

ing for expenditure growth are more or less "built in"—population size and age distribution while (2) others represent "policy" decisions—service quality.

Many of the variables influencing the postwar expenditure upsurge will continue to operate with approximately the same force as in the past. Others will tend to accelerate spending. Some, however, will act as decelerators. *A major restraining element is the outlook for population trends, influenced by the declining birth rate since the late 1950's. This drop, by holding rates of growth in total population below those of the 1950's, will tend to reduce pressures for larger governmental spending. Much more important, however, is the concomitant effect of the resulting population age distribution on expenditure levels, notably education and welfare.*

TABLE 2.—STATE AND LOCAL GENERAL EXPENDITURES, ACTUAL AND PROJECTED, FISCAL YEARS 1955-75

[Dollar amounts in billions]

Function	Actual amount		Projected, 1975	Increase	Percent change	
	1955	1965			1955-65	1965-75
Total, general expenditures.....	\$33.7	\$75.0	\$142.0	\$67	+123	+89
Education.....	11.9	29.0	52.9	22	+144	+83
Highways.....	6.5	12.2	16.6	4	+89	+36
Public Welfare.....	3.2	6.3	17.1	11	+99	+170
Health and hospitals.....	2.5	5.4	10.6	5	+112	+97
All other.....	9.7	22.1	44.8	22	+128	+103

Source: Actual data from U.S. Department of Commerce, Bureau of the Census. Computations and projections by Tax Foundation.

Policy decisions, as distinct from automatic or built-in forces, have the predominant role among factors tending to accelerate spending rates for some functions, notably public welfare.

Some reallocations of funds among the major functions is foretold in the projections. In particular, further growth in local school spending will be tempered by a slackening in enrollments. The two largest functions—education and highways—are expected to grow at an appreciably less rapid pace. (But operating cost the per pupil would go from \$490 to \$852.) Funds would be "freed up" for larger rates of increase in the remaining functions. The most dynamic growth areas appear to be public welfare, health and hospitals, and a variety of functions grouped under miscellaneous. As before, education will remain the most costly function and will continue to call for the largest dollar increases.

Education

Schools and colleges now enroll more than a quarter of the nation's population. The vast majority—49 million—are in state and local institutions. These institutions made notable achievements in the postwar period, and costs mounted rapidly. A relaxation in enrollment pressures in the next decade is expected to exert a moderating influence on future spending trends. Outlays of \$52.9 billion projected for 1975 represent an increase of 83 percent in the next ten years, in comparison with a 144 percent rise during the past decade.

Relatively slow increases in enrollments in local schools are in prospect between 1965 and 1970; thereafter a *decline* of some 1.2 million students is anticipated by 1975. For the decade, enrollment gains will average out at 162 thousand per year, in contrast with the experience of the 1955-1965 period, when additions averaged 1,187 thousand a year. With per-pupil standards rising as in the first half of the 1960's, operating costs per pupil would reach \$852 by 1975, about three-quarters higher than in 1965. The operating (non capital) outlay per pupil would *increase* \$362 as compared with \$216 from 1955 to 1965. *Capital outlays* from 1965-74 would total almost *twice* those from 1955-64 in constant dollars.

Expenditures for institutions of higher education are projected to grow more rapidly than for public schools, but also at rates below those of the past decade. Outlays are projected at \$14 billion by 1975, or about 140 percent above 1965. Current expenditures per full-time student are estimated to increase by about three-fifths—from \$1,593 in 1965 to \$2,558 by 1975.

Public welfare

Public welfare is the third ranking category among state and local government functions, but welfare spending in the postwar period has proceeded at a slower