

Social Welfare Expenditures, 1970-71

by ALFRED M. SKOLNIK and SOPHIE R. DALES*

Public expenditures for social welfare purposes took another spurt in fiscal year 1971, as cash payments under such income-maintenance programs as unemployment insurance, old-age, survivors, disability, and health insurance (OASDHI), workmen's compensation, and public assistance had larger-than-usual increases. The greater amount of cash that went out to individuals and families reflected in part the slowdown in the economy. Another factor was the group of legislative actions that increased OASDHI cash benefits, expanded the Federal-State unemployment insurance program, and set up a "black lung" benefits program for disabled coal miners and their widows.

SOCIAL WELFARE expenditures under public programs rose from \$145.4 billion in the fiscal year 1970 to \$170.8 billion in fiscal year 1971. The \$25 billion increase represented a 17.5-percent rise and an acceleration in expenditures included in the series, which had been increasing at an annual rate of 12-14 percent between 1965 and 1970. Even after adjustment for price changes, 1971 shows an 11-percent increase in per capita expenditures, the greatest annual increase in over two decades.

As a dramatic illustration of this Nation's growing commitment to social welfare, expenditures for such purposes in fiscal year 1971 amounted to 16.9 percent of the gross national product (GNP). In fiscal year 1970, the proportion was 15.2 percent; in 1965 it had been 11.8 percent. The growth in the single year 1971 (1.7 percentage points) was greater than that for the entire 5-year period 1960-65. This development was in part the result of a slower growth in GNP at a time when costs and expenditures for health and other social welfare purposes were rising rapidly.

In fiscal year 1971, for the first time since the years before World War II, more than half of all government spending (Federal, State, and local) was devoted to social welfare purposes, as defined in this series. From 42 percent in the fiscal year

1965, the proportion of government spending allocated to social welfare rose to 45 percent in 1969, 48 percent in 1970, and to 51 percent in 1971. The Federal Government has been primarily instrumental in this change. In 1965, it supplied 49 percent of the public funds expended for social welfare; by 1971, the ratio was 54 percent.

With private social welfare spending included, the grand total for social welfare expenditures exceeded \$239 billion in fiscal year 1971 and the proportion of the GNP devoted to these programs rose to 24 percent. Public spending accounted for 70 percent of all social welfare expenditures and continued to dominate the areas of income-maintenance, education, and welfare.

There are no departures here from previous concepts employed in the social welfare expenditures series. Social welfare expenditures, under the definition used in the series, refer to cash benefits, services, and administrative costs of all programs operating under public law that are of direct benefit to individuals and families. The programs included are those for income maintenance through the social insurances and public assistance and the public provision of health, education, housing, and other welfare services.

One classification change has been made in the data pertaining to veterans' programs. The line item "pensions and compensation" now includes other types of cash benefits paid to veterans, such as subsistence payments to disabled veterans undergoing training and special allowances authorized for survivors of veterans who do not qualify for benefits under OASDHI. As these changes were made in the data back to fiscal year 1965, the series was modified for the years 1965 and 1966 to place all unallocated administrative expenses (previously allocated among the several veterans' program groups in the same proportion that allocated administrative expenses were distributed) under the item "welfare and other." This treatment of unallocated administrative expenses had previously been applied to the years after fiscal year 1966.

At the technical level, the population base

* Division of Economic and Long-Range Studies.

used in the series for computing the per capita figures in table 3 was modified. To incorporate certain changes resulting from the 1970 Census, the population base for the years from 1960 to date was revised to add (1) dependents stationed overseas with members of the Armed Forces and with Federal civilian employees and (2) the resident population of the Trust Territory of the Pacific Islands.

EXPENDITURES IN FISCAL YEAR 1971

The increase of \$25.4 billion in social welfare expenditures in fiscal year 1971 was the largest absolute year-to-year increase during the period covered by the data (table 1). Almost half the rise (\$11.4 billion) occurred in the social insurance category. Public aid and education each were higher by more than \$5 billion and together accounted for another two-fifths of the 1971 growth.

Relatively, however, the public aid category showed the greatest growth rate (32 percent) from fiscal year 1970 to fiscal year 1971. Public assistance expenditures went from \$14.4 billion to \$18.6 billion, with the cash assistance part of the program registering a higher percentage increase than the vendor medical payments. The program of aid to families with dependent children led with a jump of almost 40 percent in expenditures in fiscal year 1971, compared with increases of less than 30 percent in the two previous fiscal years. Undoubtedly, a contributing factor to the 1971 increase was the slowdown in the economy.

This factor also played a role in the 56-percent increase registered among the "other public aid" programs. Primarily consisting of food stamps, surplus commodities for the needy, and economic opportunity and manpower programs, this group had expenditures of \$3.2 billion in fiscal year 1971, compared with \$2.0 billion in fiscal year 1970. An expanded food-stamp program tripled its expenditures in 1971.

The social insurance programs also felt the effects of the economic situation. Their expenditures rose 21 percent in fiscal year 1971, compared with 12 percent in fiscal year 1970. Directly affected was the Federal-State unemployment insurance and employment service program, which

increased its cash outlays to unemployed workers by \$2.8 billion or 89 percent during fiscal year 1971. The permanent extended unemployment benefit program for workers exhausting their regular State benefits that went into effect during fiscal year 1971 also contributed to this rise.

Fiscal year 1971 saw a rise of 17 percent in expenditures under the OASDHI program—19 percent excluding health insurance for the aged (Medicare)—as the effects of the 15-percent and 10-percent benefit increases contained in the 1970 and 1971 social security amendments were felt. Because of the magnitude of the program, the 17-percent rise represented more than half (\$6.3 billion) the total increase of \$11.4 billion in the social insurance category. For the second successive year, the cash benefit part of the OASDHI program increased at a faster rate than Medicare.

Another social insurance program that showed an unusually high rate of increase in expenditures was workmen's compensation. Outlays under this program increased by 20 percent. A contributing factor here was the new "black lung" benefits program with expenditures of \$0.3 billion in fiscal year 1971. This program is currently administered by the Social Security Administration but classified under Federal workmen's compensation programs.

Altogether, expenditures for social insurance programs—the largest single component of the series in 1971—amounted to \$66.1 billion. They continued to account for almost two-fifths of all social welfare expenditures.

Except for housing, which represents less than 1 percent of all social welfare expenditures, the other categories of social welfare had lower-than-average increases in their 1971 expenditures. Education programs, which at \$55.5 billion made up the second largest component of the social welfare series, had the smallest growth of all the categories—10 percent. In fiscal year 1970 the year-to-year increase had been 14 percent. In contrast to earlier years when expenditures for higher education rose at a faster pace than those for elementary and secondary education, the growth in fiscal year 1971 was more or less uniform for the two subcomponents.

The next smallest rate of increase—11 percent—was in health and medical programs. (This category excludes health services that are part of other social welfare programs and reported

with those programs.) One-third of the \$1.1 billion increase that brought the 1971 total to \$10.6 billion was attributable to a 28-percent growth in expenditures for public health activities. Dollarwise, the largest increase took place in services for hospital and medical care.

Both the veterans' and the "other social welfare" programs registered moderate increases of about 15 percent each. Among the veterans' programs, which expended \$10.4 billion in fiscal year 1971, the major exception was that for edu-

cation benefits for returning Viet Nam veterans. This program expanded by 59 percent during the year, continuing the rapid 1968-70 growth pattern. In terms of dollars, however, education accounted for only two-fifths of the \$1.4 billion increase in all veterans' expenditures. About half was attributable to veterans' pensions and compensation and health and medical programs.

A major factor in the rise of \$700 million in the miscellany of "other social welfare" programs to a total of \$5.3 billion was the substantial

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928-29 through 1970-71¹

(In millions)

