

Old-age assistance.—The increase of almost \$261 million (line 1, col. 5) in expenditures from Federal funds for assistance payments represents the net effect of a rise of \$449 million (line 3B) because of an increase in the Federal amount per recipient and a decrease of \$188 million (line 3A) as a result of a drop in the number of recipients. The change in the Federal amount per recipient was due almost entirely to congressional changes in the formula for computing the Federal share of assistance payments. The decrease due to a decline in the number of recipients reflects primarily a sharp drop in the proportion of the aged population receiving assistance as a result of the expansion of the number of persons getting OASI benefits.

In order to estimate the separate effects on the old-age assistance program of (1) growth in the population and (2) change in recipient rate (number of recipients per 1,000 aged persons in the population), it is necessary to examine: (a) What would have happened to Federal expenditures if only the increase in population had occurred and there had been no change in the recipient rate between 1950 and 1964; and (b) what would have happened to Federal expenditures if only the recipient rate had changed and there had been no change in the population between 1950 and 1964.

Our calculations show that given the circumstances under (1) above, costs would have risen by \$377 million (line 3A1), and under (2) above they would have gone down by \$565 million (line 3A2). The net effect of the \$565 million decrease due to a drop in recipient rate and the \$377 million increase as a result of the growth in the aged population was a decrease in costs of \$188 million (line 3A).

The increase in the Federal amount per recipient between 1950 and 1964 resulted in an increase of \$449 million (line 3B). Part of this increase helped the States to meet the rise in the cost of living (line 3B1), and the rest enabled them to improve their assistance standards (line 3B2).

Aid to families with dependent children.—Between 1950 and 1964 Federal funds for assistance payments for the same program coverage and services as in 1950 went up \$330 million (line 1, col. 6). Included in this amount are increases of \$162 million (line 3A) for a rise in the number of children receiving assistance and \$168 million for a higher Federal amount per recipient.

An examination of the effect of the growth of the child population and the increase in recipient rate is given below.

1. If only the child population had gone up between 1950 and 1964 and there had been no change in the recipient rate between the 2 years, Federal costs would have risen by \$106 million (line 3A1).

2. If only the recipient rate had gone up and there had been no change in the child population between 1950 and 1964, Federal funds would have gone up by \$56 million (line 3A2). As a result of the combined effect of the rise in the recipient rate and the increase in the child population, the cost due to change in recipients went up by \$162 million (line 3A).

The increase in the Federal share of the average monthly payment amounted to \$168 million. Of this total, \$117 million (line 3B1)—about seven-tenths—was needed to keep up with the rise in the cost of living; and \$51 million was available to raise assistance standards.

Aid to the blind.—The rise of almost \$14.5 million (line 1, col. 7) in expenditures from Federal funds reflects a decrease of about \$0.6 million (line 3A) as a result of the change in number of recipients and \$15.1 million (line 3B) in the Federal amount per recipient.

The effect of an increase in the population 18 or more years of age and a decline in the proportion of that population that received assistance can be analyzed separately. It is necessary to examine (1) what would have happened to Federal funds if only the population 18 or more years old had risen and there had been no change in the recipient rate between 1950 and 1964; and (2) what would have happened to Federal expenditures if only the recipient rate had gone up and there had been no change in the population between 1950 and 1964.

Our calculations show that given the circumstances under (1) above, Federal funds would have gone up by \$4.5 million (line 3A1), and under (2) above they would have gone down by \$5.1 million (line 3A2). The decrease in cost because of the decline in recipient rate was more than sufficient to offset the increase due to population growth, and there was a net decrease of \$0.6 million.

The rise in the Federal share of assistance payments amounted to \$15.1 million (line 3B). About two-fifths of this increase—\$6.5 million (line 3B1)—was needed to keep up with the rise in the cost of living. The remainder of \$8.5 million (line 3B2) represented real increases in the amounts for items included in the budget for recipients.