

Social Welfare Expenditures, 1962-63

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SOCIAL WELFARE expenditures, as measured in the series developed by the Social Security Administration, amounted to \$66 billion in 1962-63 or 11.7 percent of the gross national product. Almost \$23 billion of this total represented public expenditures for education. Social insurance benefits and costs of administration amounted to \$25 billion. Payments under the social insurance programs remain the largest single component of the social welfare expenditure series, although the annual rate of growth dropped in 1961-62 and 1962-63 slightly below the growth rate for education.

The 1962-63 estimates are preliminary, and some of the figures are subject to change. For most of the larger programs included in the series, however, reported data or firm estimates for the year ended June 30, 1963, were obtainable in time for inclusion in this article. The advantage of having the series on a more nearly current basis is obvious, and such preliminary current-year estimates will be included from now on.

Total social welfare expenditures increased by \$4.5 billion in 1961-62 and by \$4.0 billion in 1962-63. Social insurance programs accounted for \$1.9 billion of the rise in the first of the 2 years and for \$1.4 billion in the second. Benefits under old-age, survivors, and disability insurance increased by slightly more than \$1.8 billion in 1961-62 and \$1.4 billion in 1962-63, while expenditures under the unemployment insurance and employment service programs decreased by almost \$500 million in the first of these years and by more than \$600 million in the second. Public expenditures for education

went up \$1.6 billion in each of the 2 years. Notably large percentage increases occurred in both years in medical research (34 percent and 26 percent, respectively) and in vendor payments for medical care under public assistance (38 percent and 24 percent).

DEFINITION OF SOCIAL WELFARE

This series was developed to provide a basis for measuring and assessing changes in the share of the total national output devoted to social welfare purposes, the impact of such programs on government finances, and similar questions. The definition of social welfare used is broader than some persons would prefer, though narrower than others might choose. The estimates in table 1 are presented in sufficient detail to permit users of the data to regroup the figures to suit their particular needs.

The rationale for the decisions that have been made regarding inclusion or exclusion of particular programs has been discussed in some detail in earlier articles in the series. The general concepts are again summarized briefly here for the convenience of readers who do not have easy access to earlier issues of the BULLETIN.

The question most frequently raised with respect to the series has to do with the inclusion of education. The definitions and concepts used in other countries and, more importantly, in discussions in the United Nations, influenced the initial decision to include education with health and social security and other welfare services. When the question concerns the share of national income that a country is using or should use for social welfare purposes—compared with economic development or military expenditures, for example—the term social welfare usually includes not only what we in the United States think of as public welfare and social security programs but health and education as well.

For many countries, widespread public education is a much more recent development than it is

* Director, Division of Research and Statistics. The Director is responsible for the development of this series and for the writing of the successive articles, but the data and analysis draw on the work of many Division staff members, as well as on the cooperation of other agencies. This year, special acknowledgment is due to S. Marjorie Johnston and her staff in the statistical processing unit for putting the series on a current basis while a major revision of back-year figures was in process, to Henry Binford for effectively carrying forward the revision of the data on education, and to Dorothy Rice for significant refinements of the estimates for health and medical programs.

for the United States. Here its social welfare aspects were recognized in the early debates about public schools, some 125 years ago, and are now largely taken for granted. Even in this country, increasing concern with school dropouts, the quality of education in slum areas, and the inter-relationship of social and economic circumstances and educational aspirations and achievement are again calling attention to the social welfare aspects of education.

Not all programs or measures that contribute to the general welfare of the population are encompassed in this concept of social welfare. Government actions that promote welfare indirectly by enforcing law and order, fostering economic development, stabilizing prices, and so on are by general consent not regarded as social welfare measures. Direct concern with the economic and social well-being of individuals and families is the distinguishing characteristic of the social welfare programs.

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

Between labor programs and social welfare programs another borderline area exists. The cost of operating the employment service is treated as a social welfare expenditure, partly because it is a necessary adjunct to unemployment insurance. Direct expenditures for retraining and relocation of workers should probably be regarded as social welfare expenditures. The costs of enforcing labor standards have not been so treated, and the series will exclude most of the expenditures under the depressed areas legislation other than expenditures for the retraining of individuals. Expenditures for public housing that are in the nature of

subsidies of rents for low-income families are included. Excluded, however, are the costs of urban renewal—which may improve the livability of a metropolitan area but which may also create more individual welfare problems than it ameliorates.

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

During the past year the Division of Research and Statistics has been reviewing the definitions and concepts underlying the series, in preparation for the publication of a revised series with data for all years since 1935 and for selected earlier years. The new data will be published with a detailed explanation of the source of the data and the basis of estimating individual items, as well as a restatement of concepts and definitions.

Refinements and improvements in methods of estimating made as a result of the review thus far are reflected in this article. There have been as yet no major conceptual changes, and it is unlikely that there will be more than one or two such changes, if any. With the help and cooperation of the many other agencies that provide data for the series, significant improvements in the estimates for particular items, for both current and past years, have been made. Overall magnitudes, however, are little affected.

TRENDS IN SOCIAL WELFARE EXPENDITURES

Except during the depression of the thirties, when emergency relief expenditures outran all

other social welfare spending, until 1958 public expenditures for education represented the largest share of social welfare expenditures in the United States. At the beginning of this century, we were using about 1 percent of our total national output for public education. With the spread of public secondary education, the proportion of the gross national product going to public education had more than doubled by 1929. In 1962-63, with increased public spending for higher education and for Federal grants for special educational programs, the United States was using 4 percent of its national output for public education.

Social insurance benefits represented 4.5 percent of the gross national product in 1962-63, more than seven times the comparable figure for 1934-

35 and more than three times that for 1939-40, the first year in which monthly benefits under old-age, survivors, and disability insurance became payable. Veterans' program expenditures were relatively large at the turn of the century and again immediately after the end of World War II. For the past several years these expenditures have accounted for about the same proportion of the total national output as have expenditures for public aid and for health and medical programs.

The proportion of the gross national product used for health programs (as classified in tables 1 and 2) has remained about the same since 1950. Increasing expenditures for medical care under other programs, notably public assistance, have resulted in an increase, however, in the percentage