Program	1928-29	1949-50	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 ²
	Total expenditures									
Total.....	\$3,921.2	\$23,508.4	\$52,293.3	\$77,175.3	\$88,000.4	\$69,710.4	\$113,830.2	\$127,774.5	\$145,350.0	\$170,751.8
Social insurance.....	342.4	4,946.6	19,306.7	28,122.8	31,934.4	37,338.8	42,739.3	48,764.6	54,653.4	66,075.2
Old-age, survivors, disability, and health insurance.....		784.1	11,032.3	16,997.5	20,295.2	24,580.7	28,748.4	33,388.7	36,835.4	43,122.1
Health insurance for the aged ⁴					63.6	3,394.6	5,347.2	6,597.7	7,149.2	7,875.0
Railroad retirement ⁵		306.4	934.7	1,128.1	1,211.6	1,278.4	1,416.6	1,550.7	1,609.5	1,928.3
Public employee retirement ⁵	113.1	817.9	2,569.9	4,528.5	5,145.4	5,903.6	6,581.9	7,493.8	8,660.3	10,000.0
Unemployment insurance and employment service ⁶		2,190.1	2,820.6	3,002.6	2,662.4	2,752.2	2,928.5	2,947.1	3,817.8	6,666.5
Railroad unemployment insurance.....		119.6	215.2	76.7	52.4	38.5	46.2	45.0	39.5	50.1
Railroad temporary disability insurance.....		31.1	68.5	46.5	42.6	38.4	36.1	57.7	60.0	52.5
State temporary disability insurance ⁷		72.1	347.9	483.5	507.5	529.6	574.3	648.1	718.4	772.0
Hospital and medical benefits ⁸		2.2	40.2	50.9	54.3	53.7	54.8	57.7	62.6	68.4
Workmen's compensation ⁹	229.3	625.1	1,308.5	1,859.4	2,017.5	2,217.4	2,407.3	2,633.4	2,912.4	3,483.8
Hospital and medical benefits ⁸	75.0	193.0	420.0	580.0	640.0	715.0	790.0	875.0	965.0	1,050.0
Public aid.....	60.0	2,496.2	4,101.1	6,283.4	7,301.1	8,811.0	11,091.7	13,445.4	16,475.9	21,818.8
Public assistance ¹⁰	59.9	2,400.2	4,041.7	5,874.0	6,497.0	7,832.4	9,886.6	11,925.9	14,433.5	18,631.6
Vendor medical payments ¹¹		51.3	492.7	1,367.1	1,724.9	2,475.0	3,223.2	4,595.6	5,212.8	6,493.8
Other ¹².....	.1	6.0	59.4	408.5	804.1	978.6	1,205.1	1,519.6	2,042.4	3,187.2
Health and medical programs ¹³	351.1	2,063.5	4,463.8	6,246.4	6,938.0	7,628.0	8,458.6	9,003.9	9,567.7	10,619.6
Hospital and medical care.....	146.3	1,222.3	2,853.3	3,452.3	3,827.9	4,240.0	4,576.0	4,789.2	5,141.9	5,620.0
Civilian programs.....	117.1	886.1	1,973.2	2,515.5	2,721.2	2,808.3	2,927.7	3,009.7	3,382.3	3,831.7
Defense Department ¹⁴	29.2	336.2	880.1	936.8	1,106.7	1,431.7	1,648.3	1,749.5	1,759.6	1,788.3
Maternal and child health programs ¹⁵	6.2	29.8	141.3	227.3	263.3	309.9	336.8	411.5	431.4	447.9
Medical research ¹⁶		69.2	448.9	1,165.2	1,301.9	1,354.6	1,547.6	1,518.5	1,561.4	1,722.3
Medical research.....	9.4	30.6	101.0	142.2	156.7	177.9	204.6	225.0	241.0	258.0
School health (educational agencies).....	88.8	350.8	401.2	671.0	730.6	883.8	1,000.6	1,194.7	1,260.0	1,617.8
Other public health activities.....	100.4	300.8	518.1	588.3	657.7	661.8	792.9	895.0	932.1	953.6
Medical-facilities construction.....		1.1	40.0	31.1	41.3	49.7	26.8	71.8	52.5	56.6
Defense Department.....	100.4	359.8	478.1	557.2	616.4	612.1	766.1	823.2	879.6	897.0
Veterans' programs.....	657.9	6,865.7	5,479.2	6,031.0	6,358.2	6,898.5	7,246.8	7,933.6	9,018.3	10,420.4
Pensions and compensation ¹⁶	434.7	2,092.1	3,402.7	4,141.4	4,409.3	4,499.4	4,664.1	4,987.0	5,393.8	5,877.5
Health and medical programs.....	50.9	748.0	954.0	1,228.7	1,285.0	1,358.8	1,438.7	1,530.9	1,784.0	2,026.2
Hospital and medical care.....	46.7	582.8	879.4	1,114.8	1,160.9	1,251.7	1,342.5	1,430.8	1,651.4	1,873.8
Hospital construction.....	4.2	161.5	59.6	77.0	83.5	60.0	49.9	47.9	70.9	85.3
Medical and prosthetic research.....		3.7	15.1	36.9	40.7	47.1	46.3	52.2	61.8	67.1
Education.....		2,691.6	409.6	40.9	34.4	296.9	465.7	679.4	1,018.5	1,622.4
Life insurance ¹⁷	136.4	475.7	494.1	434.3	442.1	548.4	503.8	492.9	502.3	526.6
Welfare and other.....	35.8	858.3	218.8	185.8	187.4	194.9	194.4	243.4	319.7	367.6
Education ¹⁸	2,433.7	6,674.1	17,626.2	28,107.9	32,824.9	35,807.8	40,589.7	44,306.2	50,331.8	55,541.6
Elementary and secondary.....	2,216.2	5,596.2	15,109.0	22,357.7	25,566.0	27,741.5	31,678.4	34,277.4	38,976.0	42,776.1
Construction ¹⁹	377.0	1,019.4	2,661.8	3,267.0	3,754.9	3,970.4	4,255.8	4,654.1	4,873.7	5,061.4
Higher.....	182.1	914.7	2,190.7	4,826.4	6,023.4	6,628.9	7,327.7	8,221.1	9,040.9	10,048.4
Construction ⁵.....	.2	310.3	357.9	1,081.4	1,482.3	1,439.3	1,323.1	1,470.3	1,577.3	1,715.1
Vocational and adult ¹⁹	34.9	160.8	298.0	853.9	1,108.1	1,296.1	1,435.2	1,662.1	2,158.5	2,536.9
Housing.....	14.6	176.8	318.1	334.8	377.8	377.8	427.7	517.5	696.8	971.0
Public housing.....	14.5	143.5	234.5	249.2	275.8	275.8	293.7	360.1	459.9	559.9
Other.....	.1	33.2	83.6	85.6	102.0	102.0	134.0	157.4	236.9	411.1
Other social welfare.....	76.2	447.7	1,139.4	2,065.7	2,309.0	2,848.4	3,285.4	3,803.1	4,606.1	5,305.1
Vocational rehabilitation.....	1.6	30.0	96.3	210.5	298.7	410.2	466.0	583.1	639.1	790.3
Medical services ²⁰.....	.1	7.4	17.7	34.2	48.0	67.4	102.0	118.4	133.8	149.3
Medical research ²⁰			6.0	22.4	27.9	27.0	21.6	29.0	29.0	29.9
Institutional care ²¹	74.7	145.5	420.5	789.5	736.7	860.2	888.2	1,115.4	1,582.5	1,759.0
Child nutrition program ²²		160.2	398.7	617.4	537.4	588.5	705.9	754.6	896.0	1,214.9
Child welfare ²³		104.9	211.5	354.3	400.6	453.2	505.6	565.6	509.7	504.8
Special OEO programs ²⁴				51.7	287.3	451.7	608.1	663.3	752.8	786.2
Social welfare, not elsewhere classified ²⁵		7.1	12.4	42.3	48.3	84.6	111.6	121.0	166.0	249.8

See footnotes at end of table.

growth in child nutrition expenditures, which were 35.6 percent (\$319 million) higher in fiscal year 1971 than in 1970.

Federal expenditures increased at a faster pace than State and local expenditures did in fiscal year 1971—20 percent, compared with 15 percent. After a dip in fiscal year 1970, the Federal share of total public social welfare expenditures in 1971 continued its upward trend of the past decade (table 2). Among the various social welfare categories, however, the pattern was not uniform. Declines in the proportion of social welfare ex-

penditures funded from Federal sources were registered in social insurance and for all health and medical care, as increases showed up in the public aid, housing, and "other social welfare" categories.

SOCIAL WELFARE EXPENDITURES SINCE 1965

Since 1965, public social welfare expenditures have more than doubled, with annual percentage

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1970–71¹—Continued

(In millions)

