

## SUMMARY OF GOVERNMENTAL FINANCES IN 1960

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GOVERNMENTAL FINANCES IN  
THE UNITED STATES 1960GOVERNMENTS DIVISION  
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Taxes collected by all governments in the United States--Federal, State, and local--in their fiscal years that ended during 1960 amounted to \$113.4 billion, as compared with the 1959 total of \$99.6 billion. Tax revenue of State and local governments was up 12.5 percent, to \$36.4 billion in fiscal 1960 compared with \$32.4 billion the previous year. Federal tax revenue rose even more sharply, from \$67.3 billion in fiscal 1959 to \$77.0 billion in fiscal 1960.<sup>1</sup> Fiscal 1960 tax yields were equal to \$630 per capita.

Taking account of all other revenue sources as well as taxes, governmental revenue in the fiscal year 1960 totaled \$154.4 billion. This sum was up \$20.5 billion from the 1959 total of \$133.9 billion.

Governmental expenditure totaled \$151.7 billion in fiscal 1960, or \$5.9 billion more than the \$145.7 billion spent in the previous year.

Indebtedness of all governments at the end of their 1960 fiscal years totaled \$356.1 billion. More than four-fifths of this was accounted for by the Federal public debt, amounting to \$286.3 billion at the end of the Federal fiscal year (June 30, 1960), or \$1.6 billion more than a year before. The Federal figures do not include guarantees of non-Federal credit obligations nor nonguaranteed obligations of Federal agencies. State and local government indebtedness rose \$5.6 billion during the fiscal year 1960 to a record total of \$69.8 billion.

Fiscal 1960 financial totals for local governments presented herein are preliminary (see "Sources and Procedures," below). The forthcoming report, Governmental Finances in 1960, will supply revised nationwide estimates for local governments, and estimated State-by-State data on State and local government finances in fiscal 1960.

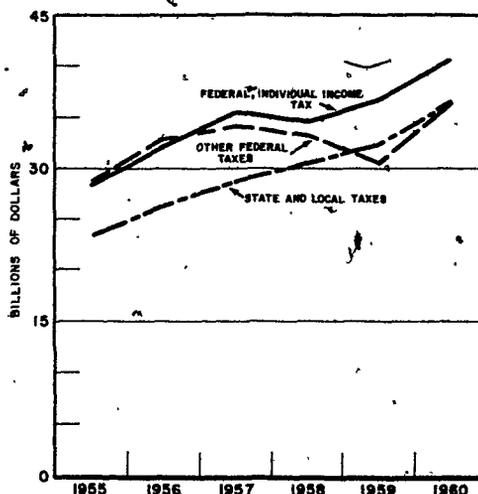
Figures cited for 1959 and 1958 are from the Bureau of the Census reports on "Governmental Finances" for the years specified. Nationwide totals for earlier years appear in Historical Summary of Governmental Finances in the United States (Vol. IV, No. 3, of the 1957 Census of Governments).

## REVENUE BY SOURCE

Governmental revenue, as defined for this report, consists of all receipts of governments from external sources, net of refunds and other correcting transactions, other than from borrowing and liquidation of financial investments. With some relatively minor exceptions, internal transfers from fund to fund are excluded, and aggregates for groups of governments exclude intergovernmental transactions between the governments involved. Since government is defined to include all public agencies, corporations, and funds, the revenue total includes amounts of revenue (on a gross basis) of governmental enterprises and trust funds.

Local governments obtained \$27.6 billion directly from their own revenue sources in fiscal 1960, and the States' own sources yielded \$26.1 billion. These sums together represented 35 percent of all governmental revenue, with Federal revenue accounting for the other 65 percent. A somewhat different distribution appears if allowance is made for intergovernmental transfers, which in 1960 provided State and local governments with nearly \$7.0 billion

Fig. 1-- FEDERAL, STATE, AND LOCAL TAX REVENUE: 1955 TO 1960



from the Federal Government, and involved \$9.3 billion of State payments to local governments as well as a relatively minor amount of local-to-State payments. In terms of the final recipient level, public revenue in 1960 was available as follows: three-fifths to the Federal Government, 24 percent to local governments, and 15 percent to the States.

#### General Revenue

**Taxes.**--Of tax revenue totaling \$113.4 billion in fiscal 1960, the Federal Government collected \$77.0 billion. The other 32 percent of all taxes was collected nearly equally by local governments (\$18.4 billion) and the States (\$18.0 billion). Federal tax revenue amounted to \$428 per capita, and State and local taxes were equal to \$202 per capita.

As is evident from table 1, there are marked differences in tax structure among the three levels of government. The Federal Government relies primarily on income taxes: in 1960, the individual income tax supplied about 53 percent of all Federal tax revenue, and the corporation income tax almost 28 percent. The property tax is the principal revenue source for local governments, and in fiscal 1960 yielded 87.5 percent of all their tax revenue. No one type of tax is so predominant for the States. However, sales and gross receipts taxes--including not only those of general application, but also selective taxes on sales of motor fuel, liquor, tobacco products, and other particular commodities or services--altogether provided nearly three-fifths of all State tax revenue in 1960.

**Charges and miscellaneous general revenue.**--Nontax general revenue of governments mainly consists of "current charges"--i.e., amounts received for performance of specific services benefiting the person charged and from sales of commodities and services other than from utility and liquor stores sales. Charges for services are reported here on a gross basis without offset for cost of producing or buying the commodities or services sold.

For the Federal Government, the total of \$8.1 billion received as charges for services in the fiscal year 1960 covers numerous items of a highly diverse nature, including \$3.3 billion of postal receipts, and about \$2.7 billion from sales (other than to Federal agencies) by the Commodity Credit Corporation (i.e., the bulk of the amount shown as charge revenue for "natural resources" in table 1). Also included are rental receipts from Federal housing projects; insurance premiums for housing insurance; reimbursement of appropriation from proceeds of sales; charges for subsistence and quarters collected from government personnel;

advances from foreign governments for purchase of military and other supplies, equipment, and services; and many other items.

State and local general revenue from current charges totaled \$5.3 billion in 1960 and was distributed by function as shown in table 1.

Of the \$5.2 billion of charges and miscellaneous revenue that came from sources other than "current charges," \$1.5 billion represented interest earnings, \$369 million was collected by local governments through special assessments for public improvements, \$289 million was from the sale of real property, and the remaining \$3.0 billion was from miscellaneous sources (fines, forfeits and penalties, royalties, donations, unclaimed moneys) and amounts not allocable by specific source.

General revenue from interest earnings consists of interest on governmental loans and on securities held by governments, other than such investments held as assets by employee-retirement and social-insurance funds. (See discussion under "Insurance trust revenue," below.) As indicated by table 10, a major portion of all investments of State and local governments is in the form of interest-bearing Federal securities and securities of State and local governments, including those of the investing government. The Federal Government also holds large amounts of its own securities, as well as a relatively minor amount of securities issued by State and local governments. Therefore, a significant portion of gross governmental revenue from interest is received from governments, rather than from other sectors of the economy. Nevertheless, in the data shown in this report for general revenue from interest earnings, no reduction of gross amounts has been made on account of transactions between different governments. Neither has it been possible to exclude, as to State and local governments, interest earned on account of formal debt obligations held by funds or agencies of the issuing government itself. However, the Federal amount of general interest earnings, as reported, is net of all internal interest transactions of the Federal Government.

#### Utility and Liquor Stores Revenue

Sales receipts of State and local liquor stores and local water, electric, gas, and transit utilities amounted to \$4.8 billion in 1960. Such revenues are, of course, largely offset by the cost of purchasing or producing the commodities and services sold, and only any net excess of sales revenue over the cost of producing this revenue would be available for financing other types of governmental services. As indicated by table 7, local expenditure for utility purposes (including, it may be noted, capital outlays and interest on utility debt, as well as current operation-expenditure) was somewhat more than

the total of local utility revenue. For both State-operated and locally operated liquor stores, sales revenue exceeded expenditure in 1960 (see tables 1 and 2).

#### Insurance Trust Revenue

The external transactions of governments with respect to social insurance and employee-retirement systems are shown in this report under the headings "insurance trust revenue" and "insurance trust expenditure." These headings cover amounts for the Federal system of Old Age, Survivors, and Disability Insurance and for systems relating to unemployment compensation, employee retirement, workmen's compensation, and the like.

In the fiscal year 1960, insurance trust revenue altogether amounted to \$17.6 billion. This total includes \$16.8 billion of contributions from employers and from employees and other ultimate beneficiaries, and \$0.8 billion of earnings on investments of insurance trust systems administered by State and local governments.

Federally administered insurance trust systems also received \$1.2 billion as earnings on their investments during fiscal 1960 (as shown by exhibit data in table 8). However, since these earnings are entirely from investments in Federal securities, they are classed as intragovernmental transactions and excluded from Federal revenue data here--with a corresponding exclusion from reported amounts of Federal expenditure for interest. Although some portion of the earnings of insurance trust systems of State and local governments comes from investments in securities issued by the parent government, no adjustment on this account has been made in arriving at the data shown in this report.