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1962-63¹

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63 ²
	Total expenditures								
Total.....	\$6,401.4	\$8,765.7	\$8,859.2	\$22,971.7	\$32,251.0	\$52,181.8	\$57,983.7	\$62,496.7	\$66,504.2
Social insurance.....	383.9	1,217.7	1,418.7	4,873.0	9,845.2	19,294.4	22,372.2	24,260.7	25,487.8
Old-age, survivors, and disability insurance ³		28.1	266.8	784.1	4,436.3	11,032.3	12,160.7	13,984.6	15,344.3
Railroad retirement.....		115.7	143.7	304.4	575.6	925.4	991.8	1,033.0	1,073.7
Public employee retirement ⁴	210.0	254.5	382.8	743.4	1,379.5	2,569.9	2,870.2	3,272.7	3,600.0
Unemployment insurance and employment service ⁵		553.0	216.7	2,191.9	2,080.9	2,829.5	4,300.2	3,860.4	3,270.7
Railroad unemployment insurance.....		18.9	4.3	119.6	158.6	215.2	213.4	163.2	126.4
Railroad temporary disability insurance.....				31.1	54.2	68.6	58.0	56.8	52.7
State temporary disability insurance, total ⁶			5.1	72.3	217.5	347.9	385.2	408.7	450.0
Hospital and medical benefits ⁷				2.2	20.0	40.2	43.8	45.5	50.0
Workmen's compensation, total ⁸	173.9	247.5	399.1	626.2	942.6	1,305.6	1,392.7	1,481.3	1,570.0
Hospitalization and medical benefits ⁷	65.0	90.0	122.0	193.0	315.0	415.0	445.0	470.0	500.0
Public aid.....	2,997.6	3,598.7	1,030.5	2,496.2	3,003.0	4,101.1	4,441.0	4,902.0	5,230.7
Public assistance ⁹	623.9	1,124.3	1,028.8	2,490.2	2,941.1	4,041.7	4,031.0	4,675.0	5,025.2
Vendor medical payments ⁷				51.3	211.9	492.7	588.9	812.4	1,008.5
Other ¹⁰	2,373.7	2,474.4	1.7	6.0	61.9	59.4	140.0	226.9	205.0
Health and medical programs ¹¹	424.5	663.8	2,307.7	2,056.5	2,988.5	4,370.7	4,834.6	5,096.8	5,503.4
Hospital and medical care.....	259.8	440.0	1,985.7	1,230.1	1,980.7	2,827.9	3,112.2	3,135.6	3,226.4
Civilian programs.....	231.8	340.5	354.7	914.5	1,217.3	1,952.2	2,202.8	2,140.3	2,241.1
Defense Department and Medicare.....	28.0	99.5	1,631.0	315.6	763.4	875.7	909.4	995.3	984.3
Maternal and child health services ¹²	6.7	13.8	62.0	29.8	92.9	139.4	152.4	174.1	186.3
Medical research ¹³		3.0	15.0	69.2	132.8	448.9	576.2	772.7	972.4
Other public health activities ¹⁴	119.7	166.6	195.0	358.6	404.6	444.6	465.9	485.2	553.9
Medical-facilities construction.....	38.3	40.4	50.0	368.8	377.5	509.9	527.9	529.2	564.4
Defense Department.....					33.0	40.0	44.0	24.0	19.3
Other.....	38.3	40.4	50.0	368.8	344.5	469.9	483.9	505.2	545.1
Other welfare services.....	52.9	81.2	160.4	424.7	591.8	1,114.8	1,292.7	1,467.9	1,595.9
Vocational rehabilitation, total.....	2.2	4.1	10.2	30.0	41.4	100.6	112.8	134.9	159.1
Medical rehabilitation ⁷.....	.2	.4	1.4	7.4	9.2	17.7	20.4	22.5	25.5
Institutional and other care ¹⁵	24.7	32.1	47.3	131.0	177.0	403.8	551.6	620.1	684.1
School lunch ¹⁶			47.4	158.8	238.4	398.9	403.9	472.7	474.6
Child welfare ¹⁷	26.0	45.0	55.5	104.9	135.1	211.5	224.5	246.4	278.1
Veterans' programs ¹⁸	449.8	535.0	890.1	6,380.8	4,369.3	5,091.2	5,278.1	5,362.8	5,637.2
Pensions and compensation ¹⁹	390.2	447.8	755.9	2,092.8	2,712.3	3,425.8	3,690.1	3,775.1	3,948.2
Health and medical services.....	58.9	86.3	114.5	745.8	761.1	942.1	1,007.3	1,019.9	1,093.7
Hospital and medical care.....	56.0	72.1	96.3	585.9	722.6	889.4	935.1	940.9	996.2
Hospital construction.....	2.9	14.1	16.2	156.2	33.0	57.5	53.7	52.2	68.1
Medical research.....		.1	2.0	3.7	5.5	15.1	18.4	26.8	29.4
Education.....			9.7	2,689.1	699.9	404.7	252.9	153.4	97.2
Welfare and other ²⁰.....	.7	1.0	10.0	853.1	196.0	318.7	327.7	414.4	497.5
Education.....	2,092.7	2,665.1	3,040.8	6,728.5	11,364.6	18,032.9	19,569.3	21,190.1	22,805.0
Elementary and secondary, total.....	1,900.0	2,378.3	2,679.7	5,754.9	10,072.7	15,673.9	16,876.7	18,159.8	19,527.2
Construction ⁷	157.3	289.0	83.7	1,018.7	2,362.3	2,868.7	3,104.7	3,171.6	3,278.7
Higher education and other, total.....	192.7	286.8	361.1	973.6	1,291.9	2,359.0	2,692.6	3,030.3	3,277.8
Construction ⁷	²¹ 30.0	32.6	(²²)	315.5	198.8	395.0	371.2	409.8	427.1
Public housing ²³		4.2	11.0	12.0	88.6	176.7	196.0	216.4	244.8

See footnotes at end of table.

of the gross national product used for all publicly supported medical care, as shown in table 5.

Real Expenditures Per Capita

The increase in social welfare expenditures in recent decades represents in part simply an expansion of services to a larger population, in part a rise in prices, and in part an increase in the level and scope of services. Since 1929 the total population of the United States has increased 55.0 percent, and the number of children under age 18 by 57.8 percent. The population of college age has also gone up.

A choice must be made, in relating expenditures

to population, as to what aggregates to use. The expenditure data in table 1 include the cost of medical care for military personnel in the United States and abroad and the cost of schools for the children of military and civilian personnel abroad. They also include benefits paid under old-age, survivors, and disability insurance, the veterans' programs, and government employee-benefit plans to beneficiaries living in other countries. Some of the medical research supported from public funds is carried out abroad, and the figures in table 1 include expenditures for this purpose and possibly other small expenditures made outside the United States.

Expenditures made abroad should be included if one is concerned with a measure of the per

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1962-63 ¹—Continued
(In millions; revised estimates)

