirds of the total amount went to programs with basically a social welfare purpose. A decade ago Federal grants amounted to \$3.9 billion—roughly a fourth of the current annual rate—and social welfare grants then represented nearly three-fourths of the total.

Grants-in-aid are but one of the Federal fiscal aids to State and local governments, although quantitatively they are the most significant. Federal grants are also made to other types of recipients (individuals and institutions, primarily), but those made to the lower government levels are, again quantitatively, the most significant.

The scope of the grant data in the accompanying tables is confined to grants for cooperative Federal-State or Federal-local programs administered at the State and/or local level and to 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, such as surplus foods distributed domestically or Braille materials for the blind, are included when they conform to these criteria. Programs in which the States or localities are acting solely as agents of the Federal Government are excluded, as are shared revenues and payments in lieu of taxes. Ninety-one grant programs conformed to this definition in fiscal year 1966-67.

THE REVISED GRANT SERIES

The Federal grant groupings have been changed this year to bring the grant series—especially that part of it classified as social welfare grants—into accord with recently completed reclassifications and regroupings in the Office of

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Research and Statistics annual series on social welfare expenditures.¹

For 1966-67, all grants have been grouped into eight instead of nine grant groups. The new groups are presented in table 1 under the following headings: *Public assistance*, corresponding to the subcategory "public assistance" under "public aid" in the social welfare expenditure series; *health*, corresponding to "health and medical programs" in the expenditure series; *education*, corresponding to "education;" and *miscellaneous social welfare*, which includes all grants in the remaining groups in the social welfare expenditure series: "Social insurance," "veterans' programs," "housing," and "other social welfare." The usual grouping of grants for purposes other than social welfare has been retained: *Highways*, *urban affairs*, *agriculture and natural resources*, and *miscellaneous*.

One former grant group—employment security administration—has been eliminated as a separate category. Grants for employment security administration were initiated under the Social Security Act of 1935 and were administered first by the Social Security Board and its successor, the Social Security Administration; they were then transferred to the Department of Labor in 1949 with the Bureau of Employment Security. The separation of data for this program until now has been merely a historical holdover from a previous emphasis in the series on programs authorized by the Social Security Act. Employment security grants are now transferred to the group of miscellaneous social welfare grants. In the social welfare expenditure series the program appears under "social insurance."

Two changes were made in the health group—

¹ See the forthcoming monograph, *Social Welfare Expenditures under Public Programs in the United States, 1929-66*, Office of Research and Statistics (Research Report No. 25), and *Social Security Bulletin*, December 1967, pages 3-16. Social welfare, as defined in Research Report No. 25 and in the annual *Bulletin* articles, is limited to those activities that directly concern the economic and social well-being of individuals and families. Not included in this concept are programs aimed at the general welfare of the population and only indirectly affecting the welfare of the individual.

TABLE 1.—Federal grants to State and local governments,

[Amounts in thousands]