Insurance trust revenue, as reported herein, excludes contributions from governments to insurance funds they administer. However, to the extent that particular governments make payments as employers to insurance trust systems administered by other governments--for example, employer contributions by State and local governments to the Federal Old Age, Survivors, and Disability Insurance System, and local government payments into State-administered employee-retirement systems covering their employee--such amounts are included here, without special treatment, in the "revenue from contributions" of the various systems affected.

Table 8 shows a distribution of insurance trust revenue, by source and by insurance program, together with data on insurance trust expenditure. It may be noted that, although the U. S. Treasury serves as a depository for State unemployment compensation fund balances,

Federal transactions arising out of this relationship are treated as fiscal agency transactions and are omitted from the Federal finance statistics shown herein.

#### EXPENDITURE BY CHARACTER AND OBJECT

As shown in this report, governmental expenditure consists of all amounts paid out by governments to individuals or external agencies (net of recoveries and other correcting transactions) other than for retirement of debt; investment in financial assets, or extension of loans. With some relatively minor exceptions, internal transfers from fund to fund are excluded, and aggregates for groups of governments exclude intergovernmental transactions between the governments involved. Since government is defined to include all public agencies, corporations, and funds, the government expenditure total includes--on a gross basis--payments to the public by governmental enterprises and trust funds.

Governmental expenditure totaled \$151.7 billion in fiscal 1960. Direct expenditure of the Federal Government accounted for \$90.3 billion, direct expenditure of State governments totaled \$22.3 billion, and that of local governments, \$39.1 billion. These are expenditure amounts for "own purposes" of each level of government. Federal Government direct expenditure in 1960 was 3.6 percent above the 1959 level and direct expenditure of local governments was up 8.6 percent. State direct spending declined slightly, reflecting a sharp drop in insurance trust expenditure in 1960 from the 1959 record high.

In 1960, the Federal Government disbursed, in addition to its direct expenditure, \$7.0 billion in payments to State and local governments; the State governments paid \$9.3 billion to local governments; and the local governments reported about \$0.2 billion of payments to the States.

When the net total of public spending in the fiscal year 1960 is considered in terms of the final governmental level concerned--i.e., in terms of direct expenditure--the Federal part amounts to three-fifths; the local share, 26 percent; and the State portion, 15 percent. However, taking account of intergovernmental transfers and making a distribution in terms of the financing level of government, the proportions amount to: Federal, 64 percent; local governments, over 19 percent; and States, about 17 percent.

Table 2 shows public spending by type--i.e., for the broad sectors of general, utility, liquor stores, and insurance trust expenditure--and by character and object classes.

**Current Operation**

Of all public spending in the fiscal year 1960, 54 percent (\$81.9 billion) was for current operation. This includes most public payrolls, purchase of goods and services used in the performance of various governmental functions, and purchase of goods for resale by governmental activities.

The Federal Government accounted for \$45.3 billion of the current operation total for all governments. State and local governments spent \$36.6 billion for current operation in 1960. About two-thirds of this was for pay of State and local employees, and the balance was primarily for supplies, materials, and services needed for the performance of governmental functions. Other than liquor purchased for resale in State and local liquor stores and electric power purchased for resale by some local electric utilities, State and local purchases for resale are relatively minor.

**Capital Outlay**

Governmental expenditure for capital outlay--construction, equipment, and purchase of land and structures--aggregated \$32.1 billion in 1960, or about 21 percent of total governmental expenditure. Federal capital outlay (mainly for purchase of military equipment) amounted to \$16.8 billion, substantially the same as in the previous year. Capital outlay by State and local governments amounted to \$15.2 billion, or slightly less than in 1959.

Governmental expenditure for capital outlay in 1960 is distributed by governmental function in table 6.

**Assistance and Subsidies**

In addition to payments for goods, services, and capital items, total governmental expenditure includes sizable amounts of payments for which no services or products are directly received in return. A major portion of such payments comprises items here reported as assistance and subsidies, which totaled \$10.4 billion in the fiscal year 1960. Although the Federal Government accounted for most of this sum (\$6.9 billion), State and local payments for assistance and subsidies also were substantial (\$3.5 billion).

It should be noted that these figures include only cash grants and not gifts of supplies, materials, or other grants in kind. The cost of items to be distributed in kind is included in current operation expenditure as purchases of goods and services.

Following is a distribution of governmental expenditure in 1960 for assistance and subsidies, by major program (in millions):

Program	All governments	Federal	State and local
Total.....	\$10,402	\$6,884	\$3,518
National defense and internat'l. relations.	1,256	1,256	..
Education (largely veterans' educational benefits).....	577	497	80
Public welfare (largely public assistance)....	3,322	9	3,313
Natural resources (largely agricultural benefits).....	702	696	6
Veterans' pensions, bonuses, and other noneducational benefits.....	3,507	3,413	94
All other.....	1,038	1,013	25

**Interest on Debt**

Expenditure for interest on governmental debt aggregated \$9.7 billion in 1960. Of this sum, almost \$7.7 billion was paid out by the Federal Government. State governments accounted for about one-fourth of the remaining \$2.0 billion and local governments for the balance. The local government amount included \$355 million paid on utility debt and about \$1.2 billion for interest on general debt.

Interest expenditure of State and local governments is shown here on a gross basis, without any adjustment made for the undetermined but relatively minor portion of all such interest going to funds of the particular paying government. However, the reported amount of Federal expenditure for interest excludes, as intragovernmental transfers, interest on Federal public debt credited to Federal funds or agencies.

**Insurance Benefits and Withdrawals**

Insurance trust expenditure--i.e., benefit payments and refunds of contributions of insured persons--totaled \$17.6 billion in 1960. More than three-fourths of this sum represented Federal payments, with the States accounting for most of the remaining \$4.0 billion.

These amounts are limited to actual payments to insured persons and therefore exclude (as internal transfers) government contributions to insurance trust funds they administer, and costs of administering insurance trust programs (which are classified as general expenditure). The various governmental programs classified as insurance trust activities are discussed below under "Insurance trust expenditure."

**Expenditure for Personal Services**

Payments for salaries and wages of government personnel cut across the classification of expenditure by character described above. Although most public employees are engaged in current operation activities, some are being paid for force-account construction work. The total of payroll expenditure by governments was \$44.8 billion in the fiscal year 1960, including Federal pay for military personnel amounting to \$7.4 billion. These sums exclude Federal expenditure for living and other allowances, mainly for military personnel, amounting to about \$2.9 billion. Such spending was included with personal services figures in reports for previous years. It should be noted also, that "expenditure" is defined to comprise cash payments, and does not include the value of subsistence, quarters, or other payments in kind made to military personnel or other public employees.

Personal services expenditure consists of gross amounts paid to government employees before deductions for income tax, retirement contributions, charges for quarters or subsistence, or other purposes.

Detail on civilian public employment and monthly payroll amounts appears in the annual Census Bureau report, State Distribution of Public Employment in 1960.

**Intergovernmental Expenditure**

During fiscal 1960, the Federal Government made payments of about \$7.0 billion to State and local governments, and the States paid \$9.3 billion to local governments. These transfer amounts mainly represent grants-in-aid or shared taxes, but also include some payments for services performed on a reimbursement or cost-sharing basis, and payments in lieu of taxes.

These figures exclude loans and contributions of commodities or other aids in kind, which fall outside the definition of expenditure as used in this report. They also exclude payments to Territories and possessions.

**EXPENDITURE BY FUNCTION**

As indicated by table 2, governmental expenditure is divided in this report into four major types: General expenditure, utility expenditure, liquor stores expenditure, and insurance trust expenditure. The first category, general expenditure, comprises all expenditure other than (a) benefit and refund payments of public-employee retirement and other social-insurance systems, and (b) spending for State and local liquor stores and for local water, electric, transit, and gas utilities.

**General Expenditure**

Table 3 shows general expenditure of the several levels of government on a comprehensive basis--i.e., including intergovernmental payments as well as amounts of direct spending in total and for each of various major functions. A more detailed functional classification is applied in table 4, but the amounts shown there pertain solely to direct general expenditure.

General expenditure by all governments in the fiscal year 1960 totaled \$129.0 billion, or nearly 4 percent more than in the previous year. Changes in direct general expenditure for selected major functions, between 1959 and 1960, were as follows:<sup>2</sup>

Function	Percent increase or decrease (-) in direct general expenditure, 1959-1960		
	All governments	Federal Government	State and local governments
Total.....	4	2	7
National defense and internat'l. relations.	-2	-2	..
Education.....	9	-18	11
Highways.....	-2	2	-2
Natural resources.....	-9	-10	-4
Interest on general debt.....	34	38	19
Health and hospitals...	4	8	3
Public welfare.....	8	2	8
Postal service.....	7	7	..
Police.....	7	2	7
Sanitation.....	4	..	4
Fire protection.....	10	..	10
All other.....	11	11	12

In the foregoing tabulation, functions are listed in descending size order as measured by amounts of public expenditure in 1960. The same sequence applies to the following summary discussion of various functional categories.