Program	1928-29	1949-50	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 ²
Total.....	\$798.4	\$10,541.1	\$24,956.7	\$37,711.7	\$45,378.8	\$53,266.7	\$60,314.3	\$68,379.5	\$77,321.2	\$92,411.2
Social insurance	55.9	2,103.0	14,307.2	21,806.6	25,663.4	30,544.9	35,390.0	40,847.3	45,245.1	53,599.2
Old-age, survivors, disability, and health insurance ³		784.1	11,032.3	16,997.5	20,295.2	24,580.7	28,748.4	33,388.7	36,835.4	43,122.1
Health insurance for the aged ⁴					63.6	3,394.6	5,347.2	6,597.7	7,149.2	7,875.0
Railroad retirement ⁵		306.4	934.7	1,128.1	1,211.6	1,278.4	1,416.6	1,550.7	1,609.5	1,928.3
Public employee retirement ⁵	51.9	507.9	1,519.9	2,780.5	3,220.4	3,725.6	4,165.9	4,762.8	5,518.3	6,355.0
Unemployment insurance and employment service ⁶		328.6	473.5	699.8	761.9	789.6	873.6	925.8	1,034.4	1,613.5
Railroad unemployment insurance		119.6	215.2	78.7	52.4	38.5	46.2	45.0	39.5	50.1
Railroad temporary disability insurance		31.1	68.5	46.5	42.6	38.4	36.1	57.7	60.0	52.5
Workmen's compensation ⁷	4.0	25.1	63.1	77.6	79.5	93.6	103.2	116.6	147.9	477.8
Hospital and medical benefits ⁸	.6	5.2	9.0	11.3	11.8	13.9	15.3	16.7	20.7	23.0
Public aid		1,103.2	2,116.9	3,593.9	4,366.0	5,244.4	6,455.2	7,835.4	9,636.7	13,119.2
Public assistance ¹⁰		1,097.2	2,057.5	3,185.4	3,561.9	4,265.8	5,250.0	6,315.8	7,594.3	9,932.0
Vendor medical payments ¹¹			199.8	355.0	765.0	1,204.8	1,833.6	2,297.8	2,607.1	3,260.7
Other ¹²		6.0	59.4	408.5	804.1	978.6	1,205.1	1,519.6	2,042.4	3,187.2
Health and medical programs ¹³	46.7	603.5	1,737.1	2,780.6	3,146.3	3,680.6	4,232.8	4,540.4	4,772.7	5,282.0
Hospital and medical care	37.7	382.6	983.5	1,074.7	1,252.9	1,595.5	1,834.9	1,942.7	2,042.9	2,164.4
Civilian programs	8.5	46.4	103.4	137.9	146.2	163.8	186.6	193.2	253.3	376.1
Defense Department ¹⁴	29.2	336.2	880.1	936.8	1,106.7	1,431.7	1,648.3	1,749.5	1,759.6	1,788.3
Maternal and child health programs ¹⁵	1.2	20.1	35.3	78.4	102.0	139.0	160.6	192.5	196.0	205.1
Medical research ⁸			.6	4.3	5.3					
Medical research		69.2	425.9	1,110.2	1,240.9	1,289.6	1,478.6	1,446.5	1,485.4	1,645.3
Other public health activities	6.9	63.8	57.3	222.9	228.8	372.7	426.8	524.7	590.3	798.6
Medical-facilities construction	.9	67.8	235.1	299.3	321.7	283.8	331.9	434.0	458.1	468.6
Defense Department		1.1	40.0	31.1	41.3	49.7	26.8	71.8	52.5	56.6
Other	.9	66.8	195.1	268.2	280.4	234.1	305.1	362.2	405.6	412.0
Veterans' programs	657.9	6,386.2	5,367.3	6,010.6	6,336.9	6,875.3	7,214.2	7,883.0	8,951.5	10,330.4
Pensions and compensation ¹⁶	434.7	2,092.1	3,402.7	4,141.4	4,409.3	4,499.4	4,644.1	4,987.0	5,393.8	5,877.5
Health and medical programs	50.9	748.0	954.0	1,228.7	1,285.0	1,358.8	1,438.7	1,530.9	1,784.0	2,026.2
Health and medical care	46.7	582.8	879.4	1,114.8	1,160.9	1,251.7	1,342.5	1,430.8	1,651.4	1,873.8
Hospital construction	4.2	161.5	59.6	77.0	83.5	60.0	49.9	47.9	70.9	85.3
Medical and prosthetic research		3.7	15.1	36.9	40.7	47.1	46.3	52.2	61.8	67.1
Education		2,691.6	409.6	40.9	34.4	296.9	465.7	679.4	1,018.5	1,622.4
Life insurance ¹⁷	136.4	475.7	494.1	434.3	442.1	548.4	503.8	492.9	502.3	526.6
Welfare and other	35.8	378.8	106.9	165.4	166.1	171.7	161.9	192.8	252.9	277.6
Education ¹⁸	36.5	156.7	867.9	2,469.8	4,580.5	5,278.8	5,000.3	4,947.4	5,877.9	6,468.7
Elementary and secondary	9.6	47.1	441.9	776.8	2,037.8	2,496.6	2,639.8	2,584.5	2,963.9	3,281.1
Construction ^{8 19}	(20)	5.2	70.6	77.0	46.5	33.4	35.5	23.0	35.9	32.4
Higher	12.1	48.5	293.1	1,217.0	1,873.4	2,088.6	1,704.4	1,695.3	2,140.9	2,248.4
Construction ⁸	.2	5.7	1.2	324.0	662.3	710.1	423.1	420.2	466.3	459.1
Vocational and adult ¹⁹	14.3	58.7	104.5	406.2	542.0	552.3	504.8	522.1	616.7	759.0
Housing	14.6	143.5	238.2	250.8	283.0	283.0	325.2	410.7	577.2	841.0
Public housing	14.5	143.5	234.5	249.2	249.2	275.8	293.7	360.1	459.9	559.9
Other	.1			3.6	1.6		31.4	50.6	117.3	281.1
Other social welfare	1.4	174.0	416.7	812.0	1,034.9	1,359.6	1,696.6	1,915.2	2,280.0	2,770.7
Vocational rehabilitation	.7	21.0	64.3	143.3	218.1	319.3	359.6	456.4	563.1	647.9
Medical services ²⁰	.1	5.1	11.2	21.2	32.4	50.6	76.5	88.8	107.0	119.4
Medical research ²⁰			6.6	22.4	27.9	27.0	21.6	29.0	29.6	29.9
Institutional care ²¹	.7	20.5	20.5	34.5	21.7	15.2	23.2	25.4	22.5	24.0
Child nutrition programs ²²		121.2	306.1	503.7	415.4	442.0	543.9	599.7	710.9	1,017.9
Child welfare ²³		4.2	13.4	36.5	44.0	46.9	50.2	49.4	44.7	44.8
Special OEO programs ²⁴				51.7	287.3	451.7	608.1	663.3	752.8	786.2
Social welfare, not elsewhere classified ²⁵		7.1	12.4	42.3	48.3	84.6	111.6	131.0	166.0	249.8

See footnotes at end of table.

increases ranging from 12 to 18 percent. These rates are in sharp contrast with the annual growth of about 8 percent that prevailed in the early 1960's. Even when allowance is made for

population changes and higher prices, the period since 1965 is marked by a sharp acceleration of the national commitment to social welfare.

In constant dollars, the per capita increase

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1928–29 through 1970–71¹—Continued

Program	[In millions]									
	1928-29	1949-50	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 ²
	From State and local funds ²⁷									
Total.....	\$3,122.8	\$12,967.3	\$27,336.6	\$39,463.5	\$42,621.6	\$46,443.7	\$53,524.9	\$59,395.0	\$68,028.7	\$78,340.5
Social insurance.....	286.5	2,843.6	4,999.4	6,316.2	6,271.0	6,793.9	7,349.3	7,917.3	9,408.3	12,476.0
Public employee retirement ⁵	61.2	310.0	1,050.0	1,748.0	1,925.0	2,178.0	2,416.0	2,731.0	3,142.0	3,645.0
Unemployment insurance and employment service ⁶		1,861.5	2,356.1	2,302.8	1,900.5	1,962.6	2,055.0	2,021.3	2,783.4	5,053.0
State temporary disability insurance ⁷		72.1	347.9	483.5	507.5	629.6	574.3	648.1	718.4	772.0
Hospital and medical benefits ⁸		2.2	40.2	50.9	54.3	53.7	54.6	57.7	62.6	68.4
Workmen's compensation ⁹	255.3	600.0	1,245.4	1,781.8	1,938.0	2,123.7	2,304.1	2,516.9	2,764.5	3,006.0
Hospital and medical benefits ⁹	74.4	187.8	411.0	568.7	628.2	701.1	774.7	858.3	944.3	1,027.0
Public aid.....	60.0	1,393.0	1,984.2	2,689.5	2,935.1	3,566.6	4,636.5	5,610.1	6,839.2	8,699.6
Public assistance ¹⁰	59.9	1,393.0	1,984.2	2,689.5	2,935.1	3,566.6	4,636.5	5,610.1	6,839.2	8,699.6
Vendor medical payments ¹¹		51.3	292.9	812.1	959.3	1,270.3	1,889.6	2,297.8	2,605.6	3,233.1
Other ¹².....	.1									
Health and medical programs ¹³	304.4	1,460.0	2,726.8	3,465.8	3,791.7	3,947.4	4,225.7	4,463.5	4,795.0	5,337.6
Hospital and medical care.....	108.6	839.7	1,869.8	2,377.6	2,575.0	2,644.5	2,741.1	2,816.5	3,099.0	3,455.6
Maternal and child health programs.....	5.0	9.7	106.1	153.9	161.2	170.9	176.2	219.0	235.3	242.8
Medical research.....			23.0	55.0	61.0	65.0	69.0	72.0	76.0	77.0
School health (educational agencies).....	9.4	30.6	101.0	142.2	156.7	177.9	204.6	255.0	241.0	258.0
Other public health activities.....	81.9	287.0	343.9	448.1	501.8	511.1	573.8	670.0	669.7	819.2
Medical-facilities construction.....	99.5	293.0	283.0	289.0	336.0	378.0	461.0	461.0	474.0	485.0
Veterans' programs.....		479.5	111.9	20.4	21.3	23.1	32.5	50.6	66.8	90.0
Education.....	2,397.2	6,517.5	16,758.3	25,638.1	28,244.4	30,529.0	35,589.4	39,358.8	44,454.0	49,072.9
Elementary and secondary.....	2,206.6	5,549.1	14,067.1	21,580.9	23,528.2	25,244.9	29,035.6	31,692.9	36,012.2	39,495.0
Construction ⁸	377.0	1,014.2	2,691.2	3,190.0	3,708.4	3,937.0	4,220.3	4,631.1	4,837.8	5,028.9
Higher.....	170.0	866.3	1,879.7	3,609.4	4,150.0	4,540.3	5,623.3	6,525.9	6,900.0	7,800.0
Construction ⁸	(²⁶)	304.6	356.7	757.4	820.0	729.1	900.0	1,050.0	1,111.0	1,256.0
Vocational and adult ¹⁹	20.6	102.1	193.5	447.7	566.1	743.8	930.5	1,140.1	1,541.8	1,777.9
Housing.....			33.2	80.0	84.1	94.8	102.5	106.8	119.6	130.0
Other social welfare.....	74.8	273.7	722.8	1,253.6	1,274.1	1,488.8	1,588.8	1,887.9	2,346.0	2,534.4
Vocational rehabilitation.....	.8	9.0	32.1	67.1	80.5	90.9	106.4	126.7	136.0	142.4
Medical services ⁸.....	.1	2.3	6.6	13.0	15.5	16.9	25.5	29.6	26.8	29.9
Institutional care ²¹	74.0	125.0	400.0	775.0	715.0	845.0	865.0	1,090.0	1,560.0	1,735.0
Child nutrition programs ²²		39.0	92.6	113.7	122.0	146.5	162.0	155.0	185.1	197.0
Child welfare ²³		100.7	198.1	317.8	356.5	406.4	455.4	516.3	465.0	460.0

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

² Preliminary estimates.