States ranked by 1964-66 average per capita personal income	All grants	Social welfare											
		Total		Public assistance ¹		Health ²				Education ³			
		Amount	Percent of all grants	Amount	Percent of all grants	Total		Services	Construction	Total		Services	Construction
						Amount	Percent of all grants			Amount	Percent of all grants		
Total ⁴	\$14,820,026	\$9,858,141	66.5	\$4,175,059	28.2	\$448,655	3.0	\$219,502	\$229,153	\$2,370,139	16.0	\$2,194,818	\$175,321
United States ¹⁰	14,493,103	9,603,688	66.3	4,148,233	28.6	434,021	3.0	211,012	223,009	2,316,276	16.0	2,141,370	174,906
High-income group	6,584,446	4,505,236	68.4	2,158,783	32.8	161,417	2.5	87,869	73,549	944,635	14.3	870,963	73,652
District of Columbia	101,185	69,859	69.0	13,285	13.1	3,295	3.3	3,035	261	19,713	19.5	19,218	495
Connecticut	180,788	101,562	56.2	44,061	24.4	4,897	2.7	2,357	2,540	19,294	10.7	18,613	681
Nevada	67,082	21,093	31.4	5,075	7.6	1,278	1.9	905	373	6,715	10.0	6,169	546
Delaware	37,222	19,071	51.2	6,102	16.4	1,234	3.3	882	352	5,999	15.3	5,377	622
New York	1,177,308	937,977	79.7	444,024	37.7	25,767	2.2	14,403	11,364	192,066	16.3	183,116	8,950
Illinois	580,669	406,276	70.0	171,624	29.6	18,144	3.1	8,307	9,837	81,944	14.1	77,149	4,795
California	1,702,329	1,288,166	75.7	818,616	48.1	28,182	1.7	15,359	12,823	205,925	12.2	187,300	18,625
New Jersey	350,359	215,415	61.5	68,006	19.4	7,397	2.1	3,666	3,731	50,765	14.5	46,290	4,475
Alaska	90,739	25,183	27.8	1,965	2.2	780	9.9	786	-----	14,804	16.3	14,382	422
Massachusetts	390,800	270,366	69.2	143,488	36.7	9,724	2.5	4,264	5,460	46,258	11.8	43,610	2,648
Michigan	499,154	305,136	61.1	129,888	26.0	15,671	3.1	8,204	7,467	66,374	13.3	60,150	6,224
Maryland	197,335	146,716	74.3	52,690	26.7	8,648	4.4	6,408	2,240	50,948	25.8	45,770	5,177
Washington	252,604	143,815	56.9	63,850	25.3	5,443	2.2	3,209	2,234	35,901	14.2	32,849	3,052
Hawaii	73,268	44,103	60.2	11,282	15.4	3,752	5.1	2,618	1,134	17,985	24.5	15,945	2,040
Ohio	571,399	332,974	58.3	127,223	22.3	16,284	2.8	9,317	6,967	80,353	14.1	71,130	9,203
Indiana	232,432	121,748	52.4	35,157	15.1	8,286	3.6	2,474	5,812	37,176	16.0	32,683	4,494
Rhode Island	79,771	55,776	69.9	22,446	28.1	2,630	3.3	1,676	954	11,735	14.7	11,232	504
Middle-income group	4,189,738	2,596,215	62.0	983,963	23.5	150,672	3.6	65,289	85,382	716,146	17.1	656,258	59,889
Pennsylvania	714,387	446,992	62.6	170,563	23.9	26,247	3.7	11,558	14,689	98,155	13.7	90,432	7,723
Oregon	144,362	79,800	55.3	26,913	18.6	3,681	2.5	2,393	1,288	23,997	16.6	22,013	1,985
Wisconsin	215,697	151,430	70.2	63,997	29.7	8,285	3.8	3,277	5,007	38,374	17.8	33,764	4,611
Colorado	182,822	126,263	69.1	54,594	29.9	7,502	4.1	4,638	2,864	33,177	18.1	29,858	3,319
Iowa	167,243	97,231	58.1	37,560	22.5	5,190	3.1	2,772	2,418	25,284	15.1	23,834	1,450
Kansas	147,922	91,672	62.0	36,373	24.6	6,833	3.9	2,079	3,753	31,214	21.1	29,422	1,792
Minnesota	290,337	174,671	60.2	75,835	26.1	8,123	2.8	4,047	4,076	44,030	15.2	41,279	2,751
Missouri	337,566	231,959	68.7	105,694	31.3	9,974	3.0	4,653	5,321	50,316	14.9	45,966	4,350
Nebraska	112,945	62,054	54.9	23,533	20.8	4,881	4.1	1,358	3,323	19,294	17.1	17,501	1,794
New Hampshire	41,171	22,317	54.2	6,438	15.6	1,836	4.5	906	930	6,753	16.4	6,167	586
Wyoming	55,528	17,036	30.7	3,719	6.7	1,936	3.5	438	1,498	5,685	10.2	5,591	94
Florida	368,671	266,275	72.2	103,087	28.0	17,570	4.8	9,171	8,399	66,525	18.0	61,194	5,331
Montana	91,689	33,406	36.4	8,081	8.8	2,407	2.6	1,126	1,281	12,273	13.4	11,382	891
Virginia	299,171	164,241	54.9	31,803	10.6	9,208	3.1	4,445	4,763	78,504	26.2	72,886	5,619
Arizona	178,259	91,443	51.3	23,809	13.4	5,869	3.3	2,065	3,804	22,706	12.7	20,140	2,566
Utah	110,733	54,647	49.4	19,286	17.4	2,573	2.3	1,249	1,324	16,324	14.7	13,550	2,774
Texas	731,235	484,775	66.3	192,677	26.3	29,756	4.1	9,114	20,642	143,533	19.6	131,281	12,252
Low-income group	3,718,919	2,502,236	67.3	1,005,488	27.0	121,933	3.3	57,854	64,079	655,493	17.6	614,129	41,364
Vermont	52,963	23,856	45.0	8,725	16.5	3,229	6.1	831	2,398	5,551	10.5	4,972	579
Idaho	63,548	33,564	52.8	12,699	20.0	2,226	3.5	1,171	1,054	10,479	16.5	9,815	664
Maine	74,661	46,611	62.4	18,711	25.1	2,746	3.7	1,142	1,604	12,086	16.2	11,893	1,192
Oklahoma	304,679	229,640	75.4	139,719	45.9	5,863	1.9	2,411	3,451	41,063	13.5	39,453	1,609
New Mexico	141,762	81,329	57.4	25,819	18.2	3,382	2.4	1,668	1,714	28,487	20.1	23,309	5,178
North Dakota	66,412	36,395	54.8	12,201	18.4	2,399	3.6	1,049	1,350	12,128	18.3	10,763	1,364
Georgia	395,493	260,275	65.8	100,450	25.4	14,897	3.8	9,672	5,225	73,449	18.6	68,507	4,942
South Dakota	75,465	40,061	53.1	11,156	14.8	2,187	2.9	622	1,565	14,119	18.7	13,253	866
Louisiana	378,759	282,677	74.6	153,374	40.5	10,502	2.8	3,659	6,844	55,200	14.6	51,836	3,364
North Carolina	330,059	248,675	75.3	79,746	24.2	15,642	4.7	6,785	8,856	83,247	25.2	77,145	6,102
Kentucky	346,995	229,571	66.2	95,596	27.5	9,630	2.8	4,276	5,354	52,969	15.6	51,133	2,836
Tennessee	309,486	194,238	62.8	68,823	22.2	8,965	2.9	4,408	4,556	54,607	17.6	51,630	2,977
West Virginia	194,140	112,297	57.8	41,465	21.4	5,289	2.7	2,875	2,615	25,665	13.2	24,239	1,426
Alabama	326,203	220,289	67.5	93,938	28.8	10,497	3.2	6,060	4,437	57,221	17.5	54,520	2,700
Arkansas	222,228	152,890	68.8	63,676	28.7	7,609	3.4	3,420	4,190	36,967	16.6	35,490	1,477
South Carolina	172,821	126,642	73.3	27,705	16.0	10,064	5.8	4,296	5,768	51,217	29.6	47,964	3,253
Mississippi	253,247	183,227	69.6	51,685	19.6	6,806	2.6	3,709	3,097	40,039	15.2	38,204	1,835
Outlying areas:													
Puerto Rico	147,640	135,311	91.6	25,925	17.6	13,535	9.2	7,391	6,144	33,190	22.5	32,862	329
Virgin Islands	6,968	5,114	73.4	671	9.6	727	10.4	727	-----	972	13.9	970	2
Other	21,761	7,125	32.7	230	1.1	371	1.7	371	-----	4,876	22.4	4,790	85

