

Predictably, the Department of Health, Education, and Welfare reported more than half of all expenditures by Federal departments and agencies in fiscal 1965 for human resources programs. The Department total exceeded \$23 billion.

As table 5 indicates, six other agencies each reported more than \$1 billion. With the Department of Health, Education, and Welfare, they accounted for 96.5 percent of all reported outlays for human resources programs.

Two-thirds of the outlays are for purposes designated in national income accounts as transfer payments—expenditures which constitute personal income to the recipients but are counted in the total of the gross national product only as they are spent by the recipients. Federal Government transfer payments are chiefly for old-age, survivors, and disability insurance benefits, veterans' compensation and pensions, annuities for retired Government personnel and their families, and unemployment insurance benefits. Until the Department of Commerce revised the national income and product accounts in 1965, "transfer payments to persons" included Government payments and corporate gifts to nonprofit institutions; now, however, Government payments to nonprofit institutions to finance research and development are classified in national income and product accounts as Government purchases of goods and services.¹⁰

Almost all Federal Government transfer payments were in the human resources programs—\$29.3 billion in a Government-wide total of \$30.3 billion for fiscal 1965.¹¹

Purchases of goods and services, as identified in the responses in this survey, exceeded \$8 billion, approximately 18 percent of Federal expenditures in human resources programs. Most of this is for personal services, but a subdivision between salaries and wages and other goods and services is provided in only a few of the agency responses. The Department of Defense reported the largest volume of purchases of goods and services in human resources programs—\$3,677 million. Of this sum, \$2,259 million was for wages and salaries and \$1,418 million for other procurement. The Veterans' Administration was second, with \$1,578 million, of which \$983 million was for wages and salaries.

The \$8 billion for purchases of goods and services in human resources programs was barely one-eighth of the Government total of \$64.5 billion for this category.

The total for human resources programs includes \$6.1 billion of grants to State and local governments. Nearly 75 percent of these payments are reported by the Department of Health, Education, and Welfare. Ten other departments and agencies contributed to the remainder.

Grants to State and local governments in these programs were 56 percent of the Federal Government total of \$10.9 billion. Nearly all other grant payments were for highways and other construction.

In national income and product tables, Federal grants to State and local governments are reported as a subdivision of Federal Govern-

¹⁰ U.S. Department of Commerce, Office of Business Economics, National Income, 1954 edition (a supplement to the Survey of Current Business, 1954), p. 60; and Survey of Current Business, August 1965, pp. 13-14. See also *ibid.*, The National Income and Product Accounts of the United States, 1929-65, Statistical Tables (A Supplement to the Survey of Current Business, 1966), pp. viii, ix.

¹¹ For budget totals on the national income basis, see the Budget of the U.S. Government for the fiscal year 1967 (January 1966), p. 379.