³ Excludes financial interchange between OASDHI and railroad retirement.

⁴ Hospital insurance and supplementary medical insurance included in total directly above.

⁵ Excludes refunds of employee contributions; includes payments to retired military and survivors. Administrative expenses for Federal noncontributory retirement not available.

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

⁷ Cash and medical benefits in 6 areas. Includes private plans where applicable and State costs of administering State plans and supervising private plans. Administrative expenses of private plans not available.

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

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

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

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

¹² Work relief, other emergency aid, surplus food for the needy, food stamps, repatriate and refugee assistance, and Job Corps, Neighborhood Youth Corps, and work-experience training programs under the Economic Opportunity Act and related laws. See footnote 24.

¹³ Excludes State and local expenditures for domiciliary care in institutions other than mental or tuberculosis and services in connection with OASDHI,

State temporary disability insurance, workmen's compensation, public assistance, vocational rehabilitation, and veterans' and antipoverty programs (included in total expenditures for these programs).

¹⁴ Includes medical care for military dependent families.

¹⁵ Includes services for crippled children. Starting 1970-71, excludes administrative expenses.

¹⁶ Includes burial awards. Starting 1964-65, includes subsistence payments to disabled veterans undergoing training and special allowances for survivors of veterans who did not qualify under OASDHI.

¹⁷ Excludes the Servicemen's Group Life Insurance program.

¹⁸ Federal expenditures for administrative costs (Office of Education) and research included in total only.

¹⁹ Construction for vocational and adult education included with elementary-secondary construction.

²⁰ Medical services and research included in total; excludes administrative expenses.

²¹ Federal expenditures represent primarily surplus food for institutions. State and local expenditures include some amounts for antipoverty programs, foster care, legal assistance to the needy, and care of transients.

²² Surplus food for schools and programs under National School Lunch and Child Nutrition Acts. State and local funds represent direct appropriations.

²³ Represents primarily child welfare services under the Social Security Act. Starting 1968-69, excludes administrative expenses.

²⁴ Includes community action, migrant workers, and VISTA program and all administrative expenses of the Office of Economic Opportunity. Other OEO programs listed in appropriate subsection under public aid and education.

²⁵ Includes administrative expenses of the Secretary of Health, Education, and Welfare and of the Social and Rehabilitation Service; Indian welfare and guidance; aging and juvenile delinquency activities; and certain manpower activities.

²⁶ Not available.

²⁷ Except as otherwise noted (see footnotes 7 and 9).

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

TABLE 2.—Social welfare expenditures under public programs: Federal funds as percent of total, selected fiscal years, 1928-29 through 1970-71

Program	1928-29	1949-50	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 ¹
Total	20.4	44.8	47.7	48.9	51.6	53.4	53.0	53.5	53.2	54.1
Social insurance	16.3	42.5	74.1	77.5	80.4	81.8	82.8	83.8	82.8	81.1
Public aid		44.2	51.6	57.2	59.8	59.5	58.2	58.3	58.5	60.1
Health and medical programs	13.3	29.2	38.9	44.5	45.3	48.3	50.0	50.4	49.9	49.7
Veterans' programs	100.0	93.0	98.0	99.7	99.7	14.7	12.3	99.4	99.3	99.1
Education	1.5	2.3	4.9	8.8	14.0	14.7	11.2	11.2	11.7	11.6
Housing		100.0	81.2	74.9	74.9	74.9	76.0	79.4	82.8	86.6
Other social welfare	1.8	38.9	36.6	39.3	44.8	47.7	51.6	50.4	49.1	52.2
All health and medical care ²	20.6	44.4	45.6	48.5	49.7	62.1	65.2	66.4	66.3	65.9

¹ Preliminary estimates.

² Combines "health and medical programs" with medical services provided

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

was from \$478 in fiscal year 1965 to \$813 in 1971, a rise of 70 percent in real terms (table 3). The growth among each of the major social welfare categories, however, has varied. Public aid, "other social welfare," and social insurance expenditures had per capita increases that exceeded the average for all social welfare expenditures. Education, veterans' programs, and health and medical programs had below-average increases (chart 1).

The greatest rise took place in the public aid category, which jumped 167 percent from 1965 to 1971 in constant (1971) dollars. Major factors here were the introduction of Medicaid for the medically indigent, the growth in payments under

aid to families with dependent children, and the initiation of economic opportunity and job-training programs.

Next highest were expenditures for "other social welfare," which doubled during the 6-year period, as established programs of vocational rehabilitation and child nutrition (school meals) were expanded and community action, VISTA, and a host of other antipoverty programs were introduced.

The social insurance category showed an increase of 80 percent since 1965 in terms of per capita constant dollars. The OASDHI program played a prominent role in the social insurance increase, accounting for 60 percent of all social

TABLE 3.—Per capita social welfare expenditures under public programs in the United States, in actual and 1970-71 prices, selected fiscal years 1928-29 through 1970-71

Fiscal year	Per capita social welfare expenditures in current prices ¹								Constant 1970-71 prices		
	Total ²	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	All health and medical care ³	Total social welfare expenditures ¹		Implicit price deflators (1970-71=100)
									Amount (in millions)	Per capita	
1928-29	\$31.80	\$2.78	\$0.49	\$2.85	\$5.31	\$19.75	\$0.62	\$3.87	\$9,372.7	\$76.08	41.8
1949-50	152.59	32.20	16.26	13.44	44.20	43.47	2.92	19.97	38,028.1	247.71	61.6
1959-60	285.47	105.37	22.46	24.45	29.54	96.43	6.24	35.03	67,418.8	369.30	77.3
1964-65	391.28	142.33	31.96	31.77	30.31	142.77	10.51	48.50	94,044.7	478.34	81.8
1965-66	440.82	159.66	36.69	34.87	31.60	164.71	11.60	54.43	105,419.8	529.84	83.2
1966-67	494.21	184.77	43.80	37.92	33.89	177.79	14.16	78.66	116,271.7	578.02	85.5
1967-68	558.43	209.33	54.56	41.61	35.20	199.47	16.16	98.58	128,999.9	634.58	88.0
1968-69	620.78	236.61	65.50	43.87	38.19	215.67	18.53	111.73	139,565.4	679.94	91.3
1969-70	699.07	262.38	79.45	46.13	43.00	242.55	22.21	120.70	151,334.2	729.72	95.8
1970-71	812.98	314.03	104.15	50.69	49.21	264.95	25.32	135.86	170,321.7	812.98	100.0
Percentage change for 1970-71 expenditures (1970-71 prices) from—											
1928-29	+969	+4,622	+8,878	+644	+287	+461	+1,611	+1,367	+1,717	+969	-----
1949-50	+228	+501	+295	+132	-31	+275	+435	+319	+348	+228	-----
1959-60	+120	+130	+258	+60	+29	+112	+214	+200	+153	+120	-----
1964-65	+70	+80	+167	+31	+33	+52	+97	+129	+81	+70	-----
1968-69	+20	+21	+45	+5	+18	+12	+25	+11	+22	+20	-----
1969-70	+11	+15	+26	+5	+10	+5	+9	+8	+13	+11	-----

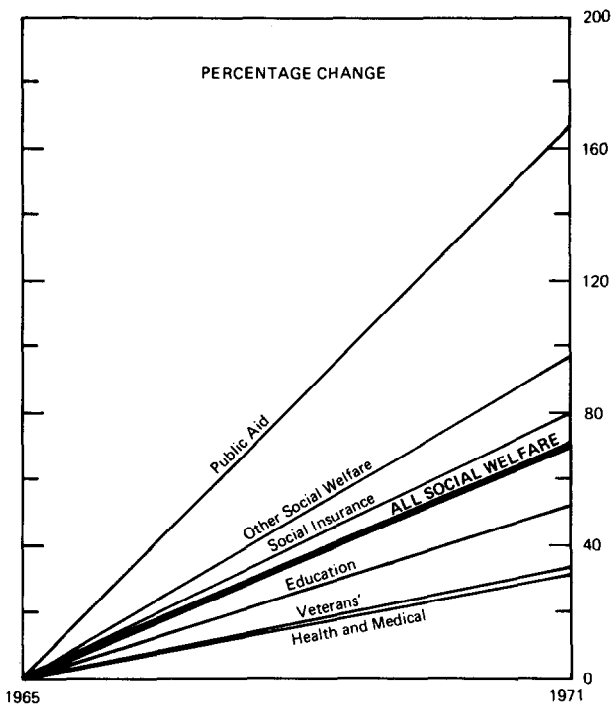
¹ Excludes expenditures within foreign countries for education, veterans' payments, and OASDHI and civil-service retirement benefits; see table 1 for data including such expenditures.

² Includes housing, not shown separately.

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

Source: Per capita figures based on January 1 data from the Bureau of the Census for total U.S. population, including Armed Forces and government employees overseas and their dependents and the civilian population of Territories and possessions. Deflators based on implicit price deflators for personal consumption expenditures prepared by National Income Division, Office of Business Economics, Department of Commerce.