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63 ²
	From Federal funds								
Total.....	\$3,107.5	\$3,471.8	\$4,089.9	\$9,995.2	\$14,221.3	\$24,638.9	\$27,250.0	\$30,667.8	\$32,730.7
Social insurance.....	98.9	354.9	759.8	2,028.1	6,395.7	14,297.8	15,981.7	18,291.9	19,337.8
Old-age, survivors, and disability insurance ³	28.1	266.8	784.1	4,436.3	11,032.3	12,160.7	13,984.6	15,344.3	15,344.3
Railroad retirement.....	115.7	143.7	304.4	575.6	925.4	991.8	1,033.0	1,073.7	1,073.7
Public employee retirement ⁴	90.0	107.5	184.8	433.4	799.5	1,519.9	1,701.2	1,903.7	2,100.0
Unemployment insurance and employment service ⁵	70.5	145.5	330.4	321.0	473.4	791.0	1,082.8	1,082.8	570.7
Railroad unemployment insurance.....	18.9	4.3	119.6	158.6	215.2	213.4	163.2	126.4	126.4
Railroad temporary disability insurance.....	.....	.....	31.1	54.2	68.6	58.0	56.8	52.7	52.7
Workmen's compensation, total ⁶	8.9	14.2	14.7	25.1	50.5	63.0	65.6	67.8	70.0
Hospitalization and medical benefits ⁷	3.0	5.2	4.7	5.2	6.9	9.0	8.7	8.4	9.0
Public aid.....	2,373.7	2,245.9	420.1	1,103.2	1,504.2	2,116.9	2,333.9	2,697.9	2,919.9
Public assistance ⁸	281.1	.....	418.4	1,097.2	1,442.3	2,057.5	2,193.9	2,471.0	2,714.9
Vendor medical payments ⁷.....	.....	.....	.....	.....	23.3	199.8	253.5	389.2	525.0
Other ¹⁰	2,373.7	1,964.8	1.7	6.0	61.9	59.4	140.0	226.9	205.0
Health and medical programs ¹¹	50.1	159.9	1,775.6	586.0	1,174.4	1,748.4	1,952.9	2,235.9	2,498.0
Hospital and medical care.....	39.6	124.4	1,660.6	362.0	829.8	978.8	1,020.5	1,108.7	1,101.4
Civilian programs.....	11.6	24.9	29.6	46.4	66.4	103.1	111.1	113.4	117.1
Defense Department and Medicare.....	28.0	99.5	1,631.0	315.6	763.4	875.7	909.4	995.3	984.3
Maternal and child health services ¹².....	.....	7.8	55.2	20.1	23.7	33.3	39.4	50.1	50.9
Medical research ⁷.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Medical research ¹³.....	.....	3.0	15.0	69.2	132.8	425.9	546.2	735.7	927.4
Other public health activities ¹⁴	7.2	24.3	44.8	67.9	70.6	76.5	95.9	105.2	163.9
Medical-facilities construction.....	3.3	.4	(²⁴)	66.8	117.5	233.9	250.9	236.2	254.4
Defense Department.....	.....	.....	.....	.....	33.0	40.0	44.0	24.0	19.3
Other.....	3.3	.4	(²⁴)	66.8	84.5	193.9	206.9	212.2	235.1
Other welfare services.....	2.1	9.7	72.3	166.7	244.2	410.2	435.9	511.0	533.3
Vocational rehabilitation, total.....	1.0	2.0	7.5	21.0	26.4	64.3	73.0	86.7	103.4
Medical rehabilitation ⁷.....	.1	.2	.7	3.7	5.7	11.2	12.9	14.2	16.0
Medical research ⁷.....	.....	.....	.....	.....	.3	6.6	8.7	11.0	15.0
Institutional and other care ¹⁵	1.1	6.1	16.0	21.7	41.4	26.2	39.9	33.4	34.1
School lunch ¹⁶.....	.....	.....	47.4	119.7	169.3	306.3	308.9	372.7	369.6
Child welfare ¹⁷.....	.....	1.6	1.4	4.2	7.1	13.4	14.1	18.2	28.2
Veterans' programs ¹⁸	449.8	535.0	890.1	5,918.8	4,307.7	4,979.3	5,193.7	5,267.8	5,541.6
Pensions and compensation ¹⁹	390.2	447.8	755.9	2,092.8	2,712.3	3,425.8	3,690.1	3,775.1	3,948.2
Health and medical services.....	58.9	86.3	114.5	745.8	761.1	942.1	1,007.3	1,019.9	1,093.7
Hospital and medical care.....	56.0	72.1	96.3	585.9	722.6	869.4	935.1	940.9	996.2
Hospital construction.....	2.9	14.1	18.2	156.2	33.0	57.5	63.7	52.2	68.1
Medical research.....	.....	.....	2.0	3.7	5.6	15.1	18.4	26.8	29.4
Education.....	.....	.....	9.7	2,689.1	699.9	404.7	252.9	153.4	97.2
Welfare and other ²².....	.7	1.0	10.1	391.1	134.4	206.8	243.4	319.4	402.5
Education ²⁵	132.9	162.2	161.0	180.4	521.1	942.8	1,192.9	1,490.1	1,705.0
Elementary and secondary, total.....	69.2	74.1	48.2	73.1	341.8	481.5	500.3	559.8	627.2
Construction ⁷	42.0	31.0	7.6	5.2	139.2	79.8	68.5	71.6	78.7
Higher education and other, total.....	63.7	88.1	112.8	107.3	179.3	461.3	692.6	930.3	1,077.8
Construction ⁷	30.0	12.0	(²²)	10.9	5.4	38.3	45.2	59.8	77.1
Public housing ²³.....	.....	4.2	11.0	12.0	74.0	143.5	159.1	173.2	195.1

See footnotes at end of table.

TABLE 1.—Social welfare expenditures under public programs, selected fiscal years, 1934-35 through 1962-63 ¹—Continued

[In millions; revised estimates]

Program	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63 ²
	From State and local funds ²⁰								
Total	\$3,293.9	\$5,293.9	\$4,769.3	\$12,976.5	\$18,029.7	\$27,542.9	\$30,733.6	\$31,828.9	\$33,773.5
Social insurance	285.0	862.8	658.9	2,844.9	3,449.5	4,996.6	6,390.5	5,968.7	6,150.0
Public employe retirement ⁴	120.0	147.0	198.0	310.0	58.0	1,050.0	1,169.0	1,369.0	1,500.0
Unemployment insurance and employment service ⁵		482.5	71.2	1,861.5	1,759.9	2,356.1	3,509.2	2,777.6	2,700.0
State temporary disability insurance, total ⁶			5.1	72.3	217.5	347.9	385.2	408.7	450.0
Hospital and medical benefits ⁷				2.2	20.0	40.2	43.8	45.5	50.0
Workmen's compensation, total ⁸	165.0	233.3	384.4	601.1	882.1	1,242.6	1,327.1	1,413.5	1,500.0
Hospitalization and medical benefits ⁹	62.0	84.8	117.3	187.8	308.1	406.0	436.3	461.6	491.0
Public aid	623.9	1,352.8	610.4	1,393.0	1,498.8	1,984.2	2,107.0	2,204.1	2,310.8
Public assistance ¹⁰	623.9	843.2	610.4	1,393.0	1,498.8	1,984.2	2,107.0	2,204.1	2,310.8
Vendor medical payments ¹¹				51.3	188.6	292.9	335.4	423.2	483.5
Other ¹²		509.6							
Health and medical programs ¹¹	374.4	503.9	532.1	1,470.5	1,814.1	2,622.3	2,881.7	2,860.9	3,005.4
Hospital and medical care	220.2	315.6	325.1	868.1	1,150.9	1,849.1	2,091.7	2,026.9	2,125.0
Maternal and child health services ¹³	6.7	6.0	6.8	9.7	69.2	106.1	113.0	124.0	135.4
Medical research						23.0	30.0	37.0	45.0
Other public health activities ¹⁴	112.5	142.3	150.2	290.7	334.0	368.1	370.0	380.0	390.0
Medical-facilities construction	35.0	40.0	50.0	302.0	260.0	276.0	277.0	293.0	310.0
Other welfare services	50.8	71.5	88.1	258.0	347.6	704.6	856.8	956.9	1,062.6
Vocational rehabilitation, total	1.2	2.1	2.7	9.0	15.0	36.3	39.8	48.2	55.9
Medical rehabilitation ¹⁵	.1	.2	.7	3.7	3.5	6.5	7.5	8.3	9.5
Institutional and other care ¹⁵	23.6	26.0	31.3	109.3	135.8	377.6	511.7	586.7	650.0
School lunch ¹⁶				39.0	69.0	92.6	94.9	93.9	105.0
Child welfare ¹⁷	26.0	43.4	54.1	100.7	128.0	198.1	210.4	228.1	251.9
Veterans' programs ¹⁸				462.0	61.6	111.9	84.3	95.0	95.0
Education	1,959.8	2,502.9	2,879.8	6,548.1	10,843.5	17,090.1	18,376.4	19,700.0	21,100.0
Elementary and secondary, total	1,830.8	2,304.2	2,631.5	5,681.8	9,730.9	15,192.4	16,376.4	17,600.0	18,900.0
Construction ¹⁹	115.3	258.0	76.1	1,013.5	2,223.1	2,788.9	3,036.2	3,100.0	3,200.0
Higher education and other, total	129.0	198.7	248.3	866.3	1,112.6	1,897.7	2,000.0	2,100.0	2,200.0
Construction ¹⁹	(?)	20.6	(?)	304.6	193.4	356.7	326.0	350.0	350.0
Public housing ²⁰					14.6	33.2	36.9	43.2	49.7

¹ Expenditures from Federal, State, and local revenues (general and special) and trust funds and other expenditures under public law; includes capital outlay and administrative expenditures, unless otherwise noted. Includes some expenditures and payments outside the United States. Fiscal years ended June 30 for Federal Government, most States, and some localities; for other States and localities, fiscal years cover various 12-month periods ended in the specified year.