¹ Old-age assistance, medical assistance for the aged, medical assistance, aid to families with dependent children, aid to the blind, aid to the permanently and totally disabled, and the combined adult program.

² Air pollution control, chronic diseases and the health of the aged, communicable disease activities, community health practice and research, control of tuberculosis and of venereal disease, dental services and resources, environmental engineering and sanitation, medical care services, mental health, radiological health, hospital and medical care, nursing services and resources, Indian health, water supply and pollution control, maternal and child health, crippled children services, maternal and infant care, special projects in child health, and construction of hospitals, health research facilities, health education facilities, and community mental health centers.

³ American Printing House for the Blind, colleges of agricultural and mechanic arts, cooperative vocational education, defense educational activities, educational improvement for the handicapped, elementary and secondary education activities, higher education activities, equal education opportunities, school maintenance and operation, cooperative agricultural extension work, cooperative State research (former agricultural experiment stations), adult basic education, State marine schools, and construction of public schools and higher education facilities.

⁴ Work experience and training, community action, Neighborhood Youth Corps, Administration on Aging, vocational rehabilitation including payments from OASDI trust funds, child welfare services, value of donations of price support commodities, food stamps, value of surplus commodities

amounts and percent of total grants, by purpose, fiscal year 1966-67

[Amounts in thousands]