CHART 1.—Per capita social welfare expenditures under public programs in constant (1971) dollars: Percentage change from fiscal year 1965 to fiscal year 1971 for selected programs



insurance expenditures in 1965 and for 65 percent in 1971. Aggregate expenditures for OASDHI in current dollars rose from \$17.0 billion in 1965 to \$43.1 billion in 1971. Almost \$8 billion of the 1971 total represented expenditures under Medicare, which began paying benefits in fiscal year 1967.

Per capita expenditures for education in constant dollars rose a moderate 52 percent during

the period 1965-71. The two remaining major social welfare categories each expanded at almost the same rate—about one-third. It should be noted, however, that although expenditures for health and medical programs rose only 31 percent since 1965, the increase amounts to 129 percent when all public expenditures for health services are considered (including those that are part of other social welfare programs).

Another measure of the real advance that has taken place in the level of publicly financed cash and service benefits is the increasing proportion of the GNP devoted to social welfare. In fiscal year 1965, this ratio was 11.8 percent (table 4). By 1971 the proportion had reached 16.9 percent. The tempo of these advances has intensified as percentage-point increases of 1.0 and 1.7 were registered in the past 2 years, in comparison with annual increases of less than one percentage point for the earlier years.

Table 4 indicates that all but two major social welfare expenditure categories played a substantial role in this growth. Veterans' programs have remained at 0.9-1.0 percent of the GNP since 1965, and health and medical programs have stayed at 1.0-1.1 percent for the same period. When all health services under public programs are considered, however, expenditures as a percent of GNP almost doubled—from 1.5 percent in fiscal year 1965 to 2.8 percent in fiscal year 1971.

The increasing commitment to social welfare is further reflected in the growing proportion of public funds that are devoted to such purposes. From 1965 to 1971, this proportion rose

TABLE 4.—Social welfare expenditures under public programs as percent of gross national product, selected fiscal years, 1889-90 through 1970-71

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product							Total health and medical expenditures as percent of GNP ²
		Total ¹	Social insurance	Public aid	Health and medical programs	Veterans' programs	Education	Other social welfare	
1889-90.....	\$13.0	2.4	(³)	⁴ 0.3	0.1	0.9	1.1	(⁴)	(⁵)
1912-13.....	39.9	2.5	(³)	⁴ .3	.4	.5	1.3	(⁴)	(⁵)
1928-29.....	101.0	3.9	0.3	.1	.3	.7	2.4	0.1	0.5
1949-50.....	263.4	8.9	1.9	.9	.8	2.6	2.5	.2	1.2
1959-60.....	495.6	10.6	3.9	.8	.9	1.1	3.6	.2	1.3
1964-65.....	655.6	11.8	4.3	1.0	1.0	.9	4.3	.3	1.5
1965-66.....	718.5	12.2	4.4	1.0	1.0	.9	4.6	.3	1.5
1966-67.....	771.4	12.9	4.7	1.1	1.0	.9	4.6	.4	2.1
1967-68.....	827.0	13.8	5.2	1.3	1.0	.9	4.9	.4	2.4
1968-69.....	898.4	14.2	5.4	1.5	1.0	.9	4.9	.4	2.6
1969-70.....	953.2	15.2	5.7	1.7	1.0	.9	5.3	.5	2.6
1970-71 ⁶	1,008.5	16.9	6.6	2.2	1.1	1.0	5.5	.5	2.8

¹ Includes housing, not shown separately.

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

³ Less than 0.05 percent.

⁴ "Other social welfare" included with "public aid."

⁵ Not available.

⁶ Preliminary estimates.

TABLE 5.—Social welfare expenditures from public funds,¹ in relation to government expenditures for all purposes, by type of funds, selected fiscal years, 1928–29 through 1970–71

Item	1929	1950	1960	1965	1966	1967	1968	1969	1970	1971 ²
All social welfare expenditures from public funds:										
Total, as percent of all government expenditures.....	36.3	37.6	38.0	42.4	43.4	42.4	43.2	44.9	47.7	51.2
Federal, as percent of all Federal Government expenditures.....	30.9	26.2	28.1	32.6	34.9	35.0	35.1	37.6	40.1	44.6
State and local, as percent of all State and local government expenditures ³	38.2	60.1	58.3	61.7	60.0	57.8	60.0	59.3	62.0	63.0
Social welfare trust-fund expenditures:										
Total, as percent of total government expenditures.....	2.3	6.8	13.1	14.4	14.7	15.0	15.3	16.1	16.8	18.5
Federal, as percent of all Federal Government expenditures.....	1.2	4.5	15.2	17.8	18.6	19.0	19.5	21.2	22.0	24.0
State and local, as percent of all State and local government expenditures ³	2.6	11.3	8.8	7.9	7.0	6.8	6.6	6.2	6.9	8.6
Social welfare non-trust-fund expenditures:										
Total, as percent of total non-trust-fund expenditures.....	34.9	35.0	29.5	33.7	34.4	33.0	33.5	34.9	37.7	40.9
Federal, as percent of Federal Government non-trust-fund expenditures:										
All programs.....	30.2	24.7	15.9	18.8	20.8	20.4	20.0	21.4	23.9	28.1
Veterans' programs.....	25.2	17.0	6.9	6.2	5.9	5.4	5.0	5.3	5.8	6.5
State and local, as percent of State and local government non-trust-fund expenditures: ³										
All programs.....	36.5	55.0	54.3	58.3	57.0	54.7	57.2	56.7	59.2	59.5
Education.....	32.4	36.1	42.6	47.0	46.3	44.4	46.5	45.7	47.4	46.9

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

² Preliminary estimates.

³ Excludes Federal grants-in-aid.

from 42 percent to 51 percent (table 5). Most of the increase is attributable to the rise in Federal spending for social welfare. Such spending absorbed 33 percent of all spending at the Federal level in fiscal year 1965, compared with 45 percent in 1971. State and local spending for social welfare as a percent of total State and local expenditures showed a much more moderate increase during this period.

Table 5 also shows the extent to which an increasing share of "discretionary" expenditures at the Federal level, as represented by non-trust-fund expenditures, is being devoted to social welfare. More than one-fourth of Federal non-trust-fund expenditures in fiscal year 1971 went for social welfare, compared with less than a fifth in 1965. The State and local level does not show such a steady progression, but the 1971 proportion was higher than the 1965 ratio by one percentage point.

At both the Federal and State-local levels, virtually all trust fund expenditures are social welfare expenditures and virtually all of these are for the social insurances. In fiscal year 1971, 18 percent of government expenditures for all purposes were expended from social welfare trust funds—an increase of four percentage points since 1965. Federal trust fund expenditures for social welfare rose from 18 percent of all Federal expenditures in fiscal year 1965 to 24 percent in 1971. State and local trust fund expenditures in terms of total State and local government spending have remained fairly steady.

PRIVATE AND PUBLIC EXPENDITURES

In sharp contrast to the 17.5-percent rise in social welfare expenditures in the public sector, the 1971 increase in the private sector was a moderate 9.8 percent—a smaller rate of increase, in fact, than that of the 2 previous years. While inflationary forces operated in both the public and private sectors, the economic slowdown had a greater impact on public spending because of the importance of income-maintenance programs in the public sector. In general, during the late 1960's, income-maintenance programs accounted for about 45 percent of social welfare expenditures in the public sector but for only about 15 percent in the private area.

Private social welfare expenditures, as defined here, represent direct consumer expenditures for medical care and education, expenditures of private employee-benefit plans (including group health and life insurance for government employees), industrial in-plant health services, private health insurance benefits and the cost of providing this protection, and philanthropic spending.

Health

Preliminary estimates of public and private expenditures for health in fiscal year 1971 indicate that total expenditures amounted to \$75.0 billion, an increase of \$7.2 billion or 10.7 percent

from fiscal year 1970 (table 6). This is the lowest annual increase registered since the year before Medicare benefits began in fiscal year 1967; for 1967-70, the average annual increase had been 12.7 percent.

In addition, price increases for medical care accounted for a larger share of the 1971 increase than was the case in earlier years. According to the Bureau of Labor Statistics, the medical care component of the consumer price index rose 6.9 percent in fiscal year 1971, compared with an average annual increase of 6.4 percent in the earlier period. As a result, the "real growth" in health expenditures, in terms of increased use and improved technology, dropped significantly in 1971. When converted to constant dollars, the

1971 increase in health spending was only 3.5 percent compared with 5-7 percent for the years 1967-70.

Despite the slackening rate of growth, public and private health expenditures continued to rise at a faster pace than the gross national product. As a result, the proportion of the Nation's output of goods and services that went for health purposes went from 7.1 to 7.4 percent. In 1965 the proportion was 5.9 percent.