² Preliminary estimates.

³ Excludes net payments in lieu of benefits (transfers) under the financial interchange with the railroad retirement system.

⁴ Excludes refunds of employee contributions to those leaving the service; Federal expenditures include payments to retired military personnel and survivors. Data for administrative expenses not available for Federal noncontributory programs.

⁵ Includes unemployment compensation for Federal employees, for ex-servicemen, and for veterans under the Servicemen's Readjustment Act of 1944 and the Veterans' Readjustment Assistance Act of 1952 and payments under the temporary extended unemployment insurance programs.

⁶ Cash and medical benefits, including payments under private plans where applicable in the 4 States with programs. Includes State costs of administering State plans and supervising private plans; data for administrative expenditures of private plans underwritten by private insurance carriers or self-insured are not available.

⁷ Included in total shown directly above; excludes administrative expenditures, not available separately but included for entire program in preceding line.

⁸ Cash and medical benefits paid under Federal workmen's compensation laws and under State laws by private insurance carriers, by State funds, and by self-insurers. Excludes administrative costs of State agencies before 1948-50 and all administrative costs of private insurance carriers and self-insurers. Beginning 1959-60 includes data for Alaska and Hawaii.

⁹ Includes vendor medical payments, old-age assistance, medical assistance for the aged, aid to families with dependent children, aid to the blind, aid to the permanently and totally disabled, and, from State and local funds, general assistance. For 1939-40, total includes \$1 million in administrative costs and Federal Emergency Relief Administration funds for which distribution by source of funds is not available.

¹⁰ Work program earnings, other emergency aid programs, and value of surplus food distributed to needy families.

¹¹ Excludes expenditures (1) for domiciliary care in institutions other than mental or tuberculosis (included under institutional care); (2) for health and medical services provided in connection with State temporary disability insurance, workmen's compensation, public assistance, vocational rehabilitation, and veterans' programs (included in total expenditures for these programs); and (3) those made directly for international health activities and for certain subordinate medical programs such as those of the Bureau of Narcotics, the Bureau of Mines, the National Park Service, and the U.S. Civil Service Commission.

¹² Services for crippled children and maternal and child health services.

¹³ Medical research of the U.S. Public Health Service, Food and Drug

Administration, Atomic Energy Commission, National Aeronautics and Space Administration, and Department of Defense.

¹⁴ Excludes expenditures for water supply, sanitation services, and sewage disposal but includes regulatory and administrative costs of these services; also includes expenditures for medical equipment and supplies for civil defense.

¹⁵ Expenditures for homes for dependent or neglected children and for adults other than veterans and the value of surplus food for nonprofit institutions.

¹⁶ Federal expenditures represent cash apportionment and the value of commodities purchased and distributed under the National School Lunch Act, the value of surplus commodities distributed under other agricultural programs, and, beginning 1954-55, special school milk program. Non-governmental funds are also available from private organizations and from payments by parents (in 1962-63 parents' payments totaled an estimated \$635 million).

¹⁷ Includes foster-care payments and payments for professional and facilitating services; excludes expenditures of public institutions and public day-care centers, capital expenditures by courts and by youth authorities, payments from parents and relatives, and direct appropriations by State legislatures to voluntary agencies and institutions.

¹⁸ Federal expenditures exclude bonus payments and expenditures from veterans' life insurance trust funds; State and local expenditures refer to State bonus and other payments and services, local data not available.

¹⁹ Includes burial awards and subsistence payments to disabled veterans undergoing training.

²⁰ Includes vocational rehabilitation, specially adapted homes and automobiles for disabled veterans, counseling, beneficiaries' travel, loan guarantees, and domiciliary care.

²¹ Federal expenditures; data for State and local expenditures not available.

²² Data not available.

²³ Federal and State subsidies (and administrative costs) for low-cost housing.

²⁴ Less than \$50,000.

²⁵ Represents Office of Education administrative costs, training of Federal personnel, and "grants" as reported in the summary table prepared by the Federal Education Programs Branch, Office of Education, except (1) those covered under other social welfare programs such as veterans' programs and (2) the value of surplus property. Beginning 1937-38, includes revenue from public lands for education and, beginning 1950-51, includes data for training grants and basic research not available in earlier years. Elementary and secondary school data include Federal expenditures for operating costs of schools in the Canal Zone, most of which should be omitted since part of these costs are included elsewhere and the U.S. Treasury is reimbursed from private funds for part of them (in 1962-63, these costs amounted to about \$5.9 million, but separate data are not available for earlier years).

²⁶ Except as otherwise noted (see footnotes 6 and 8).

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

TABLE 2.—Social welfare expenditures as percent of gross national product, selected fiscal years, 1889-90 through 1962-63

Fiscal year	Gross national product (in billions)	Social welfare expenditures as percent of gross national product						
		Total ¹	Insurance	Public aid	Health and medical services	Other welfare	Veterans' programs	Education ²
1889-90.....	\$13.0	2.4	(³)	40.3	0.1	(⁴)	0.9	1.1
1912-13.....	39.9	2.5	(³)	4.3	.4	(⁴)	.5	1.3
1928-29.....	101.6	4.2	0.3	4.5	.4	(⁴)	.5	2.4
1934-35.....	68.7	9.3	.6	4.4	.6	0.1	.7	3.0
1939-40.....	95.9	9.1	1.3	3.8	.7	.1	.6	2.8
1944-45.....	212.5	4.2	.7	.5	1.1	.1	.4	1.4
1949-50.....	264.0	8.7	1.8	.9	.8	.2	2.4	2.5
1954-55.....	377.5	8.5	2.6	.8	.8	.2	1.2	3.0
1955-56.....	409.5	8.5	2.6	.8	.8	.2	1.1	3.0
1956-57.....	432.9	9.1	2.9	.8	.9	.2	1.1	3.3
1957-58.....	440.2	10.3	3.6	.8	.9	.2	1.1	3.6
1958-59.....	466.8	10.7	3.9	.9	.9	.2	1.1	3.6
1959-60.....	493.9	10.6	3.9	.8	.9	.2	1.0	3.7
1960-61.....	504.6	11.5	4.4	.9	1.0	.3	1.0	3.9
1961-62.....	539.2	11.5	4.4	.9	.9	.3	1.0	3.9
1962-63 ⁵	568.6	11.7	4.5	.9	1.0	.3	1.0	4.0

¹ Includes public housing, not shown in distribution.

² Beginning 1954-55, includes basic research and training grants; data for earlier years not available.

³ Less than 0.05 percent.

⁴ "Other welfare" included with public aid.