Social welfare—Continued				Highways ⁵		Urban affairs ⁶	Agriculture and natural resources ⁷	Miscellaneous ⁸	States ranked by 1964-66 average per capita personal income
Miscellaneous social welfare ⁴				Amount	Percent of all grants				
Total		Economic opportunity	Other			Amount	Percent of all grants	Urban affairs ⁶	Agriculture and natural resources ⁷
Amount	Percent of all grants								
\$2,864,288	19.3	\$1,050,437	\$1,813,851	\$4,021,980	27.1	\$460,200	\$129,769	\$349,935	Total.
2,705,158	18.7	1,022,752	1,682,406	3,976,167	27.4	457,673	129,401	326,175	United States.
1,240,400	18.8	458,791	781,610	1,656,099	25.2	259,322	31,508	132,280	High-income group.
33,567	33.2	20,610	12,956	23,406	23.1	6,492	7	1,421	District of Columbia.
33,310	18.4	12,823	20,487	47,455	26.2	26,833	1,595	3,343	Connecticut.
8,026	12.0	3,476	4,549	43,914	65.5	128	664	1,284	Nevada.
6,035	16.2	1,855	4,180	15,101	40.6	1,412	592	1,047	Delaware.
276,120	23.5	96,093	180,028	179,334	15.2	36,880	2,720	20,396	New York.
134,564	23.2	48,649	85,915	146,459	25.2	13,930	889	13,116	Illinois.
234,444	13.8	95,811	138,633	337,819	19.8	40,040	8,244	28,060	California.
89,247	25.5	33,976	55,271	103,756	29.6	21,769	1,099	8,320	New Jersey.
7,627	8.4	4,208	3,420	51,898	57.2	4,344	1,415	7,900	Alaska.
70,895	18.1	23,864	47,031	83,012	21.2	27,452	1,140	8,830	Massachusetts.
93,202	18.7	34,126	59,076	160,876	32.2	20,307	2,813	10,023	Michigan.
34,431	17.4	8,524	25,907	40,419	20.5	5,282	1,551	3,367	Maryland.
38,621	15.3	13,556	25,065	91,821	36.3	9,721	2,307	4,941	Washington.
11,084	15.1	3,720	7,365	23,230	31.7	2,776	1,642	1,517	Hawaii.
109,134	19.1	36,158	72,976	198,689	34.8	27,054	2,370	10,312	Ohio.
41,129	17.7	13,506	27,622	94,663	40.7	7,950	2,108	5,964	Indiana.
18,964	23.8	7,835	11,129	14,248	17.9	6,953	351	2,443	Rhode Island.
745,434	17.8	275,008	470,427	1,314,262	31.4	129,098	47,249	102,914	Middle-income group.
152,026	21.3	45,830	106,196	189,007	26.5	61,290	2,587	14,512	Pennsylvania.
25,208	17.5	8,105	17,103	55,436	38.4	2,998	2,811	3,317	Oregon.
40,775	18.9	11,399	29,375	50,752	23.5	3,879	2,598	7,038	Wisconsin.
30,989	17.0	13,268	17,721	49,044	26.8	1,173	1,492	4,850	Colorado.
29,197	17.5	8,763	20,435	56,399	33.7	4,473	3,417	5,722	Iowa.
18,253	12.3	5,546	12,707	39,296	26.6	5,692	4,982	6,280	Kansas.
46,682	16.1	17,045	29,638	97,088	33.4	8,753	2,254	7,571	Minnesota.
65,975	19.5	28,874	37,101	87,820	26.0	7,625	1,881	8,280	Missouri.
14,545	12.9	4,149	10,396	45,139	40.0	68	2,024	3,659	Nebraska.
7,290	17.7	2,299	4,992	15,777	38.3	4,992	1,059	1,536	New Hampshire.
5,696	10.3	2,421	3,274	37,308	67.2	1	414	769	Wyoming.
79,093	21.5	31,388	47,704	77,833	21.1	9,002	2,785	12,775	Florida.
10,646	11.6	4,150	6,496	52,584	57.3	230	1,325	4,144	Montana.
44,725	14.9	15,814	28,911	122,544	41.0	4,850	3,263	4,273	Virginia.
39,058	21.9	22,997	16,062	80,504	45.2	349	1,263	4,700	Arizona.
16,465	14.9	5,187	11,279	52,436	47.4	625	1,352	1,672	Utah.
118,809	16.2	47,772	71,037	205,295	28.1	17,608	11,742	11,814	Texas.
719,324	19.3	288,954	430,370	1,005,806	27.0	69,252	50,643	90,981	Low-income group.
6,351	12.0	2,086	4,265	25,281	47.7	665	473	2,689	Vermont.
8,160	12.8	2,275	5,886	27,604	43.4	76	1,142	1,162	Idaho.
13,068	17.5	5,742	7,326	22,323	29.9	2,705	1,172	1,850	Maine.
42,995	14.1	18,423	24,572	54,594	17.9	5,890	10,200	4,354	Oklahoma.
23,641	16.7	12,486	11,155	56,127	39.6	262	1,439	2,605	New Mexico.
9,667	14.6	3,946	5,722	24,689	37.2	1,550	1,253	2,525	North Dakota.
71,479	18.1	25,726	45,752	111,669	28.2	10,188	5,018	8,343	Georgia.
12,599	16.7	6,308	6,291	32,531	43.1	23	725	2,125	South Dakota.
63,601	16.8	20,769	42,832	79,709	21.0	914	1,981	13,478	Louisiana.
70,041	21.2	23,880	46,161	60,559	18.3	10,508	3,088	7,228	North Carolina.
70,377	20.3	37,427	32,950	94,504	27.2	11,981	2,523	8,415	Kentucky.
61,843	20.0	21,325	40,519	95,027	30.7	10,132	2,662	7,427	Tennessee.
39,877	20.5	16,472	23,405	71,848	37.0	1,684	2,715	5,596	West Virginia.
58,634	18.0	17,890	40,744	93,769	28.7	2,987	2,521	6,635	Alabama.
44,637	20.1	17,291	27,346	51,072	23.0	7,812	4,572	5,883	Arkansas.
37,656	21.8	12,367	25,289	38,523	22.3	1,049	1,959	4,648	South Carolina.
84,697	32.2	44,541	40,156	65,976	25.1	826	7,199	6,019	Mississippi.
62,660	42.4	23,824	38,836	6,733	4.6	1,663	268	3,665	Outlying areas.
2,744	39.4	1,236	1,508	-----	0	289	11	1,555	Puerto Rico.
1,648	7.6	863	785	-----	0	-----	56	14,580	Virgin Islands. Other.

distributed, school lunch program including direct payments to participating private schools, special milk, low-income demonstration housing, low-rent public housing, unemployment compensation and employment service administration, manpower development and training activities, State homes for disabled soldiers and sailors, supervision of on-the-job training, and construction of State nursing homes for disabled soldiers and sailors.