To encompass all health expenditures of the public sector of the economy, table 6 combines expenditures from programs devoted exclusively to health with expenditures for health purposes under such programs as social insurance, public assistance, and veterans' benefits. The health ex-

TABLE 6.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928-29 through 1970-71

(Amounts in millions)

Type of expenditure	1928-29	1949-50	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 ¹
Total.....	\$3,589.1	\$12,027.3	\$25,855.2	\$38,892.3	\$42,108.9	\$47,859.6	\$53,562.4	\$59,938.1	\$67,770.0	\$75,011.1
Private expenditures.....	3,112.0	8,962.0	19,460.0	29,357.0	31,279.0	32,037.0	33,523.0	37,004.0	42,738.0	46,548.0
Health and medical services.....	3,010.0	8,710.0	18,815.0	28,023.0	29,948.0	30,652.0	32,017.0	35,237.0	40,140.0	43,873.0
Direct payments.....	2,900.0	7,107.0	12,575.0	17,577.0	18,668.0	18,766.0	18,899.0	20,279.0	22,929.0	24,262.0
Insurance benefits.....		879.0	4,698.0	8,280.0	8,936.0	9,344.0	10,444.0	12,206.0	14,406.0	16,615.0
Expenses for prepayment.....		274.0	792.0	1,212.0	1,346.0	1,491.0	1,558.0	1,572.0	1,515.0	1,600.0
Other ²	110.0	450.0	750.0	954.0	998.0	1,051.0	1,116.0	1,200.0	1,290.0	1,396.0
Medical research.....		37.0	121.0	162.0	169.0	177.0	185.0	190.0	195.0	200.0
Medical-facilities construction.....	102.0	215.0	524.0	1,172.0	1,162.0	1,208.0	1,321.0	1,557.0	2,403.0	2,475.0
Public expenditures.....	477.1	3,065.3	6,395.2	9,535.3	10,829.9	15,822.6	20,039.4	22,934.1	25,032.0	28,463.1
Health and medical services.....	372.5	2,470.2	5,346.3	7,641.2	8,713.0	13,672.0	17,581.1	20,391.5	22,376.3	25,604.9
OASDHI (health insurance for the aged).....						63.6	3,394.6	5,347.2	6,597.7	7,149.2
Temporary disability insurance (medical benefits) ³		2.2	40.2	50.9	54.3	53.7	54.6	57.7	62.6	68.4
Workmen's compensation (medical benefits) ⁴	75.0	193.0	420.0	580.0	640.0	715.0	790.0	875.0	965.0	1,050.0
Public assistance (vendor medical payments).....		51.3	492.7	1,367.1	1,724.9	2,475.0	3,723.2	4,595.6	5,212.8	6,493.8
General hospital and medical care.....	117.1	886.1	1,973.2	2,515.5	2,721.2	2,808.3	2,927.7	3,009.7	3,382.3	3,831.7
Defense Department hospital and medical care (Armed Forces).....	29.2	336.2	820.1	858.5	1,031.4	1,323.4	1,482.9	1,531.1	1,495.9	1,514.2
Military dependents' medical care.....			60.1	78.3	75.3	108.3	165.4	218.4	263.7	274.1
Maternal and child health programs.....	6.2	29.8	140.7	223.0	258.0	309.9	336.8	411.5	447.9	447.9
School health (educational agencies).....	9.4	30.6	101.0	142.2	156.7	177.9	204.6	225.0	241.0	258.0
Other public health activities.....	88.8	350.8	401.2	671.0	730.6	883.8	1,000.6	1,194.7	1,260.0	1,617.8
Veterans' hospital and medical care.....	46.7	582.8	879.4	1,114.8	1,160.9	1,251.7	1,342.5	1,430.8	1,651.4	1,873.8
Medical vocational rehabilitation.....	.1	7.4	17.7	34.2	48.0	67.4	102.0	118.4	133.8	149.3
OEO health and medical care.....			5.6	48.2	103.0	103.0	103.5	126.0	127.3	150.8
Medical research.....		72.9	471.2	1,228.8	1,375.8	1,428.7	1,615.5	1,599.7	1,652.8	1,819.3
Medical-facilities construction.....	104.7	522.3	577.7	665.3	741.1	721.8	842.8	942.9	1,003.0	1,038.9
Defense Department.....	(5)	1.1	40.0	31.1	41.3	49.7	26.8	71.8	52.5	56.6
Veterans Administration.....	4.2	161.5	59.6	77.0	83.5	60.0	49.9	47.9	70.9	85.3
Other.....	100.4	359.8	478.1	557.2	616.4	612.1	766.1	823.2	879.6	897.0
Total expenditures as a percent of gross national product.....	3.6	4.6	5.2	5.9	5.9	6.2	6.5	6.7	7.1	7.4
Public expenditures as a percent of total expenditures.....	13.3	25.5	24.7	24.5	25.7	33.1	37.4	38.3	36.9	37.9
Personal care expenditures ⁶	3,272.2	10,400.4	22,727.7	33,498.3	36,216.3	41,323.9	46,323.3	52,020.3	58,751.5	65,132.3
Private expenditures.....	2,990.0	8,298.0	17,798.0	26,540.0	28,324.0	28,863.0	30,118.0	33,309.0	38,225.0	41,841.0
Public expenditures.....	282.2	2,102.4	4,929.7	6,958.3	7,892.3	12,460.9	16,205.3	18,711.3	20,526.5	23,291.3
Percent from:										
Private expenditures.....	91.4	79.8	78.3	79.2	78.2	69.8	65.0	64.0	65.1	64.2
Direct payments.....	88.6	68.3	55.3	52.5	51.5	45.4	40.8	39.0	37.2	37.2
Insurance benefits.....		8.5	20.7	24.7	24.7	22.6	22.5	23.5	24.5	25.5
Public expenditures.....	8.6	20.2	21.7	20.8	21.8	30.2	35.0	36.0	34.9	35.8

¹ Preliminary estimates.

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

³ Industrial in-plant services and philanthropy.

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

⁵ Data not available.

⁶ Includes all items shown under "health and medical services" except (1) "expenses for prepayment;" (2) expenditures of private philanthropic agencies under "other health and medical services;" (3) "other public health activities;" and (4) administrative expenses for "health insurance for the aged," "public assistance," "maternal and child health programs," and "veterans' hospital and medical care."

penditures under the programs in the second group have become increasingly important in the public sector: in fiscal year 1971, as an adjunct to their function of income maintenance, they provided 62 percent of total public spending for health. The ratio in 1965, before Medicare and Medicaid, was 34 percent.

It should be noted that there is a small amount of duplication in the amounts designated for Medicare and Medicaid. Medical vendor expenditures under the public assistance programs include the premiums paid into Medicare's supplementary medical insurance trust fund for medical insurance coverage for old-age assistance recipients. To the extent that these premium payments are also subsequently reflected in disbursements made from the supplementary medical insurance trust fund, they are counted again. The amount of premiums paid by States to "buy in" coverage for their aged recipients since the beginning of the Medicare program is as follows:

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

The main spurt in public spending¹ occurred in fiscal year 1967 with the introduction of Medicare and the growth of vendor medical payments under public assistance due mainly to Medicaid. Public spending for health increased 46 percent in that year, as private spending increased 2 percent. For each year since then (except 1970), public expenditures for health have risen at a faster pace than private health expenditures. In fiscal year 1971, the public and private sectors contributed almost equally, dollarwise, to the \$7.2 billion increase. In relative terms, however, the increase in public spending was 13.7 percent and that of private spending was 8.9 percent. As a result, the proportion of the Nation's health bill met through public funds rose from 24.5 percent in 1965 to 33.1 percent in 1967 and went to 37.9 percent in 1971.

¹ In these calculations, all expenditures of the supplementary medical insurance program under Medicare, including those financed through the premium payments of aged persons voluntarily enrolled, are classified as public outlays.

The distribution of public expenditures between Federal and State and local sources also underwent a shift as the result of Medicare. Until 1967, States and localities had been the major providers of public expenditures for health and medical care (table 7). When Medicare began, this situation changed and Federal financing accounted for 62 percent of the \$15.8 billion spent in the public sector in fiscal year 1967. In the next 2 years the percentage rose to 66 percent where it has remained.

When expenditures for medical-facilities construction, medical research, general public health activities, and administration of private insurance, public programs, and philanthropic agencies are excluded, the remaining amount (\$65.1 billion in 1971) is left as personal health care expenditures. Increases in these expenditures have shown a deceleration—from 14.1 percent in 1967 to 10.9 percent in 1971.

As might be expected, the distribution of personal health care expenditures from public and private sources has undergone a significant change since 1965. Before Medicare and Medicaid, private sources accounted for 79 percent of total personal health expenditures in fiscal year 1965. After their advent, the proportion dropped to 70 percent in 1967 and reached a low of 64 percent by 1971.

The growth of private health insurance benefits has paralleled the growth of Medicare payments. Actually, since fiscal year 1968, the former have increased at a faster pace than Medicare payments (59 percent as against 47 percent). As a result the proportion of total personal care expenditures met through private insurance has risen from 22 percent in 1968 to 26 percent in 1971. When private health insurance benefits and public outlays are combined with other third-party payments, the proportion of the Nation's personal health care bill left for the consumer to meet directly is only 37 percent currently. In 1968, the out-of-pocket costs by the consumer came to 41 percent of total personal health care expenditures. Before Medicare, the proportion was 52 percent.

Education

The proportion of all expenditures for education coming from public funds has been inching

up—from 82 percent in 1965 to 84 percent in 1971 (table 8). The trend is the same whether one considers both current and capital outlays or current expenditures alone—or whether one considers elementary and secondary education or higher and other education outlays.

Federal education expenditures for Viet Nam veterans have been an important element in the increase in public outlays for higher and other education. These expenditures for veterans amounted to 19.5 percent of current operating expenditures for public higher education in fiscal year 1971 but were only 1.1 percent in 1965. Nevertheless, even with Federal expenditures for veterans excluded, the increase since fiscal year 1965 in current operating expenditures for public higher education (123 percent) has exceeded that for private higher education (110 percent).

