



GENERAL ASSEMBLY OF THE COMMONWEALTH OF PENNSYLVANIA  
JOINT STATE GOVERNMENT COMMISSION

P. O. BOX 61  
ROOM 450 - CAPITOL BUILDING  
HARRISBURG

BAKER ROYER  
CHAIRMAN

FRANK W. RUTH  
VICE CHAIRMAN

ALBERT W. JOHNSON  
SECRETARY

HIRAM G. ANDREWS  
TREASURER

EXECUTIVE COMMITTEE

SENATE MEMBERS:

JAMES S. BERGER  
JOHN H. DENT  
ROWLAND B. MAHANY  
ALBERT R. PECHAN  
FRANK W. RUTH  
ISRAEL STIEFEL  
M. HARVEY TAYLOR

HOUSE MEMBERS:

HIRAM G. ANDREWS  
ALLEN M. GIBSON  
W. STUART HELM  
ALBERT W. JOHNSON  
STEPHEN MCCANN  
MARY A. VARALLO  
NORMAN WOOD

ADMINISTRATIVE STAFF

GUY W. DAVIS  
COUNSEL AND DIRECTOR

PAUL H. WUELLER  
ASSOCIATE DIRECTOR IN CHARGE OF  
RESEARCH AND STATISTICS

ANTOINETTE S. GIDDINGS  
ADMINISTRATIVE ASSISTANT

January 24, 1958

To the Executive Committee  
of the Joint State Government Commission:

Pursuant to your directive, attached please find a review of fiscal trends since 1937, which represents the initial report in a continuing study of the Commonwealth's fiscal operations.

The first four sections of the report deal with tax revenues for the period 1937 to 1957. To permit meaningful comparisons over a twenty-year period, the analysis covers both state and local taxes. In addition, tax revenues are related to income. The establishment of a relationship between tax revenues and income furnishes a first proximate measure of what is sometimes called the "burden" or "weight" of taxes.

Section V presents for the period under review Commonwealth expenditures by principle functions. All expenditure data are taken from the official reports and worksheets of the Auditor General. The analysis is in terms of functions rather than in terms of departments because, as all of you know, the General Assembly has from time to time transferred functions among departments. Hence, an analysis on a departmental basis would present a distorted picture when made for a period as long as two decades.

You will note that we have not burdened this report, which was designed primarily to facilitate an overall view of fiscal operations for two decades, with extensive source data and reference tables. However, these materials are on file in the office of the Commission and are available at your request. These data, taken together with other research operations in the fiscal area, will make it possible for us to furnish you with such detailed analyses relating to both taxes and expenditures as you may request.

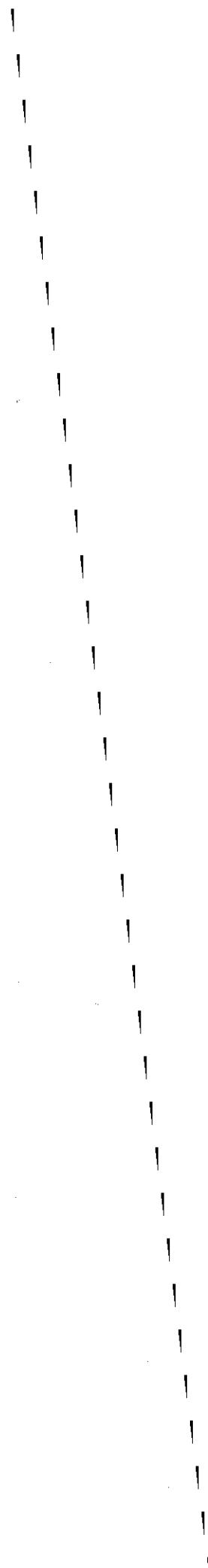
Sincerely,

*Baker Royer*  
BAKER ROYER, Chairman.



## CONTENTS

	Page	
<b>SECTION I</b>	<b>TOTAL STATE AND LOCAL TAXES.....</b>	<b>1</b>
	Interstate Comparisons.....	4
<b>SECTION II</b>	<b>STATE TAX COLLECTIONS.....</b>	<b>6</b>
<b>SECTION III</b>	<b>LOCAL TAX COLLECTIONS.....</b>	<b>8</b>
<b>SECTION IV</b>	<b>THE TAX STRUCTURE OF THE COMMON- WEALTH.....</b>	<b>10</b>
<b>SECTION V</b>	<b>COMMONWEALTH EXPENDITURES .....</b>	<b>14</b>
	Education:	
	Public School Subsidies.....	18
	Public Schools: Per-Pupil Costs.....	20
	Higher Education.....	22
	Highways.....	24
	General Health Services.....	26
	State Mental Hospitals.....	28
	Penal and Correctional Institutions.....	30
	Grants and Aid to Individuals:	
	Public Assistance Expenditures.....	32
	Public Assistance: Average Monthly Aid.....	34
	Grants and Aid Other Than Public Assistance.....	36



## SECTION I

### TOTAL STATE AND LOCAL TAXES\*

The rapid rise in state taxes in recent years has not altered Pennsylvania's traditionally low tax position. Currently, total state and local taxes in Pennsylvania are lower than in the nation as a whole; lower than in most comparable industrial states; and, as a fraction of personal income, lower than they were a generation ago. It is unlikely that this situation will change significantly during the immediate future years. However, if past trends continue, state taxes will constitute an increasing proportion of total state and local taxes.

Over the past twenty years, total state and local taxes in Pennsylvania increased from \$574 million in 1937 to \$1,722 million in 1956, or 200 percent. On a per-capita basis, state and local taxes increased 170 percent.

Relative to the nation as a whole, per-capita state and local taxes in Pennsylvania are currently lower than they were in 1937. Reference to the chart on the following page shows that state and local taxes, per capita, in Pennsylvania and in the United States were identical in 1937 (at about \$59) and remained approximately equal until 1944. Between 1944 and 1955, state and local taxes, per capita, in the United States increased at a

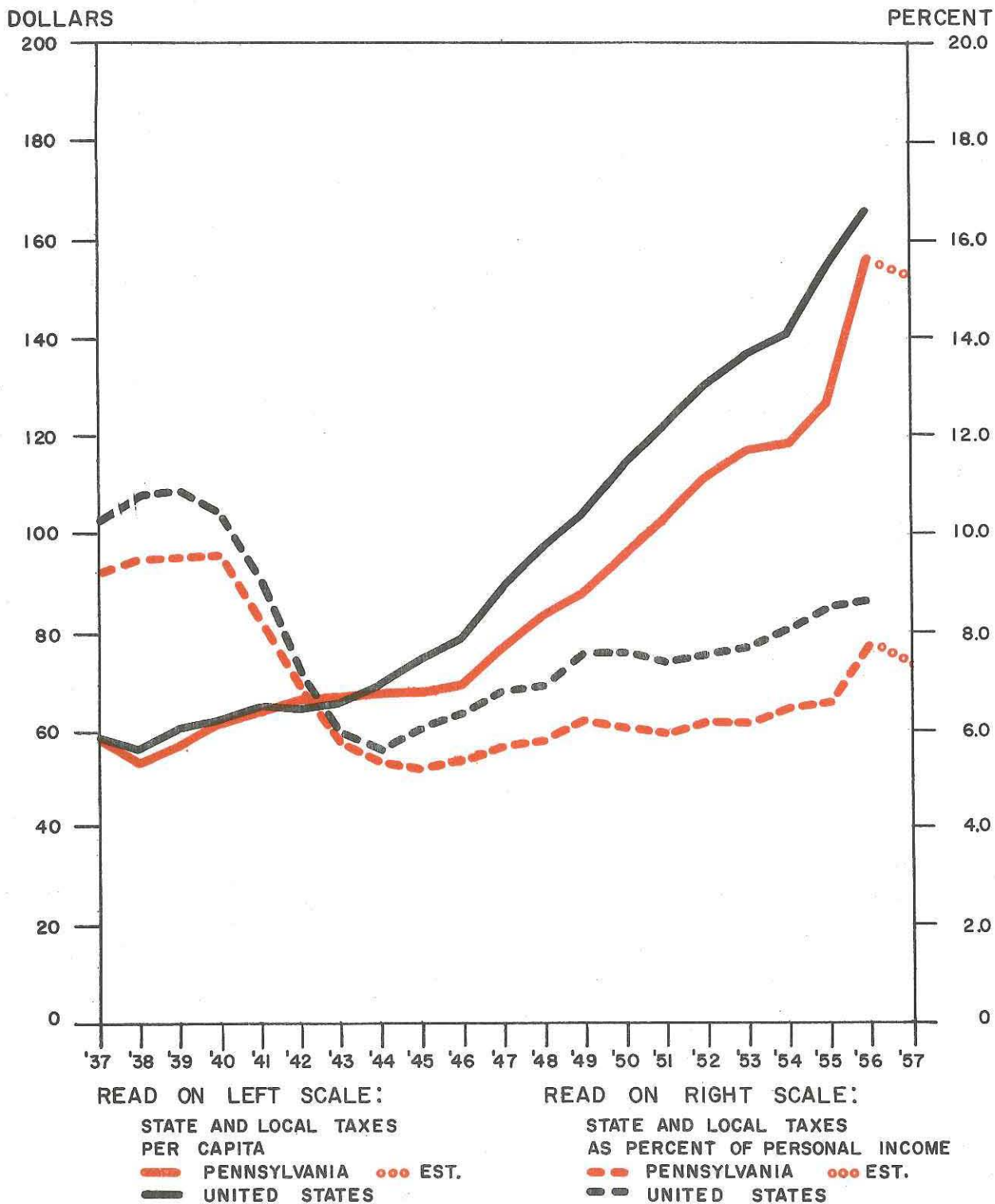
---

\*State and local tax data include all taxes (except unemployment compensation taxes) levied by any unit of state or local government, plus profits from sales of liquor in those states that operate a liquor monopoly. To attain comparability between state and national data, tax collections include revenue from many types of licenses such as vehicle licenses, hunting and fishing licenses, liquor licenses, and other specific business licenses. State tax collections, both in the text and on the charts, are designated by the calendar year in which the fiscal year commences; for example, Pennsylvania state tax collections for the 12 months ending May 31, 1957, are assigned to the calendar year 1956.

more rapid rate than in Pennsylvania. In 1955, when the national average was \$155 per capita, state and local taxes in Pennsylvania were \$127, or \$28 below the national average. The combined effect of a substantial increase in state taxes in 1956 (state fiscal year 1956-57) and of a moderate rise in local taxes abruptly pushed the level of state and local taxes in Pennsylvania to \$157, or within \$9 of the national average of \$166. Preliminary estimates for 1957 indicate that, due to the non-recurrence of certain state taxes, total state and local taxes in Pennsylvania will decline to about \$155 per capita.

Although state and local taxes, per capita, in Pennsylvania increased 170 percent over the period 1937 to 1956, per-capita income increased 225 percent. The fraction of personal income devoted to government services (state plus local taxes) is shown in the broken lines in the chart, red for Pennsylvania and black for the United States. The chart shows that, as regards both Pennsylvania and the nation as a whole, the ratio of state and local taxes to income is currently lower than it was in 1937. In addition, the chart shows that, except for several years during World War II, Pennsylvania state and local taxes, as a fraction of income, have been substantially below the comparable ratio for the United States during the entire period since 1937. Specifically, in 1937, state and local taxes amounted to 9.24 percent of the income of Pennsylvanians and 10.28 percent of the income of the nation. In 1956, the tax-income ratio was 7.81 percent for Pennsylvania and 8.60 percent for the United States. The preliminary estimates for 1957 indicate a ratio for Pennsylvania in the neighborhood of 7.40 percent.

# STATE AND LOCAL TAXES, PER CAPITA AND AS PERCENT OF PERSONAL INCOME, PENNSYLVANIA AND UNITED STATES 1937 - 1956



### Interstate Comparisons

From the point of view of population and industrial characteristics, Pennsylvania is more comparable to many northern industrial states than to the nation as a whole. Unfortunately, complete data for interstate comparisons are but infrequently compiled by the Federal census. The most recent year--and the only year since World War II--for which state and local tax data are available for all states individually is 1953.

Presented below are 1953 state and local tax collections, per capita and as percent of personal income, for the United States and for the leading industrial states.

	<u>State and Local Tax Collections, 1953</u>	
	<u>Per Capita</u>	<u>As Percent of Personal Income</u>
United States	\$137	7.7%
Pennsylvania	119	6.3
California	187	8.5
New York	185	8.6
Massachusetts	182	9.3
Wisconsin	158	8.9
Michigan	156	7.4
Connecticut	154	6.4
New Jersey	145	6.5
Illinois	139	6.4
Indiana	130	6.8
Ohio	123	6.1
Texas	105	6.8

The above tabulation shows that in 1953 state and local taxes were low in Pennsylvania in comparison with other leading industrial states: only one of the states listed--Texas--had lower state and local taxes, per capita, than Pennsylvania; and in only one state--Ohio--were state and local taxes, as a percent of personal income, lower than in Pennsylvania. More-



over, taxes, per capita, in six of the listed industrial states were at least 25 percent higher than in Pennsylvania; and, in four states, taxes, as a percent of personal income, were at least one-fourth greater than in Pennsylvania. The magnitude of the difference in the level of taxes between Pennsylvania and most other industrial states in 1953 strongly suggests that the level of taxes in Pennsylvania has been relatively low over an extended period of years.

Although state taxes in Pennsylvania have increased substantially since 1953, the current ranking of Pennsylvania, with respect to magnitude of state and local taxes, is not likely to be significantly different from that which obtained in 1953. In fact, it is extremely unlikely that, for 1957, more than three of the other states shown in the tabulation will emerge with lower state and local taxes, per capita, than the \$155 predicted for Pennsylvania.

SECTION II  
STATE TAX COLLECTIONS

During the years immediately preceding and during World War II, state tax collections accounted for between 46 and 48 percent of total state and local tax collections in Pennsylvania. Since 1945, however, state taxes have gradually increased in fiscal importance relative to local taxes. In 1956, Pennsylvania state taxes represented 60 percent of total state and local tax collections.

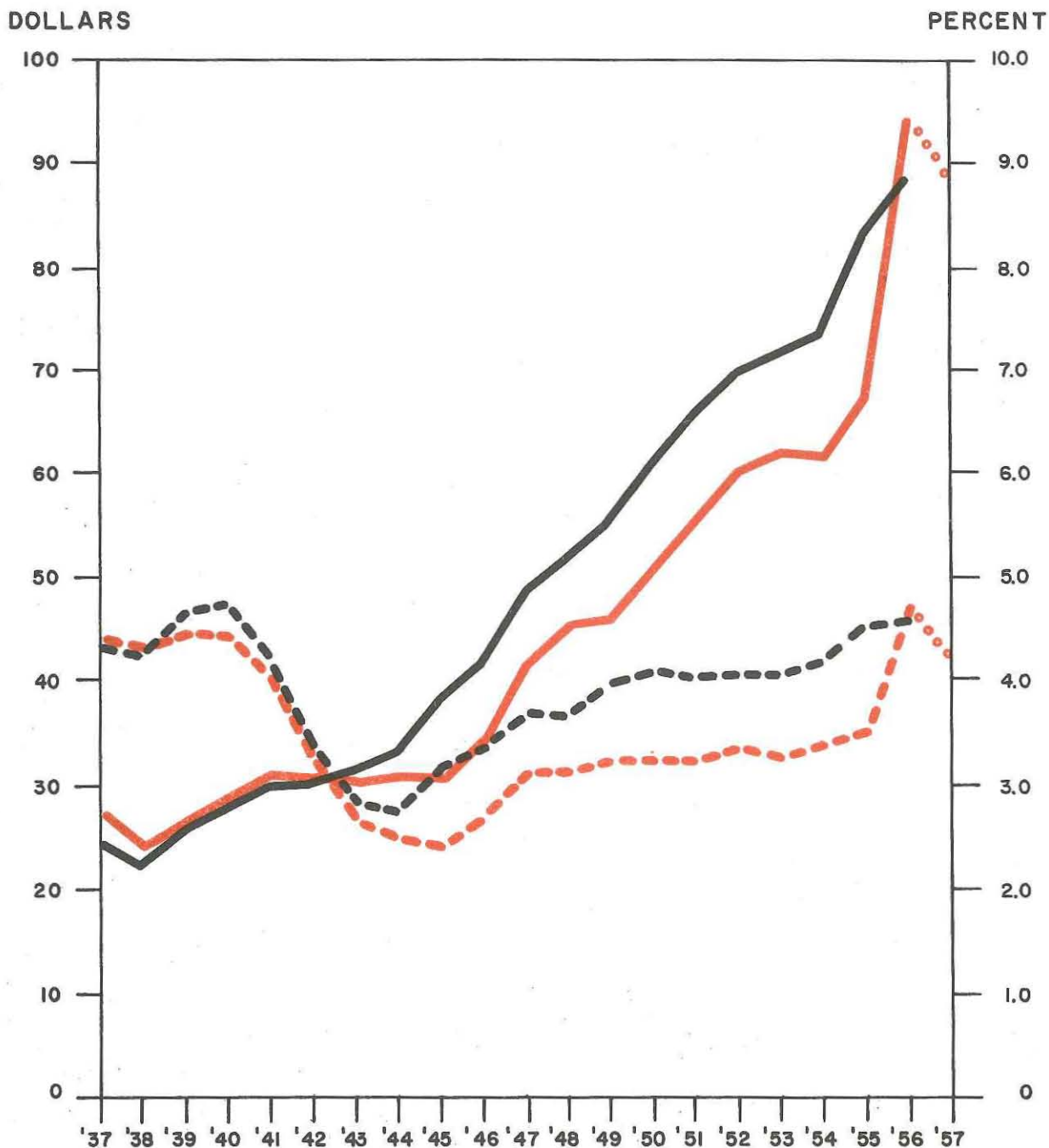
As regards Pennsylvania's state tax position relative to that of the nation as a whole, it may be noted that, in 1956, for the first year since 1942, state taxes, per capita, in Pennsylvania exceeded the average for all states. The chart on the opposite page shows that the sharpest increase in Pennsylvania state taxes occurred between 1955 and 1956. In 1955 (state fiscal year 1955-56), state taxes, per capita, in Pennsylvania amounted to \$68, \$15 below the comparable national average. In 1956, state taxes in Pennsylvania rose to \$95 and exceeded the national average by about \$6. For 1957, it is expected that state taxes, per capita, for Pennsylvania will fall slightly below the national average.\*

The broken lines on the chart show state taxes as a percent of personal income. It may be observed that for Pennsylvania the ratio of state taxes to income reached about 4.7 percent in 1956, which is slightly above the level which obtained during the immediate pre-war years.

---

\*A decrease in Pennsylvania state tax collections for 1957 is likely to occur because of the operation of the following factors: the special disaster gasoline tax in effect for 1956-57 was not reenacted; the initial revenue impact during 1956-57 of the 80 percent acceleration of the capital stock and franchise taxes will not recur; and some loss of revenue during 1957-58 will be occasioned by the reinstatement of the manufacturer's exemption from the tax.

# STATE TAXES, PER CAPITA AND AS PERCENT OF PERSONAL INCOME, PENNSYLVANIA AND UNITED STATES 1937 - 1956



READ ON LEFT SCALE:

STATE TAXES  
PER CAPITA  
— PENNSYLVANIA    o o EST.  
— UNITED STATES

READ ON RIGHT SCALE:

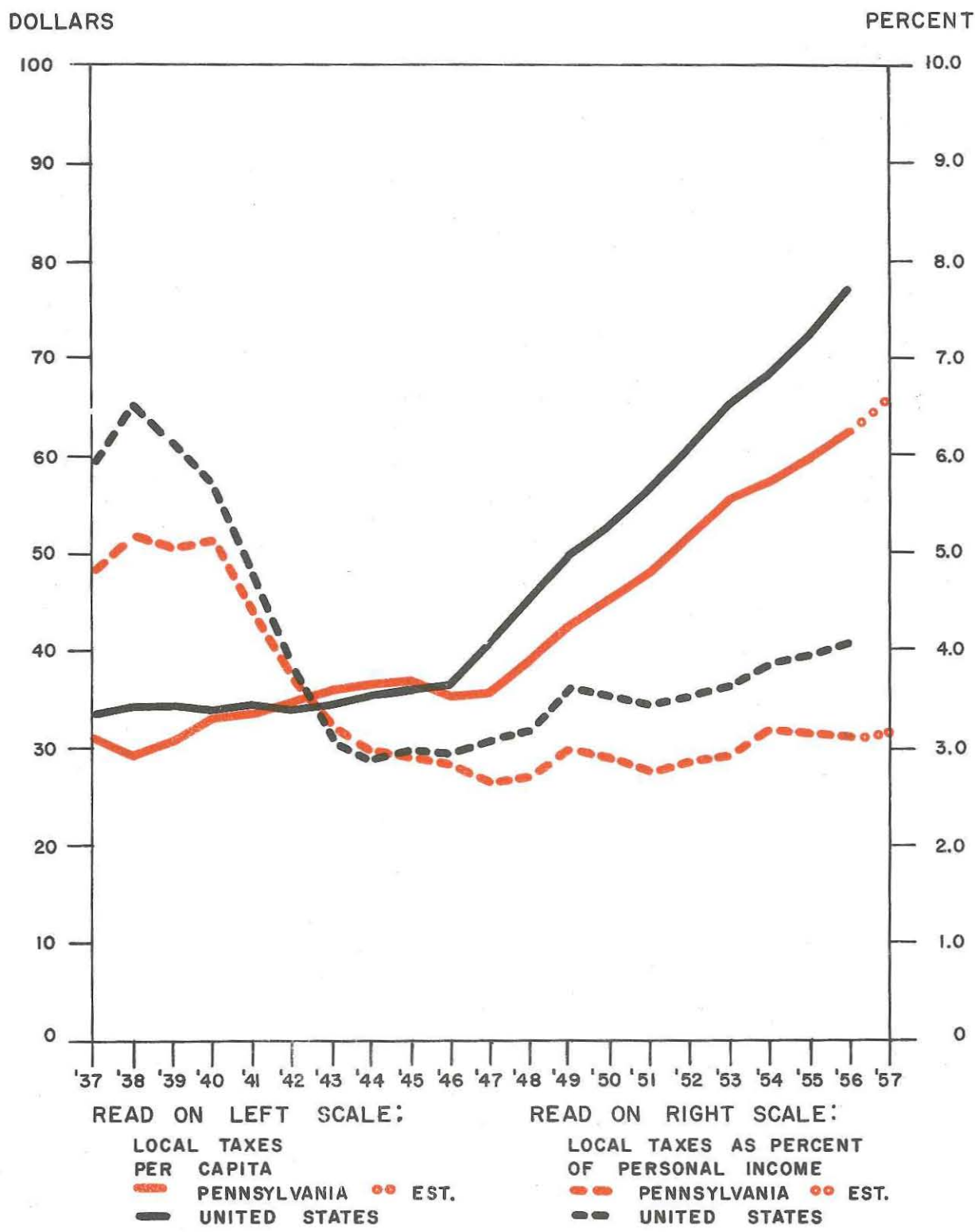
STATE TAXES AS PERCENT  
OF PERSONAL INCOME  
- - - PENNSYLVANIA    o o EST.  
- - - UNITED STATES

SECTION III  
LOCAL TAX COLLECTIONS

Concurrently with the decline in local taxes relative to state taxes in Pennsylvania, local taxes, per capita, increased less rapidly in Pennsylvania than in the United States. For both the United States and Pennsylvania, the solid lines on the chart on the opposite page show the movement of local taxes per capita; and the broken lines, the movement of local taxes as a percent of personal income. With respect to both measures, it may be observed that the spread between Pennsylvania and the United States has widened appreciably during the postwar years. Local taxes, per capita, in Pennsylvania and the United States were practically identical in 1945. However, by 1956, Pennsylvania local taxes had dropped \$15 below the national average. Although Pennsylvania local taxes, per capita, approximately doubled between 1937 and 1956, local taxes, expressed as a percent of personal income, decreased from about 5 percent in 1937 to 3 percent in 1956. It is not expected that Pennsylvania local tax collections in 1957 will depart materially from the trend observable over the recent past.

Local property taxes in Pennsylvania are markedly below the level prevailing throughout the nation. While total local taxes, per capita, were \$15 below the national average in 1956, local non-property taxes were about \$6 greater in Pennsylvania than in the United States; and local property tax collections in Pennsylvania were almost \$21 below the national average. Under the circumstances, it is not surprising to find that Pennsylvania local governments derive about 75 percent of their tax revenues from property taxes, whereas all local governments in the United States derive about 87 percent of total tax collections from property taxes.

# LOCAL TAXES, PER CAPITA AND AS PERCENT OF PERSONAL INCOME, PENNSYLVANIA AND UNITED STATES 1937 — 1956



## SECTION IV

### THE TAX STRUCTURE OF THE COMMONWEALTH

In all, some 30 separate taxes comprise the current tax structure of the Commonwealth for both General and special fund purposes. Although the composition of the tax system of the Commonwealth has changed over the last 20 years, for the purpose of highlighting significant changes in the Commonwealth's tax structure since 1937, tax revenues for each biennium can be conveniently grouped into five broad impact categories:

1. Highway-User Taxes and License Fees includes all liquid fuel and gross receipts taxes and vehicle and operators' license receipts now credited to the Motor License Fund and the Liquid Fuels Tax Fund. For the biennia prior to 1945, when the anti-diversion amendment was adopted, this category also includes the gasoline tax receipts paid into the General Fund.

2. General Corporation and Business Taxes consists primarily of the corporate net income tax; the capital stock and franchise tax and its counterpart for banking corporations, the bank shares tax; and the corporation excise tax. In addition to several other business taxes of negligible revenue importance, this category includes, for the biennia prior to 1945, the mercantile license taxes.

3. Commodity Taxes Other Than Liquid Fuels includes general and special sales taxes; excise taxes on such consumer goods as liquor, beer, cigarettes and soft drinks (during 1947-51); liquor store profits; and several taxes on services--hotel occupancy and amusements.

4. Property and Property Transfer Taxes consists currently of inheritance and realty transfer taxes; the corporate loans tax--a supplement to the county personal property tax; and the stamp tax on writs, wills

and deeds. For the biennia when in force, the stock transfer tax (repealed in 1957) and the state personal property tax are included.

5. Gross Receipts and Insurance Premiums Taxes includes the gross receipts taxes on railroads, utilities and motor transportation, and all insurance premiums taxes, including the taxes on fire and casualty insurance premiums which are not available for General Fund appropriation.

Total state tax collections, the sum of the tax receipts for the five categories listed above, increased from \$517 million in 1937-39 to \$1,736 million in 1955-57. Budget estimates for 1957-59 total \$1,914 million. The most pronounced change in the tax structure over this period has been the greatly increased emphasis upon commodity taxes. The following table shows, for 1937-39 and, based on budget estimates, for 1957-59, the percentage of total tax revenues represented by each of the five broad impact categories.

	<u>1937-39</u>	<u>1957-59</u>
Highway-User Taxes and License Fees	35.3%	24.4%
General Corporation and Business Taxes	24.5	24.3
Commodity Taxes Other Than Liquid Fuels	16.5	40.1
Property and Property Transfer Taxes	17.8	6.8
Gross Receipts and Insurance Premiums Taxes	<u>5.9</u>	<u>4.4</u>
	100.0%	100.0%

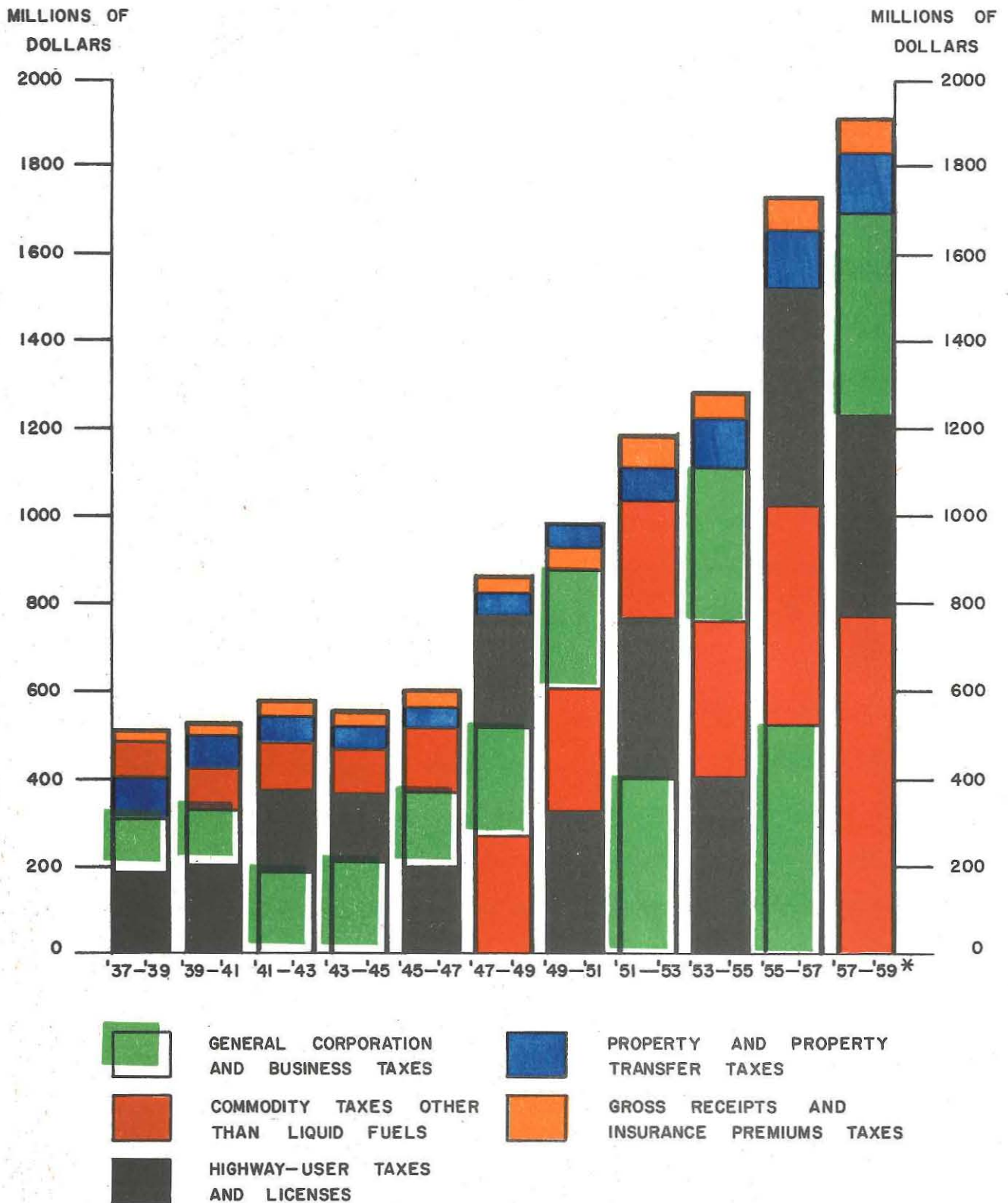
Commodity taxes, which accounted for 16.5 percent of total state tax collections in the 1937-39 biennium, represent 40.1 percent of the estimated total for 1957-59. The taxes in every other category represented a smaller percentage of total tax revenues in 1957-59 than in 1937-39. The relative magnitude of corporation taxes declined only slightly between 1937-

39 and 1957-59; in both biennia, corporation taxes amounted to almost one-fourth of total tax revenues. During the war years, however, corporation taxes contributed as much as 38 percent of the total; and, as recent as 1951-53, about one-third of total tax receipts came from general corporation levies. Chiefly as a result of the repeal of the municipal loans tax and the state personal property tax, the proportion of total tax revenues attributable to property and transfer taxes has declined substantially.

The changes in the relative fiscal importance of the various state taxes are portrayed in the chart on the opposite page. The height of the multi-colored bar indicates total state tax revenues, while the five colored segments of each bar correspond to the five impact categories. The length of each colored segment represents the amount of revenue attributable to the taxes in that category. Within each bar, the categories are arranged from the base line upward in descending order of revenue magnitude. Hence, the bottom segment of each bar represents the tax category which accounted for the largest revenue in that biennium, the next segment represents the category which ranks second in revenue magnitude, etc. It may be noted that, in five of the eleven biennia, highway-user taxes constituted the largest revenue source; in four biennia, corporation taxes were first in revenue importance; and commodity taxes held the first position in two biennia.



# PENNSYLVANIA STATE TAX REVENUES BY MAJOR CATEGORIES BIENNIA 1937-39 TO 1957-59



\* ESTIMATES OF BUDGET BUREAU AS OF DECEMBER 20, 1957

## SECTION V

### COMMONWEALTH EXPENDITURES

Total disbursements by the Commonwealth during 1957-59 are expected to reach the record level of \$2.4 billion.\* Slightly more than \$1.9 billion of this sum represents expenditures financed from Commonwealth revenue sources. The great bulk of the balance, about \$500 million, consists of disbursements financed by Federal grants and institutional reimbursements. All but a negligible proportion of the \$1.9 billion of expected Commonwealth expenditures will be disbursed through three funds: the General Fund, Motor License Fund, and Liquid Fuels Tax Fund. The remainder of this report contains a review of the trends in state-financed expenditures from these three funds between 1937-39 and 1957-59. For any expenditure category, comparability between the data for the current biennium and earlier periods depends upon the correspondence between actual expenditures and amounts appropriated.

Five major functional categories of state-financed expenditures are examined. Expenditures for these five functions are expected to comprise about 87 percent of total state-financed expenditures from the General, Motor License, and Liquid Fuels Tax Funds during 1957-59. The residue, about 13 percent of the total, consists of expenditures for a multitude of functions spread among numerous state agencies. In the absence of available summary records, a portion of the residue covering general house-keeping expenditures and retirement contributions on behalf of state em-

\*This amount, which does not reflect the disbursements of enterprise funds such as the Workmen's Insurance Fund and the State Stores Fund, of trust funds such as the Unemployment Compensation Benefit Fund and the State and School Employees' Retirement Funds, and of quasi-public corporations such as the Pennsylvania Turnpike and the General State Authority, falls far short of the total sum over which the Commonwealth exercises some measure of control.

ployes could not be allocated to the five major functions. The composition of the five major functional categories is as follows:

1. Education includes expenditures of the Department of Public Instruction for educational administration, public schools, state-supported schools, and aid for institutions of higher learning plus expenditures of the Department of Health for school health services and of the Department of Welfare for nurses training subsidies.

2. Highways consists of all state-financed expenditures from the Motor License and Liquid Fuels Tax Funds except expenditures for the Aeronautics Commission and for driver training courses.

3. General Health Services covers all state-financed expenditures of the Department of Health and the Department of Welfare except expenditures for school health services, nurses training subsidies, and training schools plus expenditures for the Soldiers and Sailors Home through the Department of Military Affairs.

4. Penal and Correctional Institutions includes expenditures of the Department of Justice plus Department of Welfare expenditures for Morganza, Glen Mills, and Sleighton Farm Schools.

5. Grants and Aid to Individuals covers state-financed expenditures of the Department of Public Assistance, of the Department of Labor and Industry for occupational disease compensation and for rehabilitation, and of the Department of Military Affairs for the State Veterans' Commission.

In connection with an appraisal of expenditure trends, it should be remembered that the total income of Pennsylvania residents in 1957 (about \$23 billion) was approximately four times the annual average (\$5.8 billion) during 1937-39. Expenditures for any category, therefore, which have risen to a level more than four times the 1937-39 amount, may be said to necessitate a greater effort in terms of income than was required in

1937-39. Conversely, a lesser income effort is required currently if expenditures for any category are less than four times the amount expended during 1937-39.

Of the five major expenditure trends shown on the accompanying chart, Education has shown the greatest increase since 1937-39. Current appropriations for Education are 8 1/2 times the amount expended during the 1937-39 biennium. Education will probably account for 40 percent of total expected Commonwealth expenditures during the 1957-59 biennium.

The Highway function, second in terms of dollar requirements, has shown a steady increase since the 1943-45 biennium, reversing the earlier trend. It is expected that Highways will require, during 1957-59, about 3 1/2 times the amount expended during 1937-39. Outlays for Highways are likely to represent about 27 percent of Commonwealth expenditures during 1957-59.

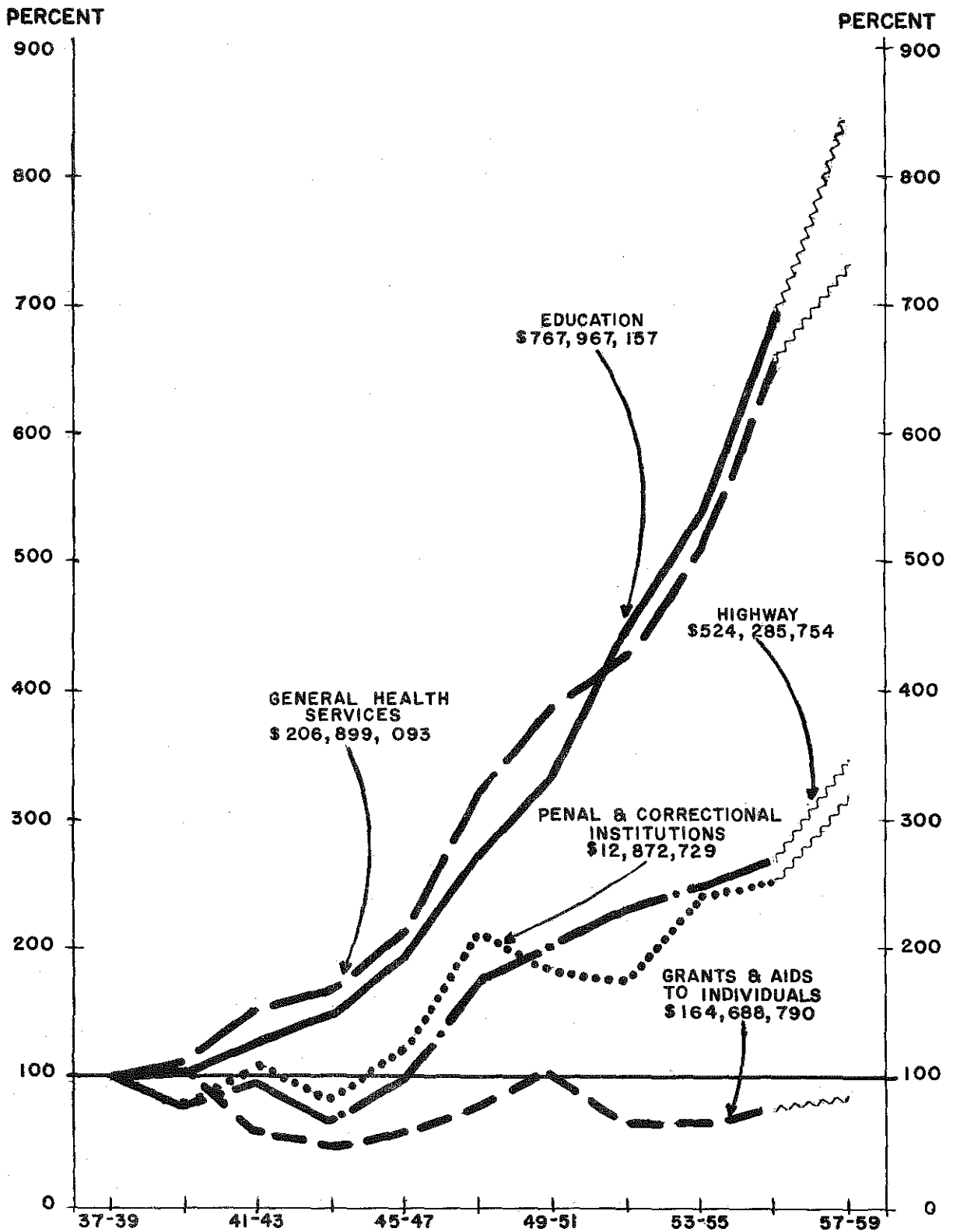
General Health Services expenditures increased at a more rapid rate than any other category between 1937-39 and 1949-51. However, over the entire period 1937-39 to 1957-59, the rate of increase for General Health Services is less than that for Education. Appropriations for the 1957-59 biennium are more than seven times the amount spent during 1937-39.

State-financed expenditures in the form of Grants and Aid to Individuals, except for the 1949-51 biennium, have remained at a level below that which prevailed between 1937 and 1941. Current appropriations of state funds are 81 percent of the amount expended during 1937-39.

Financial requirements for Penal and Correctional Institutions show a trend generally comparable to that for Highways over the entire period, with the exception of the decline which occurred between 1949 and 1953.

# MAJOR STATE EXPENDITURES

BY BIENNIUM 1937-39 TO 1957-59  
(1937-39 = 100%)



AMOUNTS SHOWN - 1957-59 APPROPRIATIONS LESS INSTITUTIONAL RECEIPTS

## Education

### Public School Subsidies

Transfers of funds direct to local school districts account for about one-third (32 percent) of total expected state expenditures during the current biennium. The bulk of direct cash transfers to local school districts is paid out of three major budget accounts: Support of Public Schools (payments on account of instructional cost, jointures and unions, tuition, special education, and closed schools), Transportation, and School Building Subsidies.

The chart on the opposite page shows the magnitude of these accounts for the period 1935-37 to 1957-59 together with subsidies for Public School Employes' Retirement and "All Other Subsidies." The latter consists of direct transfers such as Vocational Education, School Health Examinations, and Safe Driving Course subsidies and indirect aid such as Supervision on the County Level and Education of the Deaf, Blind and Cerebral Palsied.

The largest of the budget subsidy accounts for 1957-59 is Support of Public Schools, which represents about one-fourth (27 percent) of total expected state expenditures. In relation to total Public Schools Subsidies, Support of Public Schools dropped from 75 percent in 1937-39 to 67 percent in 1957-59.

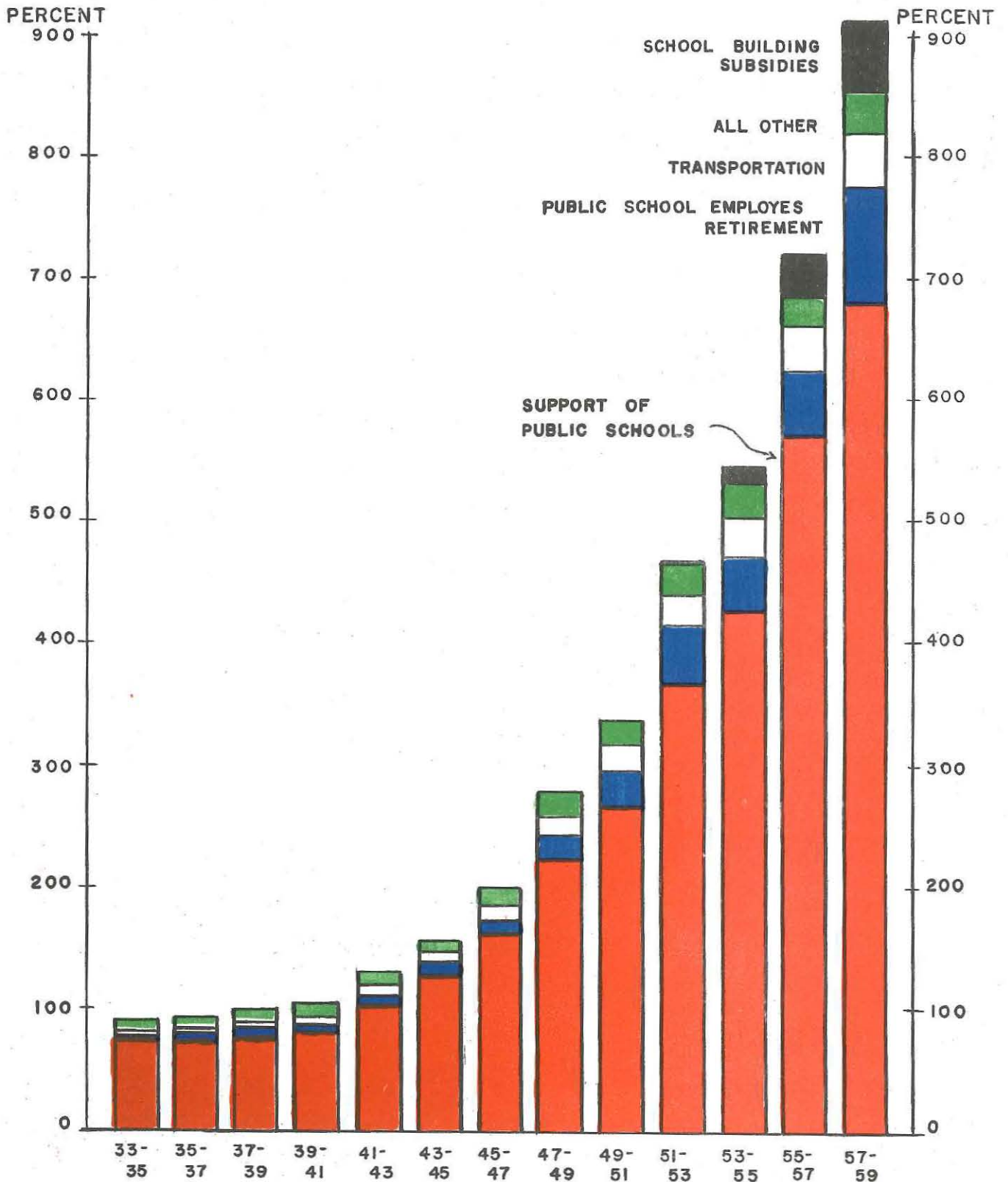
The fastest growing subsidies have been School Building Subsidies, which were first paid during the 1951-53 biennium.

<u>Biennium</u>	<u>School Building Subsidies</u>	<u>Percent of All Public School Subsidies</u>
1951-53	\$ 767,000	.2%
1953-55	12,580,000	3.0
1955-57	25,892,000	4.7
1957-59	47,033,000 (Appropriation)	6.7

---

# STATE PUBLIC SCHOOL SUBSIDIES

FOR THE BIENNA 1933-35 TO 1957-59  
(1937-39 = 100 %)



NOTE: - 1957-59 APPROPRIATIONS

## Education

### Public Schools: Per-Pupil Costs

The rapid rise in Public School Subsidies, shown on the preceding chart, reflects both an increase in total expenditures for public schools and an increase in the portion paid by the Commonwealth. These changes are shown graphically on the opposite page.

Total public school expenditures, on a per-pupil basis, have risen steadily since 1939-41. This rise in cost is shown by the bars on the accompanying chart. One of the factors responsible for the rise in per-pupil costs is the increase in the teacher-pupil ratio. In 1937-39, there were 32 teachers per 1,000 pupils; while in 1953-55, there were 39 teachers per 1,000 pupils.

The black portion of the bars represents Public School Subsidies on a per-pupil basis, and the Commonwealth's contribution as a percent of total cost is shown within the bars. The percentage contribution of the Commonwealth increased from 15 percent in 1937-39 to 42 percent in 1953-55.

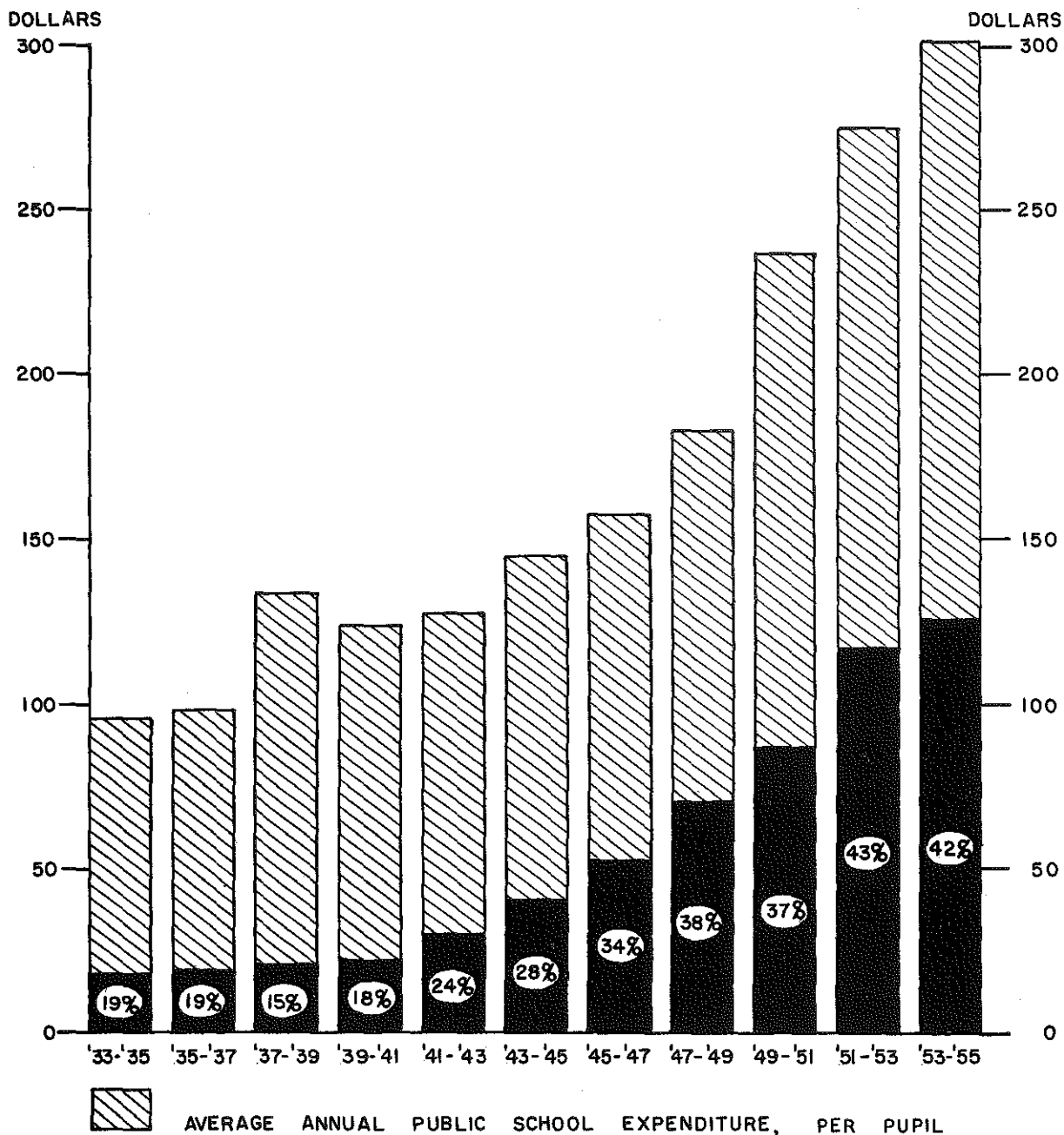
Examination of the changes shown on the chart indicates the following: the increase in total public school costs has been such that, for every \$10 spent per pupil during 1937-39, over \$22 was spent in 1953-55. State subsidies increased to \$60 per pupil in 1953-55 for each \$10 in 1937-39.

As to the relationship between per-pupil cost and total public school expenditures, it should be noted that, for each 100 students enrolled in public schools during 1937-39, there were 91 enrolled during 1953-55. For each \$100 of state subsidies to public schools in 1937-39, \$545 was distributed in 1953-55; \$720, in 1955-57; and \$915 was appropriated for 1957-59.



# TOTAL EXPENDITURES FOR PUBLIC SCHOOLS AND STATE PUBLIC SCHOOL SUBSIDIES

ANNUAL AVERAGE, PER PUPIL  
FOR THE BIENNIA 1933-35 TO 1953-55



AVERAGE ANNUAL PUBLIC SCHOOL EXPENDITURE, PER PUPIL



AVERAGE ANNUAL STATE PUBLIC SCHOOL SUBSIDY, PER PUPIL,  
WITH PERCENT OF TOTAL

NOTE- TOTAL EXPENDITURES INCLUDE EXPENDITURES, OTHER THAN REIMBURSEMENT, BY THE STATE (SUCH AS RETIREMENT CONTRIBUTIONS AND COUNTY SUPERVISION) AS WELL AS EXPENDITURES BY SCHOOL DISTRICTS

## Education

### Higher Education

State subsidies for Higher Education accounted for about 10 percent of Commonwealth expenditures for Education during the 1955-57 biennium. The bulk of expenditures for Higher Education (86 percent) went to the Commonwealth's fourteen state teachers' colleges and to four universities: Pennsylvania State University, University of Pennsylvania, University of Pittsburgh, and Temple University.

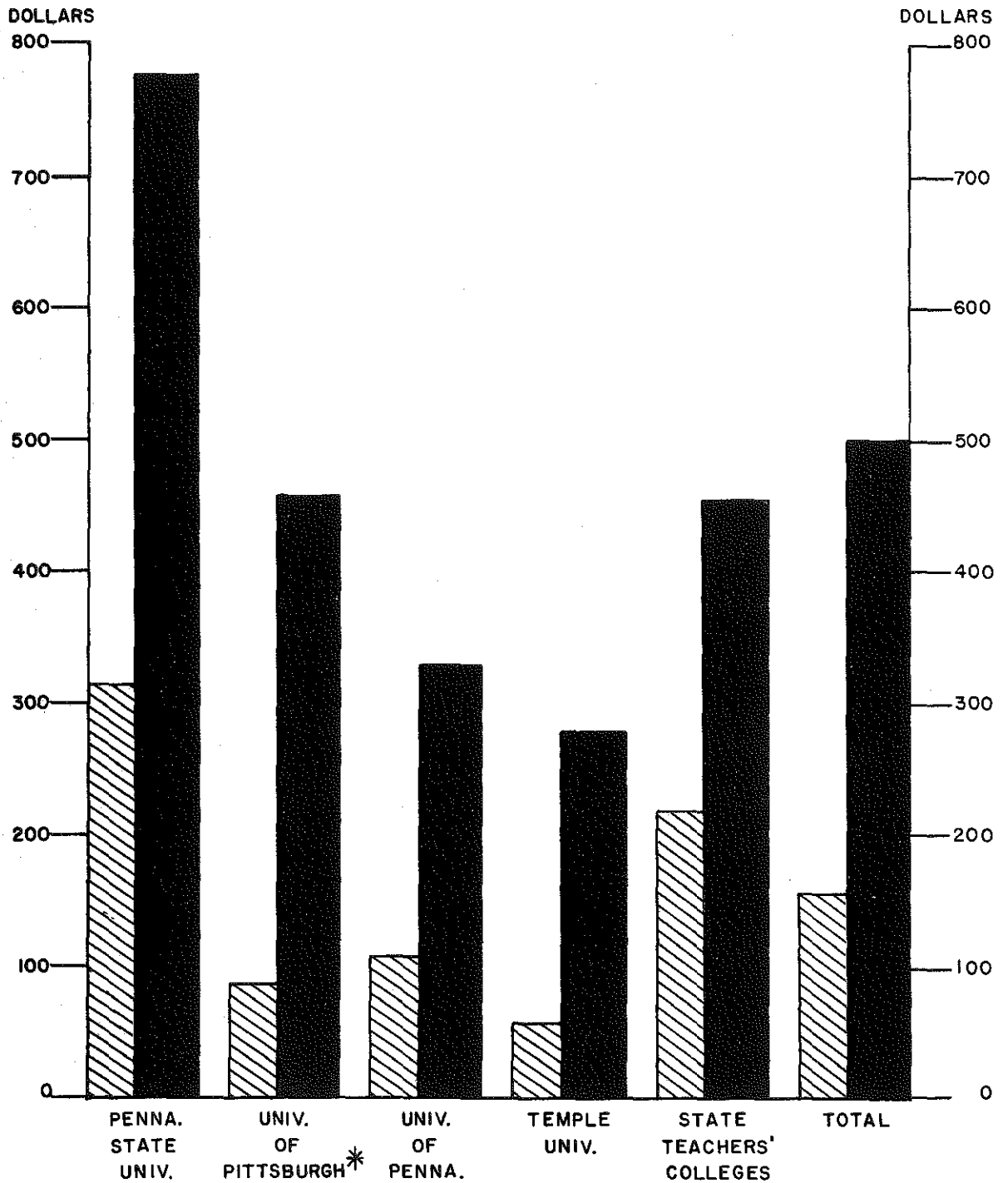
The chart on the opposite page shows for the biennia 1937-39 and 1955-57 state subsidies, per student, per year, for the institutions listed above. An examination of the changes shown on the chart indicates percentage increases (on a per-student basis) from 108 for state teachers' colleges to 430 for the University of Pittsburgh. The University of Pittsburgh received \$53 per full-time student during the 1955-57 biennium for each \$10 received during 1937-39. The second largest increase was realized by Temple University, which, in 1955-57, received \$47 per student for each \$10 in 1937-39.



The largest subsidy went to Pennsylvania State University, which received 37 percent of total subsidies for Higher Education during the 1955-57 biennium. The University of Pittsburgh, which had the largest per-student increase in subsidy, received the second largest amount, equal to 12 percent of subsidies for Higher Education.

State appropriations for 1957-59 for Higher Education are distributed as follows: 67 percent to the universities named above; state teachers' colleges, almost 22 percent; other state-aided universities and colleges, 7 percent; nurses training and miscellaneous subsidies, 3 percent; and state-aided schools, about 1 percent.

# HIGHER EDUCATION

STATE SUBSIDY, PER STUDENT, PER YEAR  
FOR BIENNIA 1937-39 AND 1955-57



 NET DISBURSEMENTS PER FULL TIME STUDENT 1937-39  
 NET DISBURSEMENTS PER FULL TIME STUDENT 1955-57

\* INCLUDES WESTERN PSYCHIATRIC HOSPITAL

## Highways

Total state expenditures for Highways include both funds distributed to local governments and funds directly expended by the Highway Department for construction, reconstruction, maintenance and administration. Both types of expenditures exhibited similar trends over the period under review.

Charted on the opposite page are total state Highway expenditures including payments to cities, counties, boroughs and townships, per registered motor vehicle, for Pennsylvania for the biennia 1933-35 to 1955-57. A general downward trend was evident during the five biennia from 1933-35 to 1943-45. The rapid rise during the postwar years was followed by a leveling off at about \$100 a biennium, per vehicle, which is about twice the 1943-45 amount.

Preliminary registration figures indicate that, since 1953-55, the number of vehicles has increased at a more rapid rate than expenditures. Hence, state expenditures, per vehicle, for 1955-57 are lower, as indicated on the chart by the broken line.

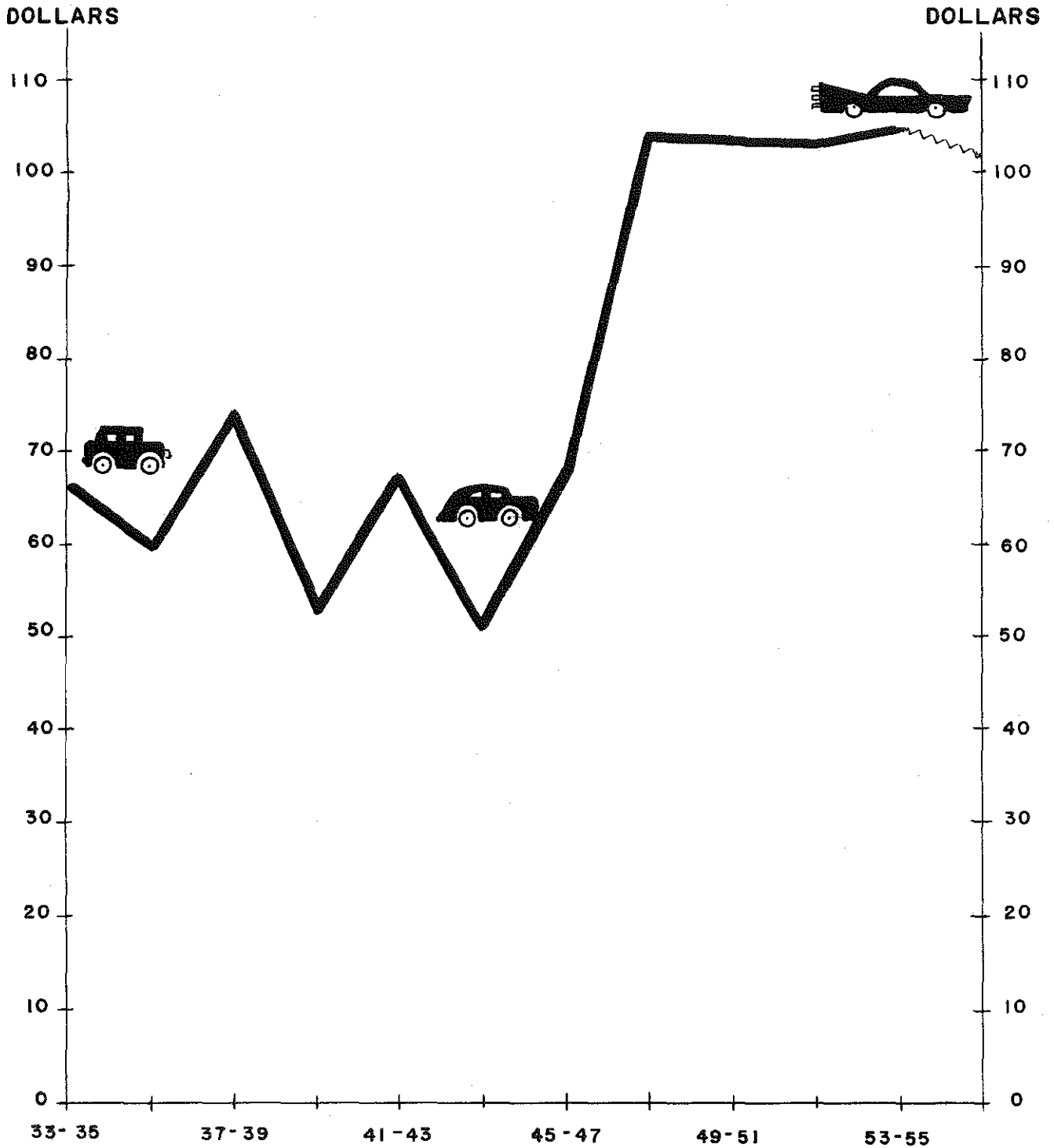
---

Federal Highway Contributions increased to \$46 in 1955-57 for each \$10 received in 1937-39. (Public Works Administration construction grants are included in the 1937-39 aid.) Receipts from the Federal government for Highways in 1953-55 were about \$60 million. A similar amount was received during the 1955-57 biennium. The current budget estimate of Federal aid for 1957-59 is over a quarter of a billion dollars, or more than four times the amount received in the previous biennium.

Federal aid, per registered vehicle, has increased from \$6.38 in 1937-39 to \$15.07 in 1955-57. Trends in Federal aid, per registered motor vehicle, have generally followed the pattern for state expenditures shown by the chart on the opposite page. Total Highway expenditures, by source, for 1955-57 were as follows: 86 percent from the Commonwealth, 13 percent from the Federal government, and 1 percent from other sources.

# STATE HIGHWAY EXPENDITURES PER REGISTERED MOTOR VEHICLE

FOR THE BIENNIA 1933 