⁵ Highway trust fund activities, forest and public land highways, Appalachian development highways, beautification and control of outdoor advertising, highway safety, and landscaping and scenic enhancement.

⁶ Neighborhood facilities, open space land, urban mass transportation, urban planning assistance, urban renewal and water and sewer facilities.

⁷ Basic scientific research in agriculture, cooperative projects in marketing, forest protection, utilization and restoration; watershed protection, flood prevention and resource conservation and development; commercial fisheries

research and development; fish and wildlife restoration and management; water resources research; and Water Resources Council.

⁸ Rural water and waste disposal, Appalachian assistance, development facilities, technical and community assistance, Commerce Department, State technical services, civil defense, accelerated public works, disaster relief, arts and humanities, libraries and community services, waste treatment works construction, law enforcement assistance, National Foundation of the Arts and the Humanities, and Federal airport program.

⁹ Includes a small amount undistributed, grants to the outlying areas listed and grants under a few programs to American Samoa, the Canal Zone, and the Trust Territory of the Pacific Islands.

¹⁰ Includes a small amount of undistributed sums.
source: *Annual Report of the Secretary of the Treasury on the State of the Finances for the Fiscal Year Ended June 30, 1967.*

both to exclude grant programs. Rural water and waste-disposal grants (administered by the Department of Agriculture) and grants for construction of waste-treatment works (currently administered by the Department of the Interior but previously by the Public Health Service) are both excluded from the social welfare series. Consequently, they have been moved out of the health grants and now appear with the main miscellaneous group (not to be confused with the subcategory of miscellaneous social welfare grants).

In the social welfare expenditure series, health education facilities construction is classified with "education." However, the Treasury—the source of grant data by State—compressed all health construction of 1966–67 into one group and indicated by footnote that \$1 million of the total expenditures (\$229 million) went for construction of health research facilities, \$29 million went for health education facilities, and \$4 million for community mental health centers, leaving \$196 million for hospital construction. In comparison with the social welfare series, the health category in the grant series is thus overstated and the education group understated by the \$29 million.

The composition of the education grant group has been changed somewhat. Three grant programs have been transferred into the group: Grants for cooperative State research in agriculture (agricultural experiment station grants) were taken in from the agriculture and natural resources group; and grants for equal educational opportunity and for adult basic education were detached from the economic opportunity subgroup of the former grant category of other welfare services. All three appear under education in the social welfare expenditure series.

Data on grants for Project Head Start, an education expenditure in the social welfare series, are not available separately from the rest of community action grants. The entire community action grant program, therefore, appears with economic opportunity grants in the new grant category of miscellaneous social welfare. Grants for arts and humanities (administered by the Office of Education), formerly a part of the education group in the grant series but excluded from the social welfare expenditure series, have been removed to the residual miscellaneous grants group.

The new grant group of miscellaneous social

welfare (formerly titled other welfare services) consists of those social welfare grants not included in the grant groups under public assistance, health, or education. They include grants represented in the social welfare expenditure series under the categories or subcategories "social insurance," "other public aid," "veterans' programs," "housing," and "other social welfare." The new grant group is divided into two subgroups: (1) Economic opportunity, which included in 1966–67 the grants for work experience, adult work training and development, community action including Project Head Start, and the Neighborhood Youth Corps; and (2) other social welfare, which represents the 15 programs listed in the appropriate footnotes to table 1.

Classification of Veterans Administration grants presents a special problem. In the social welfare expenditure series, all the programs of the Veterans Administration are grouped together as "veterans' programs," even though some of the benefits could be classified on a functional basis under "health" or "education" and are in fact so regrouped in certain derivative tables in the social welfare series. However, to make the classification of grant programs conform with the basic groupings in the main table of the social welfare series, all veterans' grants have been placed in the miscellaneous social welfare grants group. This change will permit more meaningful comparisons between the two series.

One grant program not previously admitted to the series on State and local grants has now been added to the miscellaneous social welfare group—the supervision of on-the-job training, administered by the Veterans Administration for its clientele. This program has been more formalized since its inception during World War II and has for some years been administered through State education agencies. In the social welfare expenditure series on-the-job training appears with "education" under "veterans' programs." The regrouping of the grant series affords an opportunity to pick it up currently and, when the historical grant series is revised, also for earlier years.

Time restrictions have prevented carry-back of the grant regrouping and reclassification into the historical data, which ordinarily is presented annually. It is anticipated that the tedious task of conforming historical grant data to the histori-

cal social welfare expenditure series will have been completed by this time next year, and a revised grant series from 1929-30 through 1967-68 will then be presented in the annual grant article in the BULLETIN.