⁵ Preliminary estimates.

capita cost to the American people of social welfare expenditures. The population base would then include civilian and military personnel in the United States and abroad. The population of the

United States Territories and possessions might also be included even though the situation with respect to the payment of taxes is different from the rest of the United States.

If, however, the primary concern is the relation of current benefits and expenditures under the programs to the total personal incomes of individual Americans, then possibly certain expenditures abroad should be excluded. In particular, payments to noncitizens should be omitted. The population base might also exclude American civilians living abroad who do not benefit currently from any of the programs.

The availability of the necessary statistical data limits, of course, the adjustments that can be made. The effect of any appropriate adjustments would not be large, although they have become increasingly important. For general purposes it would perhaps be best to include all expenditures and to include in the population base the population of the United States and its Territories and possessions, as well as United States citizens abroad. Except for data on Federal employees outside the United States, however, estimates of the number of civilians abroad are available only in Decennial Census years. Since the population base thus excludes civilians overseas, in comput-

TABLE 3.—Social welfare expenditures per capita under public programs, actual and 1962-63 prices, selected fiscal years, 1928-29 through 1962-63¹

Fiscal year	Per capita social welfare expenditures in actual prices							Constant 1962-63 prices		
	Total ² (excluding foreign)	Social insurance (excluding foreign)	Public aid	Health and medical services	Other welfare services	Veterans' programs (excluding foreign)	Education (excluding foreign)	Total social welfare expenditures		Implicit price deflators (1962-63=100) ³
								Amount (in millions)	Per capita	
1928-29.....	\$34.76	\$2.76	⁴ \$4.06	\$3.61	(⁴)	\$4.45	\$19.88	\$8,021.5	\$65.10	53.4
1934-35.....	49.54	2.97	23.21	3.29	\$0.41	3.45	16.21	15,017.8	116.30	42.6
1939-40.....	65.38	9.09	26.86	4.95	.61	3.95	19.89	19,955.4	148.93	43.9
1944-45.....	62.38	9.99	7.26	16.26	1.13	6.23	21.42	14,326.7	100.93	61.8
1949-50.....	149.40	31.72	16.26	13.40	2.77	41.35	43.83	28,995.6	188.87	79.1
1954-55.....	192.60	58.79	17.98	17.89	3.54	25.83	68.04	36,266.9	217.14	88.7
1955-56.....	205.29	62.42	18.33	19.54	4.18	26.80	73.37	38,898.1	228.86	89.7
1956-57.....	226.38	71.80	19.12	21.50	4.94	26.74	81.58	42,715.3	246.87	91.7
1957-58.....	256.51	90.36	20.54	22.44	5.11	28.05	89.25	47,775.6	271.44	94.5
1958-59.....	277.11	101.80	22.34	23.99	5.50	28.08	94.53	51,870.8	289.86	95.6
1959-60.....	286.02	105.68	22.54	24.03	6.13	27.61	99.06	53,806.1	295.77	96.7
1960-61.....	312.77	120.58	24.02	26.15	6.99	28.21	105.76	59,041.8	319.34	97.9
1961-62.....	331.66	128.34	26.09	27.12	7.81	28.19	112.68	62,790.4	334.14	98.8
1962-63 ⁵	347.74	133.15	27.42	28.85	8.37	29.21	119.47	66,193.2	347.01	100.0
Percentage change for 1962-63 expenditures ⁵ (1962-63 prices) from—										
1928-29.....	+434	+2.475	⁴ +261	+326	(⁴)	+251	+221	+725	+433	.....
1934-35.....	+199	+1,810	-50	+273	+772	+261	+214	+341	+198	.....
1949-50.....	+84	+232	+33	+70	+139	-44	+116	+128	+84	.....
1959-60.....	+18	+22	+18	+16	+32	+02	+17	+23	+17	.....

¹ Excludes expenditures within foreign countries for education, veterans' payments, and old-age, survivors, and disability insurance benefits; see table 1 for data including such expenditures. Per capita figures based on January 1 data for total U.S. population, including Armed Forces overseas and civilian population of Territories and possessions.

² Includes public housing, not shown in distribution.

³ Based on implicit price deflators for consumption expenditures prepared by the National Income Division, Office of Business Economics, Department of Commerce. Deflator for 1962-63 estimated.

⁴ "Other welfare" included with public aid.

⁵ Preliminary estimates.

ing the per capita expenditure figures in table 3, the old-age, survivors, and disability insurance and veterans' payments outside the United States have been excluded.

SOCIAL WELFARE AND ALL GOVERNMENT EXPENDITURES

In 1962-63, social welfare expenditures from public funds represented 38 percent of all government expenditures—Federal, State, and local. This proportion represents a slight decrease from the peak (for recent years) reached in 1960-61. In that year a sharp rise in unemployment insurance expenditures combined with the continuing growth and maturing of old-age, survivors, and disability insurance to bring the proportion to 39 percent (table 4).

A substantial part of all expenditures and of Federal social welfare expenditures in particular represents social insurance benefits. If one looks only at expenditures from general revenues, the picture appears somewhat different. Social welfare expenditures as here defined accounted for 16 percent of total Federal spending from general revenues in 1962-63 and for 55 percent of the total expenditures from the general revenues of State and local governments.

Even though social welfare expenditures have increased substantially in recent years, they represented a smaller proportion of total government spending for all purposes in 1962-63 than in 1928-29 and a much smaller proportion of expenditures

from general revenues. State and local governments, however, were spending a considerably larger proportion of their total revenues for health, education, and welfare in 1962-63 than they did 30 years earlier—whether social insurance expenditures are included or excluded; the increased share going to education is primarily responsible. Indeed, the proportion of State and local government expenditures from general revenues for social welfare purposes other than education was essentially the same in 1961-62 and 1962-63 as in 1928-29 (14 percent in the later years, 15 percent in 1928-29).

Federal expenditures for social welfare purposes, despite their tremendous growth, have been matched or outpaced (depending on whether one includes social insurance or looks only at expenditures from general revenues) by rising expenditures for war, defense, and international activities. In this series, expenditures for veterans are treated as social welfare expenditures. Because veterans' programs accounted for so large a part of all Federal welfare expenditures in 1928-29, if they were classified as defense-related expenditures the remaining social welfare expenditures would represent not a declining but an increasing proportion (from 4 percent to 10 percent) of the Federal general revenue budget.

PRIVATE AND PUBLIC EXPENDITURES

Private expenditures for health, education, and organized income-maintenance and welfare pro-

TABLE 4.—Social welfare expenditures ¹ in relation to government expenditures for all purposes, selected fiscal years, 1928-29 through 1962-63

Item	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63 ²
All social welfare expenditures from public funds:										
Total, as percent of total government expenditures.....	41.0	48.6	47.6	8.3	36.3	31.8	37.4	39.2	38.9	38.5
Federal, as percent of total Federal Government expenditures.....	24.0	49.3	38.1	4.3	24.2	20.7	26.8	28.4	29.2	28.7
State and local, as percent of total State and local government expenditures ³	47.0	47.9	57.2	55.6	60.8	57.2	59.2	60.4	57.5	57.7
Social welfare expenditures from general revenue:										
Total, as percent of total government expenditures from general revenue.....	41.0	47.8	44.8	7.7	32.0	25.5	29.0	30.0	29.7	29.5
Federal, as percent of total Federal Government expenditures from general revenue:										
All programs.....	24.0	48.8	36.4	3.8	21.3	13.2	14.9	15.8	15.9	15.9
Veterans' programs.....	20.0	7.2	6.0	.9	14.8	6.8	6.3	6.3	5.9	5.7
State and local, as percent of total State and local government expenditures from general revenue: ³										
All programs.....	47.0	46.9	53.7	54.9	54.8	53.2	56.1	56.0	54.8	54.8
Education.....	32.0	29.8	29.8	37.4	34.8	38.6	41.4	41.1	40.7	40.3

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

computing percentages.