In fiscal year 1971, total public and private expenditures rose 11 percent to \$68.2 billion. This increase was slightly lower than the 13 percent for 1970 but higher than the 9-percent rise in

1969. The public and private sectors contributed almost equally to the 1971 rise.

An interesting development has been the rise in public expenditures for vocational and adult education. Next to veterans' educational expenditures, this item showed the largest percentage increase in 1971 (18 percent) of all the education subcomponents. Since fiscal year 1965, outlays for vocational and adult education have tripled, reaching \$2.5 billion in 1971. Of course, in dollar terms the \$37.7 billion spent from public funds for elementary and secondary education—92 percent of which comes from State and local sources—continues to be by far the largest single component in the education series.

Cash Transfer Payments

In fiscal year 1971, in contrast to the experience in recent years, public cash transfer payments increased at a faster pace than private

TABLE 7.—Health and medical care: Expenditures under public programs, by source of funds, selected fiscal years, 1928-29 through 1970-71

Type of expenditure	[In millions]									
	1928-29	1949-50	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 ¹
Federal expenditures										
Total.....	\$98.3	\$1,361.8	\$2,917.6	\$4,624.7	\$5,380.8	\$9,833.2	\$13,069.3	\$15,227.1	\$16,597.7	\$18,767.1
Health and medical services.....	93.1	1,059.6	2,174.8	3,074.6	3,660.9	8,125.7	11,141.0	13,217.6	14,491.9	16,470.9
OASDHI (health insurance for the aged).....					63.6	3,394.6	5,347.2	6,597.7	7,149.2	7,875.0
Workmen's compensation (medical benefits).....	.6	5.2	9.0	11.3	11.8	13.9	15.3	16.7	20.7	23.0
Public assistance (vendor medical payments).....			199.8	555.0	765.6	1,204.8	1,833.6	2,297.8	2,607.1	3,260.7
General hospital and medical care.....	8.5	46.4	103.4	137.9	146.2	163.8	186.6	193.2	283.3	376.1
Defense Department hospital and medical care (Armed Forces).....	29.2	336.2	820.1	858.5	1,031.4	1,323.4	1,482.9	1,531.1	1,495.9	1,541.2
Military dependents' medical care.....			60.0	78.3	75.3	108.3	165.4	218.4	263.7	274.1
Maternal and child health services.....	1.2	20.1	34.7	69.1	96.7	139.0	160.6	192.5	196.0	205.1
Other public health activities.....	6.9	63.8	57.3	222.9	228.8	372.7	426.8	524.7	590.3	798.6
Veterans' hospital and medical care.....	46.7	582.8	879.4	1,114.8	1,160.9	1,251.7	1,342.5	1,430.8	1,651.4	1,873.8
Medical vocational rehabilitation.....	.1	5.1	11.2	21.2	32.4	50.6	76.5	88.8	107.0	119.4
OEO health and medical care.....				5.6	48.2	103.0	103.5	126.0	127.3	150.8
Medical research.....		72.9	448.2	1,173.8	1,314.8	1,363.7	1,546.5	1,527.7	1,576.8	1,742.3
Medical-facilities construction.....	5.2	229.3	294.7	376.3	405.1	343.8	381.8	481.9	529.0	553.9
Defense Department.....	(2)	1.1	40.0	31.1	41.3	49.7	26.8	71.8	52.5	56.6
Veterans Administration.....	4.2	161.5	69.6	77.0	83.5	60.0	49.9	47.9	70.9	85.3
Other.....	.9	66.8	195.1	268.2	280.4	234.1	305.1	362.2	405.6	412.0
State and local expenditures										
Total.....	\$378.8	\$1,703.6	\$3,477.5	\$4,910.5	\$5,449.1	\$5,989.3	\$6,970.1	\$7,706.9	\$8,434.3	\$9,696.0
Health and medical services.....	279.3	1,410.6	3,171.5	4,568.5	5,052.1	5,546.3	6,440.1	7,173.9	7,844.3	9,134.0
Temporary disability insurance (medical benefits) ²		2.2	40.2	50.9	54.3	53.7	54.6	57.7	62.6	68.4
Workmen's compensation (medical benefits)*.....	74.4	187.8	411.0	568.7	628.2	701.1	774.7	858.3	944.3	1,027.0
Public assistance (vendor medical payments).....		51.3	292.9	812.1	959.3	1,270.3	1,889.6	2,297.8	2,605.6	3,233.1
General hospital and medical care.....	108.6	839.7	1,869.8	2,377.6	2,575.0	2,644.5	2,741.1	2,816.5	3,099.0	3,456.6
Maternal and child health services.....	5.0	9.7	106.1	153.9	161.2	170.9	176.2	219.0	235.3	242.8
School health (educational agencies).....	9.4	30.6	101.0	142.2	156.7	177.9	204.6	225.0	241.0	258.0
Other public health activities.....	81.9	287.0	343.9	448.1	601.8	511.1	573.8	670.0	669.7	819.2
Medical vocational rehabilitation.....	.1	2.3	6.6	13.0	15.5	16.9	25.5	29.6	26.8	29.9
Medical research.....			23.0	55.0	61.0	65.0	69.0	72.0	76.0	77.0
Medical-facilities construction.....	99.5	293.0	283.0	289.0	336.0	378.0	461.0	461.0	474.0	485.0

¹ Preliminary estimates.

² Data not available.

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

TABLE 8.—Expenditures from public and private funds for education, selected fiscal years, 1949-50 through 1970-71

[Amounts in millions]

Program	1949-50	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 ¹
Total amount.....	\$10,914	\$21,742	\$34,228	\$39,762	\$43,857	\$49,621	\$54,335	\$61,420	\$68,214
Public expenditures for education.....	9,366	18,036	28,149	32,859	36,105	41,055	44,986	51,350	57,164
Current operations ²	8,036	15,016	23,800	27,622	30,696	35,476	38,862	44,899	50,388
Elementary and secondary.....	4,577	12,447	19,091	21,811	23,771	27,420	29,623	34,102	37,715
Higher.....	604	1,833	3,745	4,541	5,190	6,005	6,751	7,464	8,333
Veterans.....	2,692	410	41	34	297	466	679	1,018	1,622
Vocational and adult.....	161	298	854	1,108	1,296	1,435	1,662	2,158	2,537
Construction.....	1,330	3,020	4,348	5,237	5,409	5,579	6,124	6,451	6,776
Elementary and secondary.....	1,019	2,662	3,267	3,755	3,970	4,256	4,654	4,874	5,061
Higher.....	310	358	1,081	1,482	1,439	1,323	1,470	1,577	1,715
Private expenditures for education ³	1,548	3,706	6,079	6,903	7,752	8,566	9,349	10,070	11,050
Current operations.....	1,266	3,162	5,363	6,060	6,780	7,558	8,404	9,244	10,150
Elementary and secondary.....	436	1,232	1,883	1,996	2,122	2,305	2,528	2,696	2,850
Higher.....	830	1,930	3,480	4,064	4,633	5,253	5,876	6,548	7,300
Construction.....	282	544	716	843	992	1,008	945	826	900
Public expenditures as percent of expenditures for specified purposes:									
Total.....	85.8	83.0	82.2	82.6	82.3	82.7	82.8	83.6	83.8
Current operations.....	86.4	82.6	81.6	82.0	82.0	82.4	82.2	82.9	83.2
Elementary and secondary.....	91.3	91.0	91.0	91.6	91.8	92.2	92.1	92.7	93.0
Other.....	80.6	56.8	57.1	58.3	59.4	60.1	60.7	61.9	63.1
Higher.....	42.1	48.7	51.8	52.8	52.8	53.3	53.5	53.3	53.3
Construction.....	82.5	84.7	85.9	86.1	84.5	84.7	86.6	88.6	88.3

¹ Preliminary estimates.
² Includes Federal expenditures for administration (U.S. Office of Education) and research, not shown separately below.

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

cash transfer payments under organized income-maintenance programs (table 9). As already noted, an important factor was the slowdown in the economy, which accelerated the amounts paid to the unemployed workers and needy individuals and families. Since retirement and death benefits—a major component of private cash transfer payments—are not so directly or immediately affected by an economic downswing, the private sector showed only a 14-percent increase in fiscal year 1971, compared with a 22-percent rise in the public sector.

In dollar terms, cash payments under public programs of social insurance, public assistance, and veterans' programs amounted to \$71.5 billion in fiscal year 1971, an increase of \$13.1 billion from 1970. This is the largest absolute increase

registered for any single year. Expenditures under private employee-benefit plans rose \$1.6 billion to a total of \$12.7 billion.

Although every year since 1965—except 1971—has been marked by an increase in the proportion of total public and private cash transfer payments that have come from private sources, the overwhelming bulk of income-maintenance payments—86 percent in 1965 and 85 percent in 1971—continues to be provided by public programs.

As in previous years, public assistance cash payments to the needy in fiscal year 1971 had the greatest relative increase (30 percent) in the public sphere. The social insurances increased by 23 percent and the veterans' programs by 9 percent.