GRANTS IN FISCAL YEAR 1966-67

Of the \$14.8 billion granted in 1966-67, \$9.8 billion or two-thirds went for social welfare purposes. The \$4.2 billion granted for public assistance represented 28 percent of all grants to States and localities and 42 percent of the social welfare grants. At \$449 million, grants for health accounted for 3 percent of total grants and 5 percent of social welfare grants. Education grants of \$2.4 billion accounted for 16 percent of all grants and 24 percent of those for social welfare. The miscellaneous social welfare grants of \$2.9 billion represented 19 percent of all grants and 29 percent of all social welfare grants; economic opportunity grants of \$1 billion formed about a third of the miscellaneous social welfare grant total.

The remaining 1966-67 Federal grants, totaling \$5.0 billion, were disbursed as follows: Highways, \$4.0 billion; urban affairs, \$460 million; agriculture and natural resources, \$130 million; and miscellaneous grants, \$350 million. In presentations of per capita and historical grant data the last three groups are usually combined in one group.

Federal funds were disbursed to the States and localities under eight new grant programs in 1966-67; three of them were social welfare programs. The Public Health Service spent nearly \$2 million for a program of medical care services grants. Office of Economic Opportunity funds were used by the Department of Labor to institute a grant program for adult work training and development; the \$2.7 million for this program is included in the economic opportunity subgroup of miscellaneous social welfare. The third new program is for the construction of State nursing homes for disabled soldiers and sailors, administered by the Veterans Administration. It is classed with the subgroup of the other grants under miscellaneous social welfare.

Four new grant programs were added to the

former highway construction group, necessitating a name change to the highways group. The Economic Development Administration of the Department of Commerce granted \$40 million in 11 States for Appalachian regional highways. The Federal Highway Administration of the Department of Transportation granted \$3.3 million for beautification and control of outdoor advertising, \$775,000 for a highway safety program in 21 States, and \$19.6 million for an all-State program of landscaping and scenic enhancement. And lastly, the new grants (\$8.6 million) of the National Foundation on the Arts and the Humanities were added to the miscellaneous grants group.

The amounts granted for social welfare purposes in 1966-67 are shown in their revised groupings in table 1, together with the grants for all other purposes. The States have been ranked by personal income per capita—averaged for 3 years as required in many of the grant formulas to dampen the effect of single-year fluctuations—and divided into high-, low-, and middle-income groups.

RELATION TO OTHER INDICATORS

Grants per capita are shown in table 2 by State and major purpose. The national average grant in 1966-67 was \$73.97 for every man, woman, and child in the United States, an increase of \$10.07 per person from the preceding fiscal year. As in table 1, the States are classified in three income groups by ranking the per capita personal income received in each State. Within each income group the States vary widely in the per capita receipt of Federal grants. States with low population density benefit from the minimum allotment provisions in certain of the grant formulas, particularly that for highway construction.

States that spend a great deal from their own resources for federally aided programs tend to receive more than the national average, whatever their income level. It might be expected that, as a result of the equalization aspects of many grant programs, the poor States would receive the largest per capita Federal grants and rich States the smallest. However, matching formulas built into several of these programs—particularly the Federal matching of State public assistance ex-

TABLE 2.—1966-67 Federal grants in relation to personal income, to State and local general revenues and direct general revenues, and to population, by State¹