² Preliminary estimates.

³ Excludes Federal grants-in-aid.

grams amounted to about \$35 billion in 1962-63. A small part of the private expenditures for health and a very small fraction of the private expenditures for education represent the spending of income derived from social insurance benefits. To this extent there is duplication involved if total public and total private expenditures for social welfare are added together. Indeed, private pensions or other benefits may also be spent for medical care or for education. An allowance for this fractional overlap was made in the estimate of total private expenditures cited above. Net public and private expenditures for health, education, and welfare (with the estimated overlap excluded) amounted to an estimated \$100 billion in 1962-63.

Within any of the three groups of expenditures—those for health, those for education, and those for income-maintenance and welfare services—there is no duplication between the public and

the private expenditures. The relative size of public and private expenditures differs substantially in the three major fields.

Health

Preliminary estimates of public and private expenditures for health and medical care in 1962-63 indicate that the total will reach \$33 billion, or 5.8 percent of the gross national product. The aggregate amount of the expected increase is \$2 billion (7 percent) more than the amount spent in 1961-62.

The basic classification of expenditures in the social welfare series is that of the statutory programs. To obtain overall data on expenditures for health and medical care, the amounts spent under health and medical programs must be combined

TABLE 5.—Health and medical care: Private expenditures and expenditures under public programs, selected fiscal years, 1928-29 through 1962-63

Type of expenditures	[In millions]									
	1928-29	1934-35	1939-40	1944-45	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63 ¹
Total.....	\$3,621.5	\$3,138.5	\$3,881.4	\$7,903.9	\$12,151.0	\$17,875.0	\$26,756.4	\$28,874.7	\$30,736.7	\$32,966.1
Private expenditures.....	3,112.0	2,580.0	3,023.0	5,335.0	9,065.0	13,517.0	20,427.0	21,835.0	23,153.0	24,650.0
Health and medical services.....	3,010.0	2,570.0	2,992.0	5,305.0	8,850.0	13,192.0	19,911.0	21,234.0	22,414.0	23,800.0
Direct payments.....	² 2,900.0	² 2,500.0	² 2,900.0	² 4,875.0	7,146.0	9,448.0	13,456.0	13,942.0	14,228.0	14,650.0
Insurance benefits.....					880.0	2,358.0	4,698.0	5,346.0	6,100.0	6,950.0
Expenses for prepayment.....					274.0	596.0	792.0	912.0	1,019.0	1,105.0
Industrial in-plant services.....	30.0	30.0	40.0	90.0	150.0	210.0	265.0	275.0	285.0	295.0
Philanthropy.....	80.0	40.0	52.0	340.0	400.0	580.0	700.0	759.0	782.0	800.0
Medical-facilities construction.....	102.0	10.0	31.0	30.0	215.0	325.0	516.0	601.0	739.0	850.0
Public expenditures.....	509.5	558.5	858.4	2,568.9	3,086.0	4,358.0	6,362.0	7,039.7	7,583.7	8,316.1
Health and medical services.....	410.5	517.3	803.9	2,502.7	2,561.0	3,947.5	5,794.6	6,458.1	7,002.3	7,683.6
General hospital and medical care.....	218.8	231.8	340.5	354.7	914.5	1,217.3	1,952.2	2,202.8	2,140.3	2,242.1
Defense Department facilities.....	29.2	28.0	99.5	1,631.0	315.6	763.4	815.7	848.6	923.9	911.3
Medicare.....							80.0	60.8	71.4	73.0
Veterans' hospital and medical care.....	30.0	56.0	72.1	96.3	585.9	722.6	869.4	935.1	940.9	996.2
Public assistance (vendor medical payments).....					51.3	211.9	492.7	588.9	812.4	1,008.5
Workmen's compensation (medical benefits) ³	25.0	65.0	90.0	122.0	193.0	315.0	415.0	445.0	470.0	500.0
Temporary disability insurance (medical benefits) ⁴					1.4	6.0	16.3	19.6	21.5	25.0
Medical vocational rehabilitation.....		.2	.4	1.4	7.4	9.2	17.7	20.4	22.5	25.5
Maternal and child health services.....	5.0	6.7	13.8	62.0	29.8	92.7	138.8	151.8	173.3	185.4
School health (educational agencies).....	9.0	9.9	17.9	23.3	30.6	65.9	101.0	115.3	129.6	145.0
Medical research.....			3.1	17.0	72.9	138.9	471.2	603.9	811.3	1,017.7
Other public health activities.....	95.7	119.7	116.6	195.0	358.6	404.6	444.6	465.9	485.2	553.9
Medical-facilities construction.....	99.0	41.2	34.5	66.2	525.0	410.5	567.4	581.6	581.4	632.5
Veterans Administration.....	4.0	2.9	14.1	16.2	156.2	33.0	57.5	53.7	52.2	68.1
Defense Department.....	(⁵)	(⁵)	(⁵)	(⁵)	(⁵)	33.0	40.0	44.0	24.0	19.3
Other.....	95.0	38.3	40.4	50.0	368.8	344.5	469.9	483.9	505.2	545.1
Total expenditures as percent of gross national product.....	3.6	4.6	4.0	3.7	4.6	4.7	5.4	5.7	5.7	5.8
Public expenditures as percent of total expenditures.....	14.1	17.8	22.1	32.5	25.4	24.4	23.8	24.4	24.6	25.2
Personal health care expenditures: ⁶										
Total amount.....	3,304.8	2,957.6	3,613.2	7,510.7	10,605.5	15,855.0	23,827.1	25,515.3	26,890.8	28,577.0
Percent from:										
Private expenditures.....	90.5	86.6	82.4	69.5	79.9	78.5	79.5	78.9	78.8	78.7
Direct payments.....	87.8	84.5	80.3	64.9	67.4	59.6	56.5	54.6	52.9	51.3
Insurance benefits.....					8.3	14.9	19.7	21.0	22.7	24.3
Public expenditures.....	9.5	13.4	17.6	30.5	20.1	21.5	20.5	21.1	21.2	21.3

¹ Preliminary estimates.

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

³ Includes medical benefits paid under public law by private insurance carriers and self-insurers.

⁴ Excludes medical benefits paid under public law in California and New York by private insured and self-insured plans; such benefits included in

insurance benefits under private expenditures.

⁵ Data not available.

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

with expenditures for health and medical care under social insurance, welfare, veterans', and school programs. These data are shown in table 5.

The figures on health expenditures in previous years for both the private and public sectors have been adjusted to reflect improvements in methodology and sources of data. Although these adjustments do not materially affect the overall magnitudes of recent years, they do result in substantial revisions in specific categories of expenditures. In the public sector these categories include general hospital and medical care under civilian programs and programs of the Department of Defense, medical research, other public health activities, and construction of Defense Department facilities. In the private sector, revisions for recent years were made in the data on direct payments for health and medical services.

