

and only 6 percent of those living in suburban areas received it. The patterns of recipient rates by type of place of residence for aid to the blind and aid to the permanently and totally disabled were found, in the 1962 studies of those two programs, to be very similar to the pattern for OAA.

10. *Economic classification of program expenditures.* (See table 2.)

Program: Grants to States for public assistance.

Department or agency, and office or bureau: Department of Health, Education, and Welfare; Welfare Administration; Bureau of Family Services.

TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

[In millions of dollars]

Federal Government: Grants to State and local governments.....	3, 179. 5
Total Federal expenditures.....	¹ 3, 179. 5
Non-Federal expenditures financed by: State and local governments....	2, 261. 8
Total expenditures for program.....	5, 441. 3

¹ Represents expenditures for the fiscal year 1965. Federal expenditures in the fiscal year 1965 were \$3,059.5 million. See "Appendix to the Budget for Fiscal Year 1967," pp. 507 and 508.

(Appendixes I–VII on grants to States for public assistance follow.)

APPENDIX I

PUBLIC ASSISTANCE: FACTORS UNDERLYING NET INCREASE IN FEDERAL FUNDS BETWEEN FISCAL YEARS 1950 AND 1964

In 1964 the Federal share of public assistance costs amounted to more than \$2.9 billion (\$2,941,656,000) or 59.7 percent of the total expended for the federally aided categories. Fourteen years earlier, the Federal Government contributed only \$1.1 billion or 51.6 percent of the total costs of such programs. Thus both the total amount and the rate of Federal financial participation have gone up substantially within the 14-year period.

Of the increase of \$1.8 billion (\$1,845,869,000) in the Federal amount, all but about \$105 million can be attributed to Federal legislation that established new programs and services or changed the formulas for computing the Federal share of assistance.

Of the total increase of \$1.8 billion, more than five-eighths (64 percent) was for programs or services that have been established under successive amendments to the Social Security Act. The costs for these new services and programs were \$1,174 million in 1964 (line 2, col. 1 of table below).

The rest of the increase—\$671.9 million (line 3)—represents the rise over the 14-year period in the costs of programs and services that were in operation in both 1950 and 1964. During this period, the number of old-age assistance recipients declined because most older people now receive insurance benefits; and the number of children assisted rose primarily because of the increase in the child population. The net effect of fewer old-age assistance recipients and more child recipients was a decline of \$26.1 million (line 3A) in total costs due to changes in the number of recipients. This decline of \$26.1 million offset in part the increase of \$698 million (line 3B) that was required to finance higher average payments per recipient in 1964.

All but an estimated \$135 million of the increase of \$698 million for the rise in average payments was the result of congressional liberalizations in the formula for computing the Federal share of assistance payments. Of the total increase of \$698 million (line 3B), about \$326.1 million (line 3B1) was needed to keep up with the rise in cost of living. The balance of \$371.9 million (line 3B2) represented amounts available for actual increases in allowances for food, clothing, and shelter.

A brief explanation of the factors underlying changes in Federal funds for assistance payments for the programs of old-age assistance, aid to families with dependent children, and aid to the blind and in the Federal share of State and local administration for all programs combined follows.