States ranked by 1964-66 per capita personal income	Total grants as percent of—			Per capita grants						
	Personal income, 1967	Total State-local general revenues, 1965-66 ²	State-local direct general revenues, 1965-66 ³	Total	Public assistance	Health	Education	Miscellaneous social welfare	Highways	All other
Total				\$74.51	\$20.99	\$2.26	\$11.92	\$14.42	\$20.22	\$4.73
United States	2.5	17.4	20.7	73.97	21.17	2.22	11.82	13.81	20.29	4.66
High-income group	2.0	14.5	21.7	67.84	22.24	1.66	9.73	12.78	17.06	4.36
District of Columbia	3.2	24.7	33.8	125.54	16.45	4.09	24.46	41.65	29.04	9.83
Connecticut	1.7	14.8	17.0	62.82	15.31	1.70	6.70	11.57	16.49	11.04
Nevada	4.5	25.7	33.1	155.64	11.77	2.96	15.58	18.62	101.89	4.82
Delaware	2.1	14.0	16.5	72.56	11.90	2.41	11.11	11.76	29.44	5.95
New York	1.8	12.2	13.4	64.67	24.39	1.42	10.55	15.17	9.85	3.30
Illinois	1.5	13.5	15.4	53.84	15.91	1.68	7.6C	12.48	13.58	2.59
California	2.6	15.8	18.9	90.54	43.54	1.50	11.01	12.47	17.97	4.06
New Jersey	1.5	13.3	14.8	50.78	9.86	1.07	7.36	12.94	15.04	4.52
Alaska	10.0	39.7	71.3	342.41	7.41	2.97	55.86	28.78	195.84	51.54
Massachusetts	2.2	16.3	18.9	72.33	26.56	1.80	8.56	13.12	15.36	6.93
Michigan	1.8	13.4	15.3	58.95	15.34	1.85	7.84	11.01	19.00	3.91
Maryland	1.7	13.7	15.6	54.65	14.59	2.39	14.11	9.53	11.19	2.82
Washington	2.6	16.1	19.3	83.09	21.00	1.79	11.81	12.70	30.20	5.58
Hawaii	3.3	17.8	22.4	100.78	15.52	5.16	24.74	15.25	31.95	8.16
Ohio	1.8	15.5	18.2	55.13	12.28	1.57	7.75	10.53	19.17	3.83
Indiana	1.5	11.8	13.4	46.95	7.10	1.67	7.51	8.31	19.12	3.24
Rhode Island	2.9	22.2	27.1	88.83	25.00	2.93	13.07	21.12	15.87	10.85
Middle-income group	2.5	17.6	21.0	70.16	16.48	2.52	11.99	12.48	22.01	4.68
Pennsylvania	2.1	17.1	19.8	61.58	14.70	2.26	8.46	13.10	16.29	6.76
Oregon	2.5	14.7	19.0	73.17	13.64	1.87	12.16	12.78	28.10	4.63
Wisconsin	1.7	11.5	12.8	51.76	15.36	1.99	9.21	9.79	12.17	3.24
Colorado	3.2	17.8	22.1	93.52	27.93	3.84	16.97	15.85	25.09	3.84
Iowa	2.0	13.5	15.7	60.60	13.61	1.88	9.16	10.58	20.43	4.93
Kansas	2.3	15.1	17.8	65.02	15.99	2.56	13.72	8.02	17.27	7.45
Minnesota	2.8	16.3	19.4	81.28	21.23	2.27	12.33	13.07	27.18	5.20
Missouri	2.6	20.0	25.1	73.96	23.16	2.19	11.02	14.46	19.24	3.90
Nebraska	2.7	20.2	24.1	78.49	16.35	3.25	13.41	10.11	31.37	4.00
New Hampshire	2.2	17.5	21.0	60.90	9.52	2.72	9.99	10.78	23.34	4.55
Wyoming	6.4	25.1	37.9	174.07	11.66	6.07	17.82	17.85	116.95	3.71
Florida	2.4	16.2	18.8	62.56	17.49	2.98	11.29	13.42	13.21	4.17
Montana	5.0	26.4	35.0	130.61	11.51	3.43	17.48	15.17	74.91	8.12
Virginia	2.6	20.1	24.9	67.00	7.12	2.06	17.58	10.02	27.45	2.77
Arizona	4.4	23.8	29.8	111.20	14.85	3.66	14.16	24.37	50.22	5.94
Utah	4.4	23.5	31.2	109.96	19.15	2.55	16.21	16.35	52.07	3.62
Texas	2.7	19.6	23.6	68.04	17.93	2.77	13.36	11.06	19.10	3.83
Low-income group	4.3	26.8	34.6	94.94	25.67	3.11	16.73	18.36	25.68	5.38
Vermont	5.0	27.7	37.9	128.86	21.23	7.86	13.51	15.45	61.51	9.31
Idaho	3.7	20.5	25.6	91.17	18.22	3.19	15.03	11.71	39.60	3.41
Maine	3.1	20.7	25.7	76.34	19.13	2.81	12.36	13.36	22.83	5.86
Oklahoma	5.0	29.4	38.4	123.00	56.40	2.37	16.58	17.36	22.04	8.25
New Mexico	5.9	25.7	36.5	141.48	25.77	3.38	28.43	23.59	56.01	4.30
North Dakota	4.3	21.4	26.2	103.28	18.97	3.73	18.86	15.03	38.40	8.29
Georgia	3.7	26.0	32.7	88.97	22.60	3.35	16.52	16.08	25.12	5.30
South Dakota	4.6	25.2	32.2	111.14	16.43	3.22	20.79	18.56	47.91	4.23
Louisiana	4.6	24.6	31.4	104.72	42.40	2.90	15.26	17.58	22.04	4.53
North Carolina	2.9	21.2	25.7	66.56	16.03	3.14	16.74	14.08	12.18	4.19
Kentucky	4.9	33.1	43.6	109.08	30.05	3.03	16.97	22.12	29.71	7.21
Tennessee	3.6	25.2	32.7	80.05	17.80	2.32	14.12	16.00	24.58	5.23
West Virginia	4.9	30.2	41.4	107.32	22.92	2.92	14.19	22.04	39.72	5.53
Alabama	4.5	27.3	37.7	92.91	26.76	2.99	16.30	16.70	26.71	3.46
Arkansas	5.7	35.3	48.7	113.61	32.55	3.89	18.90	22.82	26.11	9.34
South Carolina	3.3	23.8	29.4	66.75	10.70	3.89	19.78	14.54	14.88	2.96
Mississippi	6.3	35.2	46.2	112.64	22.12	2.91	17.13	36.24	28.23	6.01
Outlying areas:										
Puerto Rico				55.34	9.72	5.07	12.44	23.49	2.52	2.10
Virgin Islands				150.83	14.53	15.74	21.03	59.39		40.14
Other				86.98	.92	1.49	19.49	6.59		58.50

¹ See the appropriate footnotes to table 1 for the programs in each group of grants and for components of total and United States lines.