Expenditures from public funds in 1962-63 were almost 10 percent higher than those in the preceding year, increasing from \$7.6 billion to \$8.3 billion. The slight decreases reported in expenditures by the Department of Defense for health and medical services and construction of health facilities were more than offset by the increases in all other categories. As in the 2 preceding years, the most significant gains in the public sector were reported for medical research and for vendor payments for medical care under public assistance. In both categories the increases from 1961-62 amounted to approximately 25 percent.

Expenditures for medical research, as shown in table 5, include amounts spent by all agencies of the Federal and State governments for the conduct and support of medical and health-related research. These expenditures exclude support of

TABLE 6.—National expenditures for performance of medical and health-related research, by source of funds, fiscal years, 1959-60 through 1962-63

[In millions]

Source of funds	1959-60	1960-61	1961-62	1962-63 ¹
Total.....	\$834	\$1,039	\$1,290	\$1,550
Government.....	471	604	811	1,018
Federal.....	448	574	774	973
State and local.....	23	30	37	45
Industry.....	250	311	345	390
Private support.....	113	124	134	142
Foundations and health agencies.....	68	72	77	80
Other private contributions.....	12	15	18	21
Endowment.....	19	19	19	19
Institutions' own funds.....	14	18	20	22

¹ Preliminary estimates.

Source: Resources Analysis Branch, Office of Program Planning, National Institutes of Health.

TABLE 7.—Public expenditures for health and medical care, by source of funds, selected fiscal years, 1934-35 through 1962-63

Fiscal year	Amount (in millions)			Percent of total	
	Total	Federal	State and local	Federal	State and local
1934-35.....	\$558.5	\$112.1	\$446.4	20.1	79.9
1939-40.....	858.4	251.6	606.8	29.3	70.7
1944-45.....	2,568.9	1,895.5	673.4	73.8	26.2
1949-50.....	3,086.0	1,340.7	1,745.3	43.4	56.6
1954-55.....	4,358.0	1,971.7	2,386.2	45.2	54.8
1955-56.....	4,757.8	2,082.8	2,674.9	43.8	56.2
1956-57.....	5,244.9	2,277.9	2,966.9	43.4	56.6
1957-58.....	5,591.5	2,527.6	3,063.9	45.2	54.8
1958-59.....	6,116.8	2,777.8	3,339.0	45.4	54.6
1959-60.....	6,362.0	2,917.1	3,444.9	45.8	54.1
1960-61.....	7,039.7	3,244.0	3,795.8	46.1	53.9
1961-62.....	7,583.7	3,678.6	3,905.1	48.6	51.5
1962-63 ¹	8,316.1	4,156.7	4,159.4	50.2	50.0

¹ Preliminary estimates.

such activities as research training or capital outlays for research facilities. Current reporting of total medical research expenditures represents a slight departure from that of previous years; it now includes the amounts spent for medical research under the maternal and child health and vocational rehabilitation programs. The data on Federal medical research expenditures have been revised by the National Institutes of Health to include, beginning 1946-47, research expenditures that are directly related to health although financed from funds appropriated for other than medical or health objectives.¹

Public funds, amounting to more than \$1 billion in 1962-63, now support almost two-thirds of all medical and health-related research. In the private sector, research funds are not shown separately. Part of the expenditures shown for philanthropic purposes is allocated to research. Research expenditures by pharmaceutical, medical supply, and medical electronic industries are excluded from table 5 since they are presumably included in the costs of the products (drugs, supplies, and equipment) and are therefore reflected in the direct payments and insurance. Table 6 shows the Nation's expenditures during the past 4 years for all medical and health-related research by source of funds, including amounts spent by industry.

In 1962-63, half the funds for government expenditures for health and medical care came

¹ See National Institutes of Health, Office of Program Planning, Resources Analysis Branch, "Federal Support for Medical and Health-Related Research, 1947-64," *Resources for Medical Research* (Report No. 4), August 1963.

from Federal sources; the remainder was from State and local funds. Current expenditures from Federal funds accounted for a higher share of the total spent for health and medical care than in any other year since the war. During the war years the Federal share was very high—almost three-fourths of the total—but from the end of the war to 1960–61 it fluctuated between 43 percent and 46 percent (table 7). The increase in the past 2 years resulted largely from the rise in public assistance vendor payments and in medical research expenditures.

Private health expenditures in 1962–63 are estimated to be \$24.7 billion, or three-fourths of the total spent for health and medical care. Included are direct payments by consumers, insurance benefit expenditures and the net cost of providing health insurance services, industrial in-plant health services, philanthropic expenditures for health purposes, and private funds going into construction of medical facilities. The 1962–63 estimates for most of the private sector are projected on the basis of actual expenditures for the calendar year 1962, which will be reported in detail in the December BULLETIN.

On the basis of present estimates, private expenditures in 1962–63 showed an increase of 6.5 percent, in comparison with 9.7 percent in the public sector. Insurance benefits, amounting to almost \$7 billion in 1962–63, increased 13.9 percent, approximately the same rate of growth reported for each of the preceding 5 years. Direct payments, amounting to \$14.7 billion, rose only 3.0 percent, indicating that health insurance benefits are continuing to cover an increasing share of the private consumer expenditures for health and medical care.

If expenditures for medical-facilities construction, medical research, general public health activities, fund-raising costs of private philanthropy, and the expenses of operating prepay-

ment plans are omitted, the remaining expenditures represent those spent for personal health care. Expenditures for this purpose amounted to \$28.6 billion, or 86.8 percent of total health expenditures in 1962–63. Public funds accounted for 21.3 percent of personal health care expenditures for the current year, compared with 9.5 percent in 1928–29. Health insurance benefits, almost nonexistent in 1928–29, covered almost a fourth—24.3 percent—of these expenditures in 1962–63. Direct payments by consumers met slightly more than half of such costs in the later year, compared with 88 percent in 1928–29.

Education

The trend of the past decade continued in 1962–63, when about four-fifths of all expenditures for education came from public funds. The proportion remains the same whether one considers both current and capital outlays or current expenditures only.

Another decade-long trend has continued within the public sector. Although both Federal and State-local current expenditures have risen steadily on all educational levels, a growing proportion of Federal current expenditures is devoted to higher education, and State-local current expenditures remain almost entirely devoted to elementary and secondary education. Furthermore, Federal expenditures for higher education are now equal to more than half the amounts spent for this purpose by State and local governments.

Expenditures for education can be defined in several ways. Until very recently the Office of Education's definition of Federal expenditures for education differed substantially from that used in the social welfare expenditure series. The Office of Education has included some expenditures that are classified under other headings in the series.

TABLE 8.—Public expenditures for education, by educational level, selected fiscal years, 1949–50 through 1962–63

(Amounts in billions)

Purpose of expenditures	1949–50		1954–55		1959–60		1962–63	
	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Federal Government expenditures:								
Elementary and secondary education.....	\$68	41	\$202	54	\$405	49	\$549	35
Higher education and other.....	96	59	174	46	423	51	1,001	65
State and local government expenditures:								
Elementary and secondary education.....	4,668	89	7,508	89	12,404	89	15,700	89
Higher education and other.....	562	11	919	11	1,541	11	1,850	11

The largest of these expenditures are veterans' educational benefits, shown in table 1 under the veterans' program, and those for the school lunch program, shown under "other welfare." The Office of Education compilations have also included some items that were omitted entirely from the social welfare series, such as rural library services, agricultural extension services, promotion of apprenticeship and training in industry, and international educational projects.