National defense and international relations.--Expenditure of the Federal Government for defense and international relations totaled \$47.5 billion in 1960, or 62 percent of all direct

<sup>2</sup>Because the local government amounts for 1960 are preliminary estimates (see footnote 1), and are subject to sampling variability, indicated rates of change for items that largely or entirely pertain to local governments should be interpreted with caution. It should also be noted that this presentation relates only to direct general expenditure and that for some functions, such as highways, Federal Government spending is mainly in the form of intergovernmental payments.

Federal general expenditure and about 37 percent of total general expenditure of all governments--Federal, State, and local.

This functional class as presented in this report substantially comprises items classified in the "Budget of the United States" under two closely related headings--"Major national security" and "International affairs and finance." The major components of the composite category are shown in table 5.

Defense-related activities of State and local governments (including National Guard, civil defense, and armory activities) have been classified under the residual "Other" functional class, so that in this report, defense expenditure is entirely that of the Federal Government.

Many activities and expenditures of the Federal Government classified in other functional categories are closely related to current or past defense efforts. Items which might be so viewed include veterans' benefits and services, interest on war debt, civil defense, and other defense-related operations of numerous agencies and departments.

**Education.**--The second ranking function of government is education, for which \$19.8 billion was spent in 1960.

Direct Federal spending for education in fiscal 1960 amounted to \$685 million, including \$402 million for veterans' educational benefits. In addition to its direct spending for education, the Federal Government made payments for this function to State and local governments totaling \$950 million.

Direct expenditure of State and local governments for education totaled \$19.1 billion in 1960, up 11 percent from the previous fiscal year, and equaling \$106 per capita. Of the total, \$15.5 billion was for local schools, \$3.2 billion was for institutions of higher education, and the remaining \$0.4 billion was direct State expenditure for various educational purposes, including State schools for the handicapped and State supervision of local schools. While State governments spent directly only \$350 million for local schools, they provided \$5.3 billion through intergovernmental payments--about one-third of the total sum spent for education by local governments.

Included in the \$15.5 billion total of expenditure for local schools in 1960 was approximately \$3.0 billion for capital outlay, as shown in table 6. Of this amount, approximately \$2.5 billion was for new construction, while the remainder was for the purchase of equipment and of land and existing structures.

The "local schools" category, as reported in table 4, comprises all direct expenditure by

local governments for education, other than their direct expenditure for institutions of higher education, plus any direct State government spending for operation of elementary and high schools and for the provision of local school facilities and supplies (direct State payments to contractors for school construction, and State purchases of "free" textbooks, school buses, and the like).

Local expenditure for education includes all expenditure of local school systems other than for interest (reported under "interest on general debt"), duplicative intergovernmental payments, and retirement benefits paid to former education employees (reported under "employee-retirement expenditure"). It thus includes gross school system expenditure for the school lunch program and other cafeteria operations (for which related revenue amounts are shown in table 1), as well as school health, recreation, and library services administered by local school systems.

The category "institutions of higher education" pertains to publicly operated universities, colleges, junior colleges, and other schools beyond the high school level.<sup>3</sup> Expenditure shown under this heading includes gross amounts for auxiliary activities, such as dormitories, dining halls, and bookstores, operated by public institutions of higher education. However, expenditure of such institutions for hospitals, and for agricultural experiment stations and agricultural extension services, is reported under other functional categories.

**Highways.**--Provision and maintenance of highway facilities, including toll turnpikes, bridges, and tunnels and ferries, as well as regular roads, highways, and city streets, required \$9.5 billion of public expenditure in fiscal 1960, or slightly less than in 1959. Direct Federal spending for highway purposes is relatively minor, amounting in fiscal 1960 to only \$137 million. However, Federal grants to help finance State and local highways expenditure amounted to \$2.9 billion, as compared with \$2.6 billion in 1959.

The State governments made direct expenditures of \$6.1 billion for highways during fiscal 1960, and also provided \$1.2 billion to local governments for street and highway purposes. The local governments spent \$3.3 billion for this function.

About two-thirds of public expenditure for highways in 1960 (\$6.5 billion out of \$9.5 billion) was for capital purposes--construction,

<sup>3</sup>The amounts shown in tables 4 and 6 for locally operated "institutions of higher education" have been estimated for this report primarily from data obtained by the U. S. Office of Education in its biennial Survey of Higher Education for 1960.

equipment, and land purchases; the remainder was for maintenance and other current operation spending. These figures on highway expenditure do not include interest on debt issued for highway purposes (included in general expenditure for interest) nor highway policing costs (classified under "police").

**Interest on general debt.**--Expenditure for interest on general debt amounted to \$9.4 billion in fiscal 1960. (This sum does not include the \$355 million of interest on local utility debt, classified under utility expenditure.)

Interest expenditure as reported here does not include interest accrued but not paid during the fiscal year (as in the case of Federal savings bonds and treasury bills). Neither does it include interest paid to individuals on savings deposits (i.e., postal savings accounts, and savings deposits of military personnel). It excludes also, for the Federal Government, amounts paid on Federal securities held by the U. S. Government itself. However, no corresponding kind of adjustment for intragovernmental transactions applies to interest on expenditure reported for State and local governments.

Federal expenditure for interest rose sharply from 1959 to 1960, after a sizable decline from 1958 to 1959. These changes reflect, in part, changes in the composition and timing of certain interest payments. The changes in interest costs, on an accrual basis, have been more consistently upward.

**Natural resources.**--Conservation and development of natural resources--agricultural, forest, mineral, and the like--involved \$8.4 billion of governmental expenditure in 1960, of which \$7.2 billion was spent by the Federal Government.

Table 5 shows the major components of Federal spending for natural resources. The sums reported under this heading include, with regard to farm price stabilization programs, gross amounts of commodity purchases for price support, without any offset for commodities resold to private buyers during the year. The expenditure amount does not include, however, commodity loans extended for price support purposes (other than those cancelled by the Government's acquisition of the commodities pledged as collateral), nor payments for commodities consumed by the Government in carrying out other functions--used by the military, distributed under the foreign aid programs, distributed under the school lunch program, and the like.

Federal natural resources programs also include (1) farm crop and mortgage insurance and other farm credit activities; (2) other aids

to agriculture and agricultural research activities; (3) multipurpose power and reclamation projects, such as the TVA and projects of the U. S. Bureau of Reclamation and Army Corps of Engineers; and (4) Federal activities in irrigation, drainage, reclamation, flood control, soil conservation, forestry and parks, and mineral resources.

The apparent decline in State direct expenditure for natural resources, from \$976 million in 1959 to \$842 million in 1960, reflects a recent revision in classification, as explained below under "Changes in Data Classification."

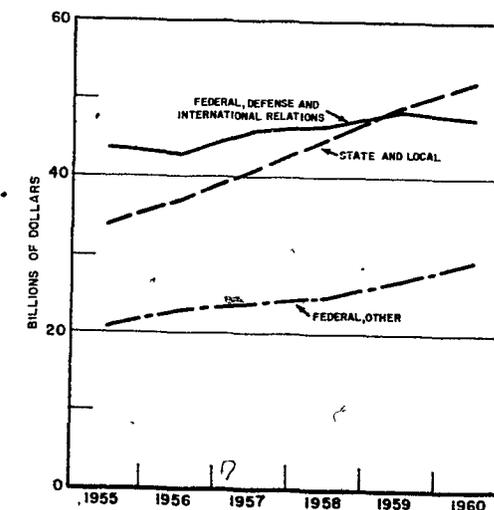
**Health and hospitals.**--Public health and hospital services involved \$5.3 billion of governmental expenditure in 1960.

Construction, operation, and maintenance of public hospitals required \$4.0 billion, of which State and local governments spent \$3.1 billion. An additional \$244 million was paid to private hospitals for care of patients or for public support. Governmental expenditure for public health services, other than hospitals, totaled \$1.0 billion.

Vendor payments for hospital and health services under public assistance programs, classified under this heading in recent years, are now classed under public welfare, as explained below under "Changes in Data Classification."

**Public welfare.**--As used in this report, the term "public welfare" is limited to governmental activities for institutional and noninstitutional assistance to the needy, and administration of such assistance. Approximately \$4.5 billion was spent by governments for such purposes in 1960.

Fig. 2-- DIRECT GENERAL EXPENDITURE 1955 TO 1960



As in the case of highways, there is extensive Federal participation in public welfare through grants to State and local governments for categorical public assistance programs (\$2.1 billion in 1960). Direct Federal expenditure for public welfare activities is relatively small (\$58 million in 1960).

The individual States vary in the degree to which they directly undertake public welfare activities or delegate this responsibility to local governments. In 1960, the States spent directly \$2.2 billion for public welfare and transferred \$1.5 billion to local governments for welfare programs (including money from Federal sources), thus providing a major portion of the \$2.2 billion spent by local governments for public welfare.

The "categorical" public assistance programs--old age assistance, aid to dependent children, aid to the blind, and aid to the disabled--accounted for two-thirds of all public welfare expenditure in 1960. Other public assistance--mainly general relief, which is wholly financed from State and local sources--accounted for about one-tenth of the welfare total. Other public welfare spending, primarily for administration of welfare and for institutional care of the needy, totaled slightly over \$1.0 billion in 1960.

Direct expenditures for categorical public assistance comprise only cash payments to beneficiaries. General relief and assistance to special classes, including segregable vendor payments for supplies, medical care, burials, and other services provided as part of any public assistance programs, are classed under "other public assistance." Intergovernmental expenditure for public assistance includes any amounts for administration by the recipient government as well as for cash benefits, but direct administrative costs are reported herein under "other public welfare."

**Postal service.**--Expenditure by the Federal Government for the postal service in 1960 totaled \$3.7 billion. This figure is included on a gross basis in the development of Federal expenditure totals, in contrast to the usual practice of including only the net postal deficit. As classified here, expenditure for postal services does not include subsidies to airlines, which are classified as subsidy payments for air transportation. Gross receipts from postal operations, as shown in table 1, amounted to nearly \$3.3 billion in 1960.

**Police.**--Federal, State, and local police protection cost \$2.0 billion in 1960. The bulk of this amount (\$1.6 billion) was spent by local governments, mainly cities. Federal expenditure of \$173 million was primarily for the Federal Bureau of Investigation, Immigration and Naturalization Service, Bureau of Narcotics,

and Secret Service. State expenditure of \$245 million was mainly for highway police activities.

**Sanitation.**--Sanitation activities, classified as a distinctive function only at the local level, involved local expenditure of \$1.7 billion in 1960. A major portion of this amount--\$1.1 billion--was for sewers and sewage disposal, and the balance was for refuse collection and disposal and street cleaning.

**Local fire protection.**--This function comprises fire fighting and fire prevention activities of local governments. Federal and State expenditures for forest fire fighting and prevention are classified under "natural resources." Local fire protection expenditure totaled \$1.0 billion in 1960.

**Other general expenditure.**--The functions described above gave rise to about 87 percent of all direct general government expenditure in 1960. The other \$16.3 billion was for numerous different purposes, as indicated by the following figures, based on table 4.

Functional class	Amount (in millions)	Percent of all general expenditure
Federal expenditure for veterans services, not elsewhere classified....	\$3,689	2.9
General control.....	2,840	2.2
Water transport and terminal facilities	1,142	0.9
Air transportation.....	1,237	1.0
Housing and community redevelopment.....	1,142	0.9
Local parks and recreation.....	770	0.6
Correction.....	722	0.6
Social insurance administration.....	549	0.4
General public buildings (State-local).....	533	0.4
Local libraries.....	261	0.2
All other and unallocable	3,389	2.6

The \$3.7 billion of Federal expenditure for veterans' services shown above consists mainly of payments for compensation and pensions. Another \$2.0 billion of Federal payments for veterans has been reported under various other major functional headings, as indicated by table 5.

The Federal Government accounts for a major fraction of all direct general expenditure for water transport and terminal facilities and for air transportation, as indicated by table 4. These categories include subsidy payments and the provision of other aids to transportation by such agencies as the Federal Aviation Agency, Civil Aeronautics Board, Coast Guard, Coast and Geodetic Survey, and

Maritime Administration, as well as spending for space exploration and technology, and gross expenditure of the Panama Canal Company and the St. Lawrence Seaway Development Corporation.

The category "general control" covers legislative bodies, administration of justice, including the courts, governmental chief executives and central staff agencies, and financial and other general administration.

For State and local governments, the category "social insurance administration" includes only the administration of employment offices and unemployment compensation. Spending by these governments for administration of public assistance is classed, as noted above, under "public welfare--other."

#### Insurance Trust Expenditure

Benefit payments, and refunds of contributions received in connection with contributory retirement, life insurance, and social insurance programs, are here designated "insurance trust expenditure." This corresponds to the category "insurance trust benefits and withdrawals," as discussed above.

Such payments amounted to \$17.6 billion in 1960, a rise of \$1.0 billion from the previous year. This mainly reflects continuing growth in payments under the Federal program for Old Age, Survivors, and Disability Insurance (\$10.8 billion in 1960, compared with \$9.4 billion the previous year) and the rise in employee retirement benefits from \$1.9 billion in 1959 to about \$2.2 billion in 1960. State unemployment compensation benefits declined from \$3.3 billion in 1959 to \$2.4 billion in 1960.

Data on insurance trust revenue and expenditure, by type of system and level of government, are presented in table 8.

#### Utility and Liquor Stores Expenditure

State and local liquor stores and local water, electric, gas, and transit systems altogether spent \$5.0 billion in 1960, as shown in tables 2 and 7. This sum includes amounts for wages and salaries, and for supplies, materials, and other services required to produce or make available utility products sold to the public; for purchases of goods for resale; for construction, equipment, land and other additions to utility plant; and for interest payments on utility debt.

#### GOVERNMENT INDEBTEDNESS

Total government debt--Federal, State, and local--amounted to \$356.1 billion at the end of fiscal 1960.

Debt statistics for State and local governments appear in table 9. Indebtedness of these governments at the end of their 1960 fiscal years totaled \$69.8 billion, or \$388 per capita. All but \$3.3 billion of this represented long-term obligations. These figures indicate an increase of approximately \$5.6 billion, or about 9 percent, in State and local government debt in the fiscal year 1960.

Nearly two-fifths of all long-term debt of State and local governments at the end of fiscal 1960 (\$25 billion of \$66.5 billion) represented nonguaranteed debt--i.e., obligations payable solely from pledged earnings of specific activities or facilities, or from special assessments. Net long-term debt, amounting to \$61.3 billion, represented the gross long-term debt less amounts reserved for future debt retirement--shown as "offsets to debt" in table 10.

Detailed statistics on Federal Government indebtedness, being available in other published sources, are not repeated in this report.<sup>4</sup> The Federal public debt on June 30, 1960, was \$286.3 billion, of which \$55.3 billion was held by U. S. Government investment accounts--mainly insurance trust funds. The "Federal public debt" total excludes nonguaranteed obligations of Federal agencies and guaranteed obligations issued by the Federal Housing Administration.

#### CASH AND SECURITY HOLDINGS

Statistics on financial assets of State and local governments are summarized in table 10. Cash and security holdings of these governments amounted to \$56.4 billion at the end of fiscal 1960.

This total included \$6.7 billion reserved for unemployment compensation purposes (mainly on deposit with the U. S. Treasury), \$18.5 billion of assets of employee-retirement systems, and \$1.5 billion for other insurance trust systems. Holdings of bond funds, representing proceeds of bond issues held pending their disbursement, amounted to \$5.9 billion in 1960, and holdings of sinking funds and other offsets to debt totaled \$5.2 billion.

Aside from the unemployment compensation reserves, about one-fourth of all other financial assets of State and local governments was in the form of cash and deposits, while \$36.9 billion represented security holdings, including \$19.2 billion of Federal Government securities.

<sup>4</sup>Figures on Federal indebtedness and debt transactions appear in the Annual Report of the Secretary of the Treasury on the State of the Finances, and on a current basis in the Daily Statement of the United States Treasury and the monthly Treasury Bulletin.

## CONCEPTS AND TERMINOLOGY

The general nature of many of the government finance items appearing in this report will be evident from their designation, their tabular presentation, and from the foregoing text. The discussion below, therefore, deals only with certain basic aspects of data classification and presentation.

### Revenue and Expenditure

These two categories respectively comprise all amounts of money received or paid out by a government and its agencies (net of correcting transactions such as recoveries or refunds), with the exception of amounts for debt issuance and retirement and for loan and investment, agency, and private trust transactions.

The following examples illustrate some applications of this summary definition: Tax revenue is reported in terms of gross collections minus tax refunds during the same period; receipts from issuance of debt, recoupment of previous loans, and sale of securities are not counted as "revenue;" similarly, payments for debt retirement, extension of loans, and purchase of securities are excluded from "expenditure;" property tax amounts, widely collected by counties on behalf of other governments, are counted only as revenue of the final recipient units and excluded from county data as being for them only "agency" transactions; the same is true for the withholding and payment by State and local governments of Federal income tax amounts based on their employees' pay.

### General Government, Utility, Liquor Stores, and Insurance Trust Sectors

Except for amounts from certain specifically defined "utility," "liquor stores," and "insurance trust" sources, all governmental revenue is classified as general revenue. Similarly, all expenditure, except that for specifically defined "utility," "liquor stores," and "insurance trust" purposes, is general expenditure.

The term "utility" covers only water supply, electric power, gas supply, and transit systems owned and operated by local governments. "Liquor stores" comprise such stores operated by local governments and States. Other commercial-type operations of governments--port facilities, airports, housing projects, toll highways, and the like--as well as all Federal Government agencies and activities, including its corporations and the Postal Service, are treated as part of the general government. Utility and liquor store revenue comprises amounts from external sales of goods and services by undertakings so classified. Utility and liquor store expenditure comprises all spending involved in provision and conduct of such

undertakings, including acquisition of facilities, current operation and the purchase of goods and services for resale, and interest on utility debt.

Insurance trust activities consist of contributory retirement systems for public employees and governmental social insurance and life insurance programs. Insurance trust revenue comprises only (1) retirement and insurance contributions (including social insurance "taxes" and veterans' insurance "premiums") received from insured individuals and their employers; and (2) as to State and local systems, earnings on investment assets of insurance trust funds (see text discussion under "Insurance trust revenue"). Employer contributions or other transfers from other funds of the administering government to insurance trust funds are excluded. Insurance trust expenditure comprises only benefit payments and withdrawals of contributions from insurance trust funds. Costs of administering insurance trust activities are classified as general expenditure.