² Revenues (except trust revenues) from all sources.

³ Revenues (except trust revenues) from own sources.

Source: State and local revenues data from *Governmental Finances in 1965-*

66 (GF No. 13) of the Bureau of the Census. Per capita data are based on estimates of the Bureau of the Census for the total population, excluding the Armed Forces overseas, as of July 1, 1966. Personal income data are for calendar years and are from the *Survey of Current Business*, July and August 1967.

penditures—result in relatively high Federal grants. Thus, the States that receive the largest per capita assistance grants include some with the highest per capita incomes in the country as well as some with the lowest.

Grants per capita may be expected to be larger

in the low-income States than in the middle-income States, and larger in the middle-income States than in the high-income States, though there is considerable overlap from income group to group of States. The spread or gap between grants per capita received in the top and bottom

income group fluctuates, usually by a few dollars in either direction, from one year to the next. Although the long-range trend is toward a wider spread between the two groups in absolute dollar terms, comparison of this spread with the national average State per capita grant receipt indicates a narrowing of the gap over time in relative terms.

The national average is very roughly equivalent to the average of grants per capita received in the middle-income States. The following tabulation shows the trend over the last decade—a period of introduction of many new grant programs. The proportionate spread was more than half the national average in 1956–67; by 1966–67 it had moved irregularly down to less than two-fifths.

Fiscal year	Average grants per capita			Spread, top to bottom group	
	U.S.	Low-income States	High-income States	Amount	As percent of national average
1956-57.....	\$23.11	\$30.54	\$18.76	\$11.78	51.0
1957-58.....	27.70	35.33	23.27	12.06	43.5
1958-59.....	36.06	43.69	30.97	12.72	35.3
1959-60.....	38.31	49.95	32.11	17.84	46.6
1960-61.....	38.16	48.77	32.81	15.96	41.8
1961-62.....	41.73	51.98	38.25	13.73	32.9
1962-63.....	44.39	54.80	39.96	14.84	33.4
1963-64.....	51.30	62.41	46.64	15.77	30.7
1964-65.....	55.05	66.24	50.79	15.45	28.1
1965-66.....	63.90	82.80	56.88	25.92	40.6
1966-67.....	73.97	94.94	67.84	27.10	36.6

Per capita grants for many programs tend to vary inversely with per capita personal income since the latter is often used in grant formulas, either as a measure of need or of fiscal capacity or both. Formula grants continue to dominate the series despite the increasing use of project grants in recent years.

Comparison of Federal grants with State and local revenues provides an indication of the role of Federal grants in the finances of the States and localities as well as further confirmation of the equalization effect of many formula grants. It would, of course, be more appropriate to compare the grants and revenues of the same year, but release time of Census data (especially for 1967, which was a year of the quinquennial full Census of Governments) makes such a comparison impossible. Comparisons of 1966–67 grants with 1965–66 revenues are of considerable value for two reasons. First, State and local revenues change relatively little from one year to the next. At most the overall change would be slight since the

ratios are averaged for the three income groups of States. Second, most closed-end grant formulas refer to per capita income for preceding years, not (for the obvious reason) for the current year in which the grants are actually disbursed, and the income received in a State is the dominant factor in the amount of revenues collected in that State.

Nationally, Federal grants represented 17.4 cents of every State and local dollar of total general revenues collected (including the Federal grants). In the low-income States the grants accounted for 27 cents of each general revenue dollar; in the high-income States, for only 15 cents. To every dollar collected by all the States and localities from their own sources (direct general revenues), the Federal Government added 21 cents in grants. In the low-income States the Government added grants of 35 cents to each State and local dollar; in the high-income group it added 22 cents to the dollar. The individual State figures are shown in table 2.

Federal grants averaged 2.5 percent of total personal income received in the country. In the high-income States, grants represented 2 percent of personal income, and in the low-income States they represented more than 4 percent of personal income. Detail for the individual States appears in table 2.

In 1966–67, Federal grants to State and local governments for social welfare purposes represented 9.8 percent of social welfare expenditures by all levels of government in the United States. They accounted for over 18 percent of all Federal social welfare expenditures. The Federal grants equaled more than 21 percent of all social welfare expenditures by State and local governments from their own sources.

	[Percent]		
	Total social welfare expenditures	Federal expenditures	State/local expenditures from State/local funds
All social welfare grants.....	9.8	18.2	21.4
Public assistance.....	53.7	97.6	119.2
Health.....	5.5	10.8	11.4
Education.....	6.7	45.1	7.8

The tabulation above shows the proportion of the 1966–67 social welfare expenditures that is represented by Federal grants to States and localities for each of the main social welfare functions.