TABLE 9.—Expenditures from public and private funds for cash transfer payments (excluding administration), selected fiscal years, 1949-50 through 1970-71

[Amounts in millions]

Source of funds	1949-50	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 ¹
Total cash transfer payments.....	\$10,112	\$28,723	\$40,718	\$45,489	\$48,947	\$53,868	\$60,977	\$69,483	\$84,213
Public.....	9,147	25,173	34,883	38,889	41,532	45,468	51,312	58,393	71,548
Social insurance ²	4,447	18,151	26,439	30,001	31,937	35,100	39,683	44,797	55,103
Veterans' programs ³	2,423	3,810	4,526	4,801	4,996	5,083	5,421	5,849	6,354
Public assistance.....	2,277	3,212	3,918	4,087	4,599	5,285	6,208	7,746	10,091
Private employee benefits ⁴	965	3,550	5,835	6,600	7,415	8,400	9,665	11,090	12,665
Public as percent of total.....	90.5	87.7	85.7	85.5	84.9	84.4	84.1	84.0	85.0

¹ Preliminary estimates.
² Includes cash benefits paid under workmen's compensation and temporary disability insurance laws by private insurance carriers and self-insurers.
³ Veterans' pensions and compensation and life insurance.
⁴ Under private pension plans; group life (including government employee

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

TABLE 10.—Public and private expenditures for social welfare purposes, selected fiscal years, 1949–50 through 1970–71

Type of expenditure	1949-50	1959-60	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 ¹
All expenditures (in millions)									
Total, net ²	\$35,337	\$78,718	\$117,760	\$131,930	\$146,711	\$164,008	\$183,325	\$208,546	\$239,863
Public.....	23,508	52,293	77,175	88,000	99,710	113,839	127,775	145,350	170,752
Private.....	12,160	27,804	42,646	46,282	48,804	52,239	57,918	65,898	72,363
Income maintenance.....	10,723	29,842	42,410	47,400	50,995	56,259	63,710	72,684	88,289
Public ³	9,758	26,292	36,575	40,800	43,580	47,859	54,045	61,594	75,624
Private.....	965	3,550	5,835	6,600	7,415	8,400	9,665	11,090	12,665
Health.....	12,027	25,855	38,892	42,109	47,860	53,562	59,938	67,770	75,011
Public.....	3,065	6,395	9,535	10,830	15,823	20,039	22,934	25,032	28,463
Private.....	8,962	19,460	29,357	31,279	32,037	33,523	37,004	42,738	46,548
Education.....	10,914	21,742	34,228	39,762	43,857	49,621	54,335	61,420	68,214
Public.....	9,366	18,036	28,149	32,859	36,105	41,055	44,986	51,350	57,164
Private.....	1,548	3,706	6,079	6,903	7,752	8,566	9,349	10,070	11,050
Welfare and other services.....	2,004	2,658	4,291	5,011	5,802	6,636	7,710	9,374	11,601
Public ⁴	1,319	1,570	2,916	3,511	4,202	4,886	5,810	7,374	9,501
Private.....	685	1,088	1,375	1,500	1,600	1,750	1,900	2,000	2,100
Public expenditures as percent of expenditures for specified purposes									
Total ⁵	65.9	65.3	64.4	65.5	67.1	68.5	68.8	68.8	70.2
Income maintenance.....	91.0	88.1	86.2	86.1	85.5	85.1	84.8	84.7	85.7
Health.....	25.5	24.7	24.5	25.7	33.1	37.4	38.3	36.9	37.9
Education.....	85.8	83.0	82.2	82.6	82.3	82.7	82.8	83.6	83.8
Welfare and other services.....	65.8	59.1	68.0	70.1	72.4	73.6	75.4	78.7	81.9
All expenditures as percent of gross national product									
Total, net ²	13.4	15.9	18.0	18.4	19.0	19.8	20.4	21.9	23.8
Income maintenance.....	4.1	6.0	6.5	6.6	6.6	6.8	7.1	7.6	8.8
Health.....	4.6	5.2	5.9	5.9	6.2	6.5	6.7	7.1	7.4
Education.....	4.1	4.4	5.2	5.5	5.7	6.0	6.0	6.4	6.8
Welfare and other services.....	.8	.5	.7	.7	.8	.8	.9	1.0	1.2

¹ Preliminary data.

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

³ Includes cash benefits and administrative costs under social insurance, public assistance, and veterans' programs. Excludes cost of medical services

provided in conjunction with these programs and for other welfare programs.

⁴ Work relief, food stamps, surplus food for the needy and for institutions, child nutrition, institutional care, child welfare, special OEO programs, veterans' welfare services, vocational rehabilitation, and housing.

⁵ Before adjustment for elimination of duplication.

Combining Expenditures for Major Areas

Combining the dollar figures shown in tables 6, 8, and 9 (and adding the administrative expenses that are left out of the cash-only data of table 9, as well as welfare services) produces a total on private and public expenditures for social welfare, distributed by four functions: health, education, income maintenance, and welfare and other services. The total figure thus obtained is adjusted to eliminate the overlap that occurs because small parts of private expenditures for health and education represent the spending of cash benefits received under public programs and, to a lesser extent, under private employee-benefit plans.

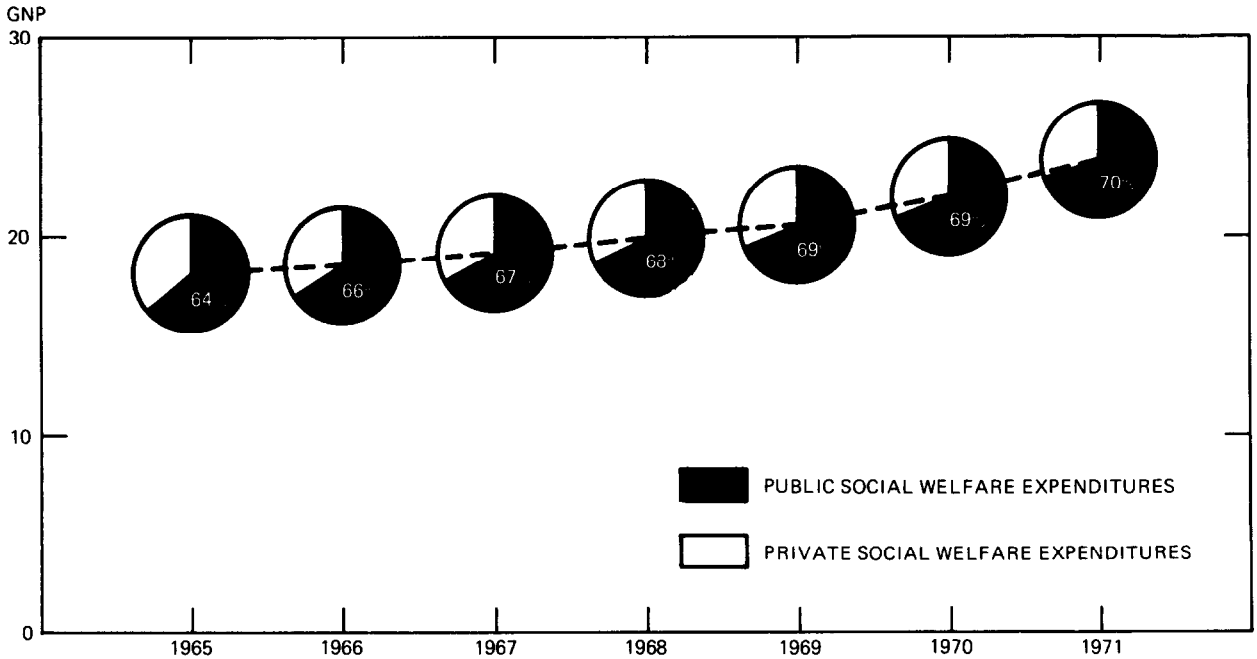
Total unduplicated public and private expenditure for income maintenance, health, education, and welfare amounted to an estimated \$239.9 billion in fiscal year 1971, as table 10 shows. Although the 15.0-percent increase was the highest

annual rise between 1965 and 1971, it was in keeping with the average annual growth of 12.6 percent for the period. With the GNP rising 7.4 percent during the period—three-fifths the rate of increase for expenditures—the proportion of the Nation's output of goods and services that went for public and private social welfare purposes went up steadily—from 18.0 percent in 1965 to 23.8 percent in 1971 (chart 2). During the past 2 years, the increases in this proportion were more than twice those for the earlier years.

The public sector in fiscal year 1971 continued to expand at a faster pace than the private—17.5 percent, compared with 9.8 percent. Since 1965, public social welfare expenditures have increased by \$93.6 billion or 121 percent, those in the private sector by \$29.7 billion or 70 percent. Public sources have thus accounted for an increasing share of combined social welfare expenditures, as chart 2 shows.

Public sources also continued to dominate the

CHART 2.—Social welfare expenditures as percent of gross national product and relation of public expenditures to private expenditures, fiscal years 1965–71



income-maintenance, education, and welfare groups. Since 1965, public spending has provided about 85 percent of all income-maintenance and 83 percent of all education programs. In the welfare services field, the proportion provided through public funds was 68 percent in 1965 and by 1971 had reached 82 percent.

As already noted, public spending for health has also been on the uprise, accounting for three-eighths of all health expenditures in 1971, compared with one-fourth in 1965. Nevertheless, within the private social welfare component, the largest share of private spending is still for health—64 percent in fiscal year 1971. Income-

maintenance programs accounted for 18 percent of all private social welfare expenditures and education accounted for 15 percent. Only 3 percent of private social welfare spending, consisting exclusively of philanthropic expenditures, is estimated to go for welfare and other services.

This distribution may be contrasted with the 1971 distribution in the public sector, where health expenditures accounted for only 17 percent of the total. Income-maintenance programs had the greatest share with 44 percent, and education had 33 percent. As in the private sphere, welfare accounted for the smallest share—6 percent.