TABLE 9.—Expenditures for education, selected fiscal years, 1949-50 through 1962-63

[Amounts in millions]

Program	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63 ¹
Total amount.....	\$10,978	\$14,376	\$22,262	\$23,983	\$25,886	\$27,802
Public expenditures.....	9,388	11,998	18,337	19,707	21,214	22,758
Current.....	8,053	9,437	15,073	16,231	17,632	19,052
Elementary and secondary ²	4,706	7,644	12,704	13,657	14,858	16,104
Higher education other than veterans'.....	658	1,093	1,964	2,321	2,621	2,851
Veterans'.....	2,689	700	405	253	153	97
Construction.....	1,335	2,561	3,264	3,476	3,582	3,706
Elementary and secondary.....	1,019	2,362	2,869	3,105	3,172	3,279
Higher education.....	316	199	395	371	410	427
Private expenditures.....	1,590	2,378	3,925	4,276	4,672	5,044
Current.....	1,308	1,868	3,380	3,697	4,069	4,420
Elementary and secondary.....	507	818	1,498	1,617	1,751	1,898
Higher education.....	801	1,050	1,882	2,080	2,318	2,522
Construction.....	282	510	545	579	603	624
Public expenditures as percent of:						
Total expenditures.....	85.5	83.5	82.4	82.2	82.0	81.9
Current expenditures.....	86.0	83.5	81.7	81.4	81.2	81.2
Elementary and secondary.....	90.3	90.3	89.5	89.4	89.5	89.5
Other.....	80.7	63.1	55.7	55.3	54.5	53.9
Construction.....	82.6	83.4	85.7	85.7	85.6	85.6

¹ Preliminary estimates.

² Excludes school health expenditures, which are included under "public health and medical services." Includes Federal expenditures for operating costs of schools in the Canal Zone, most of which should be omitted since part of these costs are included elsewhere and the U.S. Treasury is reimbursed from private funds for part of them; in 1962-63, these costs amounted to about \$5.9 million, but separate data are not available for earlier years. (See text for more complete explanation.)

The resulting differences in the aggregate estimates have caused considerable confusion. For the past 2 years, staff in the Office of Education and the Social Security Administration have worked together in an attempt to establish common or more easily reconcilable definitions and estimates. Out of their efforts has come a new plan. In its future compilation, the Federal Programs Branch of the Office of Education will group its data in two main categories: (1) Federal funds supporting education in educational institutions, exclusive of payments for services rendered to the Federal Government—a category subdivided into "grants" and "loans"—and (2) supplementary expenditures for education. The

second category includes such items as the school lunch program shown under "other welfare" in the social welfare series and the several types of expenditure that have been and continue to be omitted from that series.

Data given in the social welfare series for Federal expenditures for education, plus veterans' educational benefits, now differ only slightly from Office of Education data on grants for basic educational expenditures. A few items in the Office of Education series are still classified under other headings in the social welfare series: under health, the training of public health personnel (\$4.9 million in 1962-63); under unemployment insurance and employment security, the vocational testing of high school seniors (\$6.9 million); under public assistance and other child welfare services, the inservice and educational leave expenditures of the Bureau of Family Services and the Children's Bureau (\$3.2 million); and under "other welfare," the bus transportation of Federal dependents (\$550 million). The social welfare series includes expenditures for the education of Federal military and civilian personnel at military academies and elsewhere (\$83.0 million), which the Office of Education includes in its supplementary category. To be consistent, moreover, with the treatment of other programs, the social welfare series includes the cost of administering the Office of Education, which is omitted entirely from their data. Finally, the social welfare series omits the value of surplus property transferred to educational institutions (\$95 million in 1962-63).

Review of the definitions used by the Office of Education and the social welfare series has uncovered one other minor discrepancy. The Office of Education data include Federal expenditures for the operating costs of elementary and secondary schools in the Canal Zone (about \$5.9 million in 1962-63). It is required by law, however, that from their receipts the Canal Zone Government and the Panama Canal Company reimburse the United States Treasury for the full cost of school operation. Moreover, part of the funds used by the Canal Zone Government for such reimbursement comes from payments made by several Federal agencies for the education of their employees' dependents in Canal Zone schools. The largest of these agency payments, that of the Defense Department, is already included in the data of both

the Office of Education and the social welfare series.

This duplication and the unusual reimbursable character of the initial Federal expenditure are acceptable to the Office of Education because their definition calls for including all amounts initially obligated by the Federal Government. (According to a similar rationale, the Office of Education includes Federal loans under "Federal funds supporting education.") Because of the duplication, however, and because the initial Federal expenditure is neither a "grant" nor a "loan" but a "reimbursable obligation," the entire cost of public school operation in the Canal Zone should be and in the future will be omitted from amounts reported in the social welfare series. No adjustment has been made at this time because data for earlier years are incomplete. All other changes in the definitions used in this series are reflected, for the first time, in tables 1 and 9. With the help of the Office of Education, totals have been revised for all years shown.

Income-Maintenance and Other Social Welfare Programs

It is not possible to measure aggregate expenditures for income security in the same way one measures total expenditures for education or for health. Retired persons, disabled earners, and widows and orphans have sources of support—private savings and investments, help from relatives and friends—that are not identifiable in any statistics of total income flows. The total spent under organized income-maintenance and welfare programs, however, can be measured.

In recent years, private employee-benefit plans have developed rapidly. In 1962-63 they paid cash benefits—excluding all health insurance benefits—of about \$4.8 billion. About \$2.3 billion represented pensions for retired workers; \$1.5 bil-

TABLE 10.—Expenditures from public and private funds for organized income-maintenance and welfare service programs, selected fiscal years, 1949-50 through 1962-63

(Amounts in millions)

Source of funds	1949-50	1954-55	1959-60	1960-61	1961-62	1962-63 ¹
Total amount (excluding expenditures for health).....	\$12,136	\$18,537	\$31,922	\$36,109	\$39,069	\$41,208
Public expenditures.....	10,486	15,792	27,239	31,026	33,476	35,177
Social insurance.....	4,678	9,510	18,839	21,883	23,745	24,938
Veterans' programs.....	2,946	2,908	3,744	4,018	4,190	4,446
Public assistance and other welfare programs..	2,862	3,374	4,706	5,124	5,541	5,793
Private expenditures.....	1,650	2,745	4,683	5,083	5,593	6,031
Employee-benefit plans....	965	1,895	3,545	3,920	4,375	4,775
Philanthropy.....	685	850	1,088	1,163	1,218	1,256
Percent of total:						
Public expenditures.....	86.4	85.2	85.5	85.9	85.7	85.4
Private expenditures.....	13.6	14.8	14.5	14.1	14.3	14.6

¹ Preliminary estimates.

lion, group life insurance; \$925 million, temporary sickness benefits or paid sick leave; and \$100 million, supplementary unemployment benefits. In addition, employee-benefit plans financed almost three-fourths (\$6.0 billion) of the health insurance costs—benefits plus expenses of prepayment—included above as health expenditures.

Relatively little of the money spent by private welfare agencies now takes the form of cash payments to recipients; most of it is used to provide services. In 1962-63, private philanthropic contributions used for such welfare services as institutional care, family counseling, recreation and day-care services, and emergency relief are estimated to have been a little less than \$1.3 billion.

Table 10 shows the amounts spent from public and private funds for organized income-maintenance and welfare service programs in recent years. When consideration is limited to "guaranteed" cash benefits—social insurance, veterans' service-connected pensions, and cash payments under private employee-benefit plans—it is found that in 1949-50 the public programs accounted for 92 percent of total expenditures and in 1962-63 for 88 percent.