### Intergovernmental Transactions and, Intragovernmental Transfers

As indicated above, revenue and expenditure amounts herein relate to transactions between governments and external agencies or individuals. The data utilized for each individual government represent a consolidation of amounts for its various funds, net of transfers or other payments between funds with but one exception of any consequence. As to State and local government data, no attempt has been made to reduce reported amounts of interest expenditure and of revenue from earnings on investments by reason of interest amounts paid on securities held by funds or agencies of the issuing government.

Certain transactions between governments are classified distinctively as "intergovernmental revenue" and "intergovernmental expenditure" and netted out of aggregates comprising the groups of governments concerned. Most of the amounts so classified, of course, comprise fiscal aid in the form of Federal and State grants and shared tax proceeds. Also included in these categories, however, are amounts paid and received respectively, for services performed for one government by another on a reimbursement or cost-sharing basis, and payments in lieu of taxes.

The value of intergovernmental aid "in kind," such as commodities distributed by the Federal Government for school lunch purposes, is not treated as intergovernmental revenue or expenditure. Neither has any attempt been made to distinguish and so classify and net out cash payments between governments in the form of:

Government employer contributions to retirement or other social insurance systems administered by another government; interest on outstanding debt paid to other governments holding the securities involved; or intergovernmental transactions involving no distinction between governmental and private suppliers or customers--e.g., State and local expenditure for postage, and other intergovernmental purchases of property, utility services, commodities, or the like.

### Periods Covered

Data in this report for 1960 relate, with a few minor exceptions, to governmental fiscal years ended during calendar 1960. For the Federal Government, most school districts, and all except 4 of the 50 States, this means the 12 months ended June 30, 1960. There is more variation among other governments, with a considerable proportion operating in terms of a fiscal year ending December 31.

### CHANGES IN DATA CLASSIFICATION

State and local government aggregates herein for fiscal 1960 include amounts for the present 50 States and their local governments. The similar totals for 1959 exclude Hawaii and its local governments, and those for 1958 and earlier years exclude both Alaska and Hawaii, and their local governments. Alaska became a State on January 3, 1959, and Hawaii on August 21, 1959 (in fiscal 1960).

Several limited changes have been made in the classification pattern applied in Census reporting on governmental finances, effective with reports of fiscal 1960 data. The changes mainly involve modifications in titles of a few categories; expansion or contraction of subclasses under particular headings; and elimination of certain functional headings as such, with the former subcategories now either appearing as distinctive functions or as subheadings under the broad "miscellaneous" (or "other") category, or being included in pertinent residual categories.

Most of the changes relate to presentation of detailed amounts for State governments and for city governments, and will be generally apparent from the table structure and captions in the Census Bureau reports Compendium of State Government Finances in 1960 and Compendium of City Government Finances in 1960. Those publications also present glossaries of terms applied, and include summary explanations of the major changes affecting historical comparisons of data, with revised figures or indications of amounts involved. The principal changes involving major categories herein, and not apparent from category titles and arrangement, may be summarized briefly.

Vendor payments for health and hospital services provided as part of public assistance programs are now classified under "public welfare." For fiscal years 1956 through 1959, segregable vendor payments for medical care were classified under "health" or "hospitals," as applicable. Revised State expenditure amounts for fiscal 1959 and fiscal 1958, in detail, by States affected, are supplied in the report Compendium of State Government Finances in 1960. The revisions involved the transfer for fiscal 1959 of \$316 million from "health and hospitals" to "public welfare" categories, comprising direct expenditure--current operation, \$117 million, and intergovernmental amounts, \$199 million. Information available suggests that for local governments altogether about \$20 million for 1959 and about \$10 million for 1958 of direct expenditure would be shifted from "health and hospitals" to "public welfare."

State government expenditures for crop insurance programs and for State electric power activities, formerly classed under "natural resources," are now classed as "miscellaneous commercial activities," and are included under the residual "other" categories in tables 3, 4, and 6, herein. State activities affected (mainly capital outlay of the New York State Power Authority) altogether amounted to \$163 million in 1959, included under "natural resources," and \$223 million in 1960, included under "other" categories, herein.

City revenue from onstreet parking meters and street permits, formerly classed as "license taxes" (amounting to from about \$105 million in 1956 to about \$110 million in 1959), are now included under general revenue from "current charges--other," in table 1.

Two significant changes in treatment of Federal expenditure items are applied herein. Federal direct expenditures for the distinctive Federal unemployment compensation programs for veterans and for Federal employees, formerly classed under "social insurance administration," are included under the residual "other" categories in tables 3 and 4. The other change, as indicated by footnote 2, table 2, relates to the exclusion of Federal amounts representing certain "allowances" from the exhibit item on Federal expenditure for personal services.

### SOURCES AND PROCEDURES

#### Federal Finance Statistics

The Budget of the United States Government for the Fiscal Year 1962 (which presents "actual" data for 1960) is the source of most of the Federal Government financial information in this report. For certain kinds of transactions, recourse was necessary also to the 1960 annual reports of the Secretary of the Treasury and of the Commissioner of Internal Revenue. Certain details as to Federal payments to State and

local governments were obtained directly from the Federal agencies making the payments.

The classification used by the Bureau of the Census for reporting State and local government finance statistics differs in a number of important respects from the classification used in the United States Budget. Accordingly, it was necessary to recast Federal data as presented in the United States Budget in order to develop the governmental finance statistics presented in this report. This involved not only (1) grouping of individual Federal receipt items and "budget expenditure" amounts for various agencies and appropriation items in accordance with the functional framework used for reporting of State and local government finances, but also (2) applying certain adjustments to Federal "budget receipts" and "budget expenditures" data in order to arrive at "revenue" and "expenditure" amounts, as reported here. These adjustments took account of the following major differences between these series:

- (1) Receipts from the repayment of loans and payments for extension of loans are included in Federal "budget receipts," and "budget expenditures"; such transactions are excluded from revenue and expenditure as defined by the Bureau of the Census.
- (2) The financial transactions of government enterprises are included in Federal budget figures only to the extent of their net effect (plus or minus) upon "budget expenditures"; Census figures include gross revenue and expenditure of government enterprises (loan and investment transactions are not included herein).
- (3) Federal "budget receipts" and "budget expenditures" omit the financial transactions of trust funds; such transactions are included in Census reporting of Federal revenue and expenditure, except for trust funds handled on an agency basis for State and local governments (e.g., the State accounts in the unemployment compensation fund, and District of Columbia funds).
- (4) Federal Budget receipts and expenditures include amounts transferred between general and special accounts, on the one hand, and trust funds, on the other; Census figures exclude such interfund transfers.
- (5) Certain kinds of reimbursements from non-Federal sources and receipts from charges for quarters and subsistence furnished to employees are treated in the Federal Budget as "appropriation credits" and result in the reduction of

Budget expenditure by the amount of such credits; for Census purposes, these amounts are counted as revenue and added back to expenditure.

- (6) Federal Budget expenditures include interest accrued but not paid during the fiscal year; Census data on interest are on a disbursement basis.

State Government Statistics

State government information in this report is based on the annual Bureau of the Census survey of State finances. See discussion under "Changes in data classification," above, as to coverage of Alaska and Hawaii. State finance statistics are compiled by representatives of the Bureau of the Census from official records and reports of the various States. The figures are classified according to standard Census categories for reporting of State finances, and subjected to intensive review.

Local Government Statistics

The data reported for local governments are estimates having a measurable degree of sampling variation, based on information obtained from a sample of local governments. The sample consisted of approximately 3,800 school districts, 1,900 special districts, and 1,200 other local governments--municipalities, counties, and townships. (The sample of school districts and special districts is designed to yield State-by-State data as well as nationwide totals.) All units were stratified according to size of full-time employment as of April 1957 (except for the special districts for which outstanding indebtedness was the size factor), and a representative sample was chosen from each size group. Fiscal 1960 data were received from approximately 90 percent of the governments canvassed.

Except for the 43 largest municipalities and a limited number of other major units (for which information was compiled by Census representatives from official records and reports), basic financial data were obtained by mail with detailed questionnaires calling for figures in terms of the Census classification pattern. Followup correspondence was used extensively to clear up inadequacies and inconsistencies evident from examination of reported information.

Figures were developed for each type and size-group of governments by applying to the sum of amounts reported for each item an expansion factor, based on the relation between full-time employment (April 1957) of reported units and that of all local governments of similar type and employment size. (For school

districts and special districts, this operation was performed on a State-by-State basis.) Resulting cell estimates of financial data were summed to obtain the estimated aggregates shown in this report. An adjustment was applied, using figures from the U. S. Office of Education 1960 survey of institutions of higher education, to estimate the portion of local education expenditure that was for locally operated colleges and universities.

The local government amounts presented here will be supplanted, in the forthcoming report, Governmental Finances in 1960, by estimates based on information from a considerably larger sample of governmental units.

Population Data

Provisional estimates of population for States, as of July 1, 1960, appear in the Bureau of the Census report issued May 25, 1961 (Se-

ries P-25, No. 230). The estimated total population of the United States (excluding armed forces overseas), as of July 1, 1960--179,977 thousand--was used to calculate fiscal 1960 per capita figures, shown herein.

RESPONSIBILITY AND ACKNOWLEDGEMENT

The sample survey of local government finances upon which local government amounts in this report are based was conducted under the supervision of Sherman Landau. Frank Perry handled the classification of Federal Government data, under the direction of Jacob M. Jaffe. Lynden Mannen supervised the assembly and classification of data for State governments and for the largest cities.

Grateful acknowledgment is made to the many State and local government officials and to the various Federal agencies who provided information needed for this report.

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Table 1.—GOVERNMENTAL REVENUE, BY SOURCE, BY LEVEL OF GOVERNMENT: 1960

Source	Amount (millions of dollars)					Per capita		
	All governments	Federal Government	State and local governments			Total	Federal Government	State and local governments
			Total	State	Local			
Total revenue.....	154,408	100,739	160,641	32,838	137,803	1857.93	559.73	1336.94
Total general revenue.....	131,968	88,027	150,913	27,363	123,550	1733.25	489.10	1282.89
Intergovernmental revenue.....	(1)	...	6,972	6,745	9,951	(1)	...	38.74
From Federal Government.....	(1)	...	6,972	6,382	590	(1)	...	38.74
From States.....	(1)	...	(1)	...	9,361	(1)	...	(1)
From local governments.....	(1)	...	(1)	363	(1)	(1)	...	(1)
Revenue from own sources.....	154,408	100,739	53,669	26,093	27,576	857.93	559.73	298.20
General revenue from own sources.....	131,968	88,027	43,941	20,618	23,323	733.25	489.10	244.15
Taxes.....	113,425	77,003	36,422	18,036	18,386	630.22	427.85	202.37
Property.....	16,701	...	16,701	607	16,094	92.80	...	92.80
Individual income.....	43,178	40,715	2,463	2,209	239.91	226.22	13.69	13.69
Corporation income.....	22,674	21,494	1,180	1,180	(2)	125.98	119.43	6.56
Sales and gross receipts.....	24,452	12,603	11,849	10,510	1,339	135.86	70.03	65.84
Customs duties.....	1,105	1,105	...	...	...	6.14	6.14	...
General sales and gross receipts.....	5,177	...	5,177	4,302	875	28.76	...	28.76
Selective sales and gross receipts.....	18,170	11,498	6,672	6,208	464	100.96	63.89	37.07
Motor fuel.....	5,352	1,984	3,368	3,335	33	29.74	11.02	18.71
Alcoholic beverages.....	3,779	3,106	673	650	23	21.00	17.26	3.74
Tobacco products.....	2,915	1,927	988	923	65	16.20	10.71	5.49
Public utilities.....	1,627	994	633	365	268	9.04	5.52	3.52
Other.....	4,498	3,487	1,011	935	76	24.99	19.37	5.62
Motor vehicle and operators licenses.....	1,700	...	1,700	1,573	127	9.45	...	9.45
Death and gift.....	2,026	1,606	420	420	(3)	11.26	8.92	2.33
All other.....	2,691	585	2,106	1,535	571	14.95	3.25	11.70
Charges and miscellaneous general revenue.....	18,545	11,024	7,521	2,583	4,938	103.04	61.25	41.79
Current charges.....	13,390	8,071	5,319	1,783	3,536	74.40	44.84	29.55
National defense and international relations.....	761	761	...	...	...	4.23	4.23	...
Postal service.....	3,260	3,260	...	...	...	18.11	18.11	...
Education.....	1,802	6	1,796	850	946	10.01	0.03	9.98
School lunch sales.....	688	...	688	...	688	3.82	...	3.82
Other.....	1,114	6	1,108	850	258	6.19	0.03	6.16
Highways.....	569	1	568	382	186	3.16	0.01	3.16
Natural resources.....	3,510	3,331	179	102	77	19.50	18.51	0.99
Hospitals.....	911	28	883	233	650	5.06	0.16	4.90
Sewers and sewage disposal.....	318	...	318	...	318	1.77	...	1.77
Other sanitation.....	104	...	104	...	104	0.58	...	0.58
Local parks and recreation.....	105	...	105	...	105	0.58	...	0.58
Housing.....	534	195	339	3	336	2.97	1.08	1.89
Air transportation.....	150	3	147	7	140	0.83	0.02	0.81
Water transport and terminals.....	247	104	143	39	104	1.37	0.58	0.79
Other.....	1,119	382	737	167	570	6.22	2.12	4.10
Special assessments.....	369	...	369	...	369	2.05	...	2.05
Sale of property.....	289	48	241	27	214	1.61	0.27	1.34
Interest earnings.....	1,462	818	644	324	320	8.12	4.55	3.57
Other miscellaneous general revenue.....	3,034	2,087	947	449	498	16.86	11.60	5.26
Utility revenue.....	3,570	...	3,570	...	3,570	19.84	...	19.84
Liquor stores revenue.....	1,262	...	1,262	1,128	134	7.01	...	7.01
Insurance trust revenues.....	17,608	12,712	4,896	4,247	549	97.83	70.63	27.20

Note: Because of rounding, detail may not add to totals. Per capita calculations are based on provisional estimates of total population of the United States, excluding armed forces overseas, as of July 1, 1960 (see text). Local government amounts represent estimates subject to sampling variation (see text).

<sup>1</sup>Duplicative transactions between levels of government are excluded in arriving at aggregates (see text).

<sup>2</sup>Minor amount included in individual income tax figure.

<sup>3</sup>Minor amount included in "All other taxes."

<sup>4</sup>See text discussion under "Changes in Data Classification."

Table 2.—GOVERNMENTAL EXPENDITURE, BY TYPE AND BY CHARACTER AND OBJECT, BY LEVEL OF GOVERNMENT: 1960

Item	Amount (millions of dollars)					Per capita		
	All governments	Federal Government	State and local governments			Total	Federal Government	State and local governments
			Total	State	Local			
Total expenditure.....	151,673	97,284	161,384	31,596	139,788	1842.74	540.54	1341.07
Intergovernmental expenditure.....	(1)	6,994	(1)	9,283	209	(1)	38.86	(1)
To States.....	(1)	6,352	(1)	9,283	209	(1)	38.86	(1)
To local governments.....	(1)	642	(1)	9,283	(1)	(1)	3.57	(1)
Direct expenditure.....	151,673	90,289	61,384	22,313	39,071	842.74	501.67	341.07
By type:								
General.....	129,039	76,724	52,315	17,945	34,370	716.97	426.30	290.68
Utility expenditure.....	4,017	...	4,017	...	4,017	22.32	...	22.32
Liquor stores expenditure.....	1,020	...	1,020	907	113	5.67	...	5.67
Insurance trust expenditure.....	17,596	13,565	4,031	3,461	570	97.77	75.37	22.40
By character and object:								
Current operation.....	81,896	45,336	36,560	9,694	26,866	455.04	251.90	203.14
Capital outlay.....	32,074	16,842	15,232	6,607	8,625	178.21	93.58	84.63
Construction.....	15,960	3,480	12,480	5,509	6,971	88.68	19.34	69.34
Equipment.....	14,378	13,186	1,192	296	896	79.89	73.26	6.62
Land and structures.....	1,735	175	1,560	802	758	9.64	0.97	8.67
Assistance and subsidies.....	10,402	6,884	3,518	2,015	1,503	57.80	38.25	19.55
Interest on debt.....	9,705	7,662	2,043	536	1,507	53.92	42.57	11.35
Insurance benefits and repayments....	17,596	13,565	4,031	3,461	570	97.77	75.37	22.40
Exhibit: Expenditure for personal services	44,768	20,323	24,445	6,055	18,390	248.74	112.92	135.82

Note: Because of rounding, detail may not add to totals. Per capita calculations are based on estimated total population of the United States, excluding armed forces overseas, as of July 1, 1960 (see text). Local government amounts represent estimates subject to sampling variation (see text).

<sup>1</sup>Duplicative transactions between levels of government are excluded in arriving at aggregates (see text).

<sup>2</sup>Includes \$7,423 million for military personnel. Excludes amounts (about \$2.9 billion in fiscal 1960) for allowances (mainly for military personnel) included with personal services amounts in prior year reports.

16 GOVERNMENTAL FINANCES IN THE UNITED STATES: 1960

Table 3.—SUMMARY OF GENERAL EXPENDITURE (DIRECT AND INTERGOVERNMENTAL), BY FUNCTION, BY LEVEL OF GOVERNMENT: 1960

Item	Amount (millions of dollars)				Percent			
	All governments	Federal Government	States	Local governments	All governments	Federal Government	States	Local governments
All functions.....	129,039	83,719	27,228	34,579	100.0	100.0	100.0	100.0
Direct.....	129,039	76,724	17,945	34,370	100.0	91.6	65.9	99.4
Intergovernmental.....	(1)	26,994	9,283	209	(1)	8.4	34.1	0.6
National defense and international relations <sup>3</sup> .....	47,464	47,464	...	...	36.8	56.7	...	...
Postal service <sup>3</sup> .....	3,730	3,730	...	...	2.9	4.5	...	...
Education.....	19,785	1,634	8,857	15,543	15.3	2.0	32.5	44.9
Direct.....	19,785	685	3,557	15,543	15.3	0.8	13.1	44.9
Intergovernmental.....	(1)	950	5,300	(4)	(1)	1.1	19.5	(4)
Highways.....	9,539	3,043	7,217	3,373	7.4	3.6	26.9	9.8
Direct.....	9,539	137	6,070	3,332	7.4	0.2	22.3	9.8
Intergovernmental.....	(1)	2,905	1,247	41	(1)	3.5	4.6	0.1
Natural resources.....	18,414	352	5,862	347	6.5	8.8	3.2	1.0
Direct.....	8,414	7,225	842	347	6.5	8.6	3.1	1.0
Intergovernmental.....	(1)	127	20	(4)	(1)	0.2	0.1	(4)
Health and hospitals.....	15,274	1,585	2,072	2,000	4.1	1.9	7.6	5.8
Direct.....	5,274	1,450	1,896	1,928	4.1	1.7	7.0	5.6
Intergovernmental.....	(1)	135	176	72	(1)	0.2	0.6	0.2
Public welfare.....	14,517	2,127	53,704	2,269	3.5	2.5	13.6	6.6
Direct.....	4,517	58	2,221	2,238	3.5	0.1	8.2	6.5
Intergovernmental.....	(1)	2,070	1,483	31	(1)	2.5	5.4	0.1
Housing and community redevelopment.....	1,142	510	33	850	0.9	0.6	0.1	2.5
Direct.....	1,142	284	8	850	0.9	0.3	(6)	2.5
Intergovernmental.....	(1)	226	26	(4)	(1)	0.3	0.1	(4)
Air transportation.....	1,237	952	50	316	1.0	1.1	0.2	0.9
Direct.....	1,237	895	26	316	1.0	1.1	0.1	0.9
Intergovernmental.....	(1)	56	24	...	(1)	0.1	0.1	...
Social insurance administration.....	549	561	313	(4)	0.4	0.7	1.1	(4)
Direct.....	549	236	313	(4)	0.4	0.3	1.1	(4)
Intergovernmental.....	(1)	325	...	...	(1)	0.4	...	...
Interest on general debt <sup>3</sup> .....	9,350	7,662	536	1,152	7.2	9.2	2.0	3.3
Other and combined.....	18,038	57,098	3,482	8,730	14.0	8.5	12.8	25.2
Direct.....	18,038	6,898	2,475	8,665	14.0	8.2	9.1	25.1
Intergovernmental.....	(1)	201	1,007	65	(1)	0.2	3.7	0.2

Note: Because of rounding detail may not add to totals. Local government amounts represent estimates subject to sampling variation (see text).

<sup>1</sup>Duplicative transactions between levels of government are excluded in arriving at aggregates (see text).  
<sup>2</sup>Entirely to States except for \$642 million paid directly to local governments, including \$245 million for education, \$226 million for housing and community redevelopment, \$35 million for airports, \$40 million for waste treatment facilities, and \$25 million, Federal contribution to the District of Columbia.

<sup>3</sup>Entirely direct expenditure.  
<sup>4</sup>Minor amounts included under "Other and combined," below.  
<sup>5</sup>See text discussion under "Changes in Data Classification."  
<sup>6</sup>Less than 0.05 percent.

SUMMARY OF GOVERNMENTAL FINANCES IN 1960

Table 4.—DIRECT GENERAL EXPENDITURE, BY FUNCTION, BY LEVEL OF GOVERNMENT: 1960

Function	Amount (millions of dollars)					Per capita		
	All governments	Federal Government	State and local governments			Total	Federal Government	State and local governments
			Total	State	Local			
Total.....	129,039	76,724	52,315	17,945	34,370	716.97	426.30	290.68
National defense and international relations.....	47,464	47,464	...	...	...	263.72	263.72	...
All other functions.....	81,576	29,261	52,315	17,945	34,370	453.26	162.58	290.68
Postal service.....	3,730	3,730	...	...	...	20.72	20.72	...
Education.....	19,785	685	19,100	3,557	15,543	109.93	3.81	106.12
Institutions of higher education.....	3,202	(1)	3,202	2,856	346	17.79	(1)	17.79
Local schools.....	15,547	...	15,547	350	15,197	86.38	...	86.38
Highways.....	1,036	685	351	351	...	5.76	3.81	1.95
Natural resources.....	9,539	137	9,402	6,070	3,332	53.00	0.76	52.24
Health and hospitals.....	8,414	7,225	21,189	2,842	347	46.75	40.14	6.61
Public hospitals.....	5,274	1,450	3,110	1,618	1,492	22.21	4.93	17.28
Other hospitals.....	3,998	888	154	46	108	1.36	0.50	0.86
Health.....	1,031	472	559	232	327	5.73	2.62	3.11
Public welfare.....	4,517	58	24,459	2,221	2,238	25.10	0.32	24.78
Categorical public assistance.....	3,009	12	2,997	1,728	1,269	16.72	0.07	16.65
Other public assistance.....	460	...	460	226	234	2.56	...	2.56
Other public welfare.....	1,047	46	1,001	266	735	5.82	0.26	5.56
Police.....	2,008	173	1,835	245	1,590	11.16	0.96	10.20
Local fire protection.....	1,006	...	1,006	...	1,006	5.59	...	5.59
Sewers and sewage disposal.....	1,062	...	1,062	...	1,062	5.90	...	5.90
Other sanitation.....	619	...	619	...	619	3.44	...	3.44
Local parks and recreation.....	770	...	770	...	770	4.28	...	4.28
Housing and community redevelopment.....	1,142	284	858	8	850	6.35	1.58	4.77
Air transportation.....	1,237	895	342	26	316	6.87	4.97	1.90
Water transport and terminals.....	1,142	905	237	80	157	6.35	5.03	1.32
Correction.....	722	44	678	425	253	4.01	0.24	3.77
Local libraries.....	261	...	261	...	261	1.45	...	1.45
Social insurance administration.....	549	226	313	313	...	3.05	1.31	1.74
General control.....	2,840	746	2,094	654	1,440	15.78	4.14	11.63
General public buildings (State-local).....	533	...	533	120	413	2.96	...	2.96
Interest on general debt.....	9,350	7,662	1,688	536	1,152	51.95	42.57	9.38
Other and unallocable.....	7,078	25,031	2,047	953	1,094	39.33	27.95	11.37

Note: Because of rounding, detail may not add to totals. Per capita calculations are based on provisional estimates of total population of the United States, excluding armed forces overseas, as of July 1, 1960 (see text). Local government amounts represent estimates subject to sampling variations (see text).

<sup>1</sup>Service academies are included with "National defense and international relations" and other relatively minor Federal amounts are included under "Other education."

<sup>2</sup>See text discussion under "Changes in Data Classification."

Table 5.—DETAIL OF FEDERAL EXPENDITURE FOR SELECTED CATEGORIES: 1960

(Millions of dollars)

Item	Amount	Item	Amount
Intergovernmental expenditure (as shown for particular functions in table 3)—			
Education.....	950	Hospitals:	
Grants-in-aid.....	578	Public hospitals.....	888
School lunch and school milk programs.....	166	Veterans.....	781
Maintenance and operation of schools.....	163	Other.....	102
School construction.....	70	Other hospitals.....	90
Defense educational activities.....	68	Veterans.....	5
Other grants-in-aid.....	111	Other.....	85
Payments for services.....	372	Health.....	472
Scientific research and redevelopment.....	358	Veterans.....	113
Tuition payments.....	14	Other.....	359
Public welfare.....	2,070	Other and unallocable.....	5,031
Public assistance.....	2,050	Veterans' services, n.e.c.....	3,689
Other public welfare.....	19	General property and records management.....	367
Health and hospitals.....	135	Regulations of commerce and finance and other aids to business, n.e.c.....	136
Public health programs.....	74	Unemployment compensation for Federal employees and ex-servicemen.....	127
Hospital construction.....	60	Employees' compensation and other claims, n.e.c.....	36
Other.....	1	Promotion of science, research, libraries, and museums.....	141
Other and combined.....	201	Labor and manpower, n.e.c.....	84
Shared revenues.....	93	Indian tribal funds.....	74
Waste treatment facilities.....	40	Interest on internal revenue refunds.....	76
Federal contribution to District of Columbia.....	25	Assistance to territories and possessions, n.e.c.....	61
Transitional grants to Alaska.....	10	Civilian weather services.....	34
Civil defense and disaster relief.....	9	Civilian defense and disaster relief.....	41
Other.....	24	All other.....	78
Direct Federal Expenditure (as shown for particular functions in table 4)—			
National defense and international relations.....	47,464	Exhibit: Distribution of Federal expenditure for veterans—	
Military services.....	41,340	Classified under education:	
Foreign military assistance.....	1,609	Direct (table 4).....	482
Mutual security other than military assistance..	1,448	Intergovernmental (table 3).....	4
Development and control of atomic energy.....	2,467	Classified under public welfare:	
Stockpiling and expansion of defense production.	248	Direct (table 4).....	3
Other (foreign affairs).....	352	Intergovernmental (table 3).....	6
Education.....	685	Classified under health and hospitals:	
Veterans' educational benefits.....	402	Direct (table 4).....	904
Other.....	283	Intergovernmental (table 3).....	2
Natural resources.....	7,225	Classified under other and unallocable:	
Stabilization of farm prices and income.....	4,862	Direct (table 4).....	3,689
Farm credit and insurance.....	45	Classified under insurance trust expenditure:	
Other agricultural resources.....	206	Veterans' life insurance benefits and premium refunds—table 8.....	678
Soil, water, and electric energy resources.....	1,748	Total Federal expenditure for veterans' services:	
Forests and parks.....	229	Direct.....	5,706
Mineral resources.....	43	Intergovernmental.....	15
Other natural resources.....	62		

Note: Because of rounding, detail may not add to totals.

Table 6.—GOVERNMENTAL EXPENDITURE FOR CAPITAL OUTLAY, BY FUNCTION, BY LEVEL OF GOVERNMENT: 1960

(Millions of dollars)

Function	Total capital outlay					Construction expenditure only				
	All government-ments	Federal	State and local			All government-ments	Federal	State and local		
			Total	State	Local			Total	State	Local
All functions.....	32,074	16,842	15,232	6,607	8,625	15,960	3,480	12,480	5,509	6,971
National defense and international relations.....	14,787	14,787	...	...	...	1,866	1,866	...	...	...
Other, total.....	17,287	2,055	15,232	6,607	8,625	14,094	1,614	12,480	5,509	6,971
Education.....	3,764	13	3,751	788	2,963	3,116	12	3,104	626	2,478
Institutions of higher education....	759	(1)	759	675	84	593	(1)	593	524	69
Local schools.....	2,968	...	2,968	89	2,879	2,492	...	2,492	83	2,409
Other.....	37	13	24	24	...	31	12	19	19	...
Highways.....	6,489	88	6,401	5,008	1,393	5,492	87	5,405	4,243	1,162
Natural resources.....	1,182	936	246	218	128	998	822	2176	266	110
Hospitals.....	446	71	375	183	192	373	57	316	159	157
Sewers and sewage disposal.....	740	...	740	...	740	722	...	722	...	722
Local parks and recreation.....	235	...	235	...	235	183	...	183	...	183
Housing and community redevelopment....	614	57	557	2	555	266	...	266	2	264
Air transportation.....	532	289	243	19	224	385	166	219	17	202
Water transport and terminals.....	410	274	136	44	92	361	244	117	35	82
Local utilities.....	1,390	...	1,390	...	1,390	1,181	...	1,181	...	1,181
Water supply systems.....	891	...	891	...	891	761	...	761	...	761
Electric power systems.....	391	...	391	...	391	341	...	341	...	341
Transit systems.....	83	...	83	...	83	56	...	56	...	56
Gas supply systems.....	24	...	24	...	24	23	...	23	...	23
All other.....	1,484	327	1,157	2445	712	1,018	226	2792	2362	430

Note: Because of rounding, detail may not add to totals. Local government amounts are estimates subject to sampling variation (see text).  
 \*Service academies are included with "National defense and international relations," and other Federal amounts are included under "Other education."  
 †See text discussion under "Changes in Data Classification."

Table 7.—UTILITY REVENUE, EXPENDITURE, AND INDEBTEDNESS, BY TYPE OF UTILITY: 1960

(Millions of dollars)

Type of utility	Utility revenue	Utility expenditure				Utility debt at end of fiscal year		
		Total	Current operation	Capital outlay	Interest on utility debt	Total	Full faith and credit	Non-guaranteed
Total.....	3,570	4,017	2,273	1,390	355	11,199	4,848	6,351
Water supply systems.....	1,601	1,966	876	891	199	6,338	2,997	3,341
Electric power systems.....	1,192	1,168	693	391	84	2,712	166	2,546
Transit systems.....	581	704	555	88	66	1,991	1,670	321
Gas supply systems.....	196	179	149	24	6	157	14	143

Note: Because of rounding, detail may not add to totals. These data represent estimates subject to sampling variation (see text).

## GOVERNMENTAL FINANCES IN THE UNITED STATES: 1960

Table 8.—GOVERNMENTAL INSURANCE TRUST REVENUE AND EXPENDITURE, BY TYPE OF INSURANCE TRUST SYSTEM, BY LEVEL OF GOVERNMENT: 1960

(Millions of dollars)

Item	Insurance trust revenue			Insurance trust expenditure
	Total <sup>1</sup>	Contributions	Earnings on investments <sup>1</sup>	
All governments.....	17,608	16,780	828	17,594
Unemployment compensation.....	2,476	2,295	183	2,639
Employee retirement.....	2,868	2,267	601	2,161
All other.....	12,262	12,218	44	12,795
Federal Government.....	12,712	12,712	<sup>1</sup> (1,153)	13,565
Unemployment compensation.....	153	153	<sup>1</sup> (2)	275
Employee retirement.....	769	769	<sup>1</sup> (252)	896
Old age, survivors, and disability insurance.....	10,656	10,656	<sup>1</sup> (564)	10,798
Veterans life insurance.....	527	527	<sup>1</sup> (227)	679
Railroad retirement.....	607	607	<sup>1</sup> (110)	916
State and local governments.....	4,896	4,068	828	4,031
Unemployment compensation.....	2,323	2,142	183	2,364
Employee retirement.....	2,099	1,498	601	1,265
Other.....	472	428	44	402
State governments.....	4,347	3,724	623	3,461
Unemployment compensation.....	2,316	2,136	181	2,359
Employee retirement.....	1,558	1,160	398	700
Other.....	472	428	44	402
Local governments.....	549	344	205	570
Unemployment compensation.....	7	6	2	5
Employee retirement.....	541	338	203	565

Note: Because of rounding, detail may not add to totals. Local government amounts are estimates subject to sampling variation (see text).

<sup>1</sup>Earnings on investments of Federal insurance trust systems consist entirely of interest on holdings of Federal securities; these amounts, as intragovernmental transactions, are excluded from "revenue" figures here, and are shown as exhibit data only.

<sup>2</sup>Less than \$500 thousand.

Table 9.—INDEBTEDNESS AND DEBT TRANSACTIONS OF STATE AND LOCAL GOVERNMENTS: 1960

Item	Amount (millions of dollars)			Per capita
	Total	State governments	Local governments	
Debt outstanding, total.....	69,756	18,543	51,213	387.58
Long-term.....	66,504	18,128	48,376	369.51
Full faith and credit.....	41,464	8,912	32,552	230.38
Nonguaranteed.....	25,041	9,216	15,825	139.13
Short-term.....	3,251	415	2,836	18.06
Net long-term debt outstanding.....	61,283	15,595	45,688	340.50
Long-term debt issued.....	7,955	2,282	5,673	44.20
General.....	6,957	2,282	4,675	38.65
Utility.....	998	...	998	5.55
Long-term debt retired.....	3,458	778	2,680	19.21
General.....	3,052	778	2,274	16.96
Utility.....	406	...	406	2.26

Note: Because of rounding, detail may not add to totals. Per capita calculations are based on provisional estimates of the population of the United States, excluding armed forces overseas, as of July 1, 1960. Local government amounts represent estimates subject to sampling variation (see text). As to Federal Government debt, see text discussion under "Government Indebtedness."

## SUMMARY OF GOVERNMENTAL FINANCES IN 1960

Table 10.—CASH AND SECURITY HOLDINGS OF STATE AND LOCAL GOVERNMENTS, BY TYPE AND PURPOSE OF HOLDING: 1960

Item	Amount (millions of dollars)			Per capita
	Total	State governments	Local governments	
Total.....	56,357	33,940	22,417	313.13
By type:				
Unemployment compensation fund balances in U.S. Treasury.....	6,658	6,597	61	36.99
Other deposits and cash.....	12,790	4,175	8,615	71.06
Securities.....	36,910	23,168	13,742	205.08
Federal.....	19,235	11,361	7,874	106.87
Other State and local government securities.....	3,865	810	3,055	21.47
Other.....	3,165	2,750	415	17.59
By purpose of holding:				
Unemployment compensation.....	6,675	6,614	61	37.09
Employee retirement.....	18,539	12,127	6,412	103.01
Other insurance trust systems.....	1,523	1,523	...	8.46
Offsets to debt.....	5,222	2,533	2,689	29.01
Bond funds.....	5,892	1,100	4,792	32.74
All other.....	18,508	10,044	8,464	102.84
Employee-retirement holdings by type:				
Cash and deposits.....	221	113	108	1.23
Securities.....	18,318	12,014	6,304	101.78
Federal.....	5,954	4,162	1,792	33.08
Own government securities.....	2,660	566	2,094	14.78
Other State and local government securities.....	1,678	1,354	324	9.32
Other.....	8,024	5,931	2,093	44.58

Note: Because of rounding, detail may not add to totals. Per capita calculations are based on provisional estimates of total population of the United States, excluding armed forces overseas, as of July 1, 1960. Local government amounts represent estimates subject to sampling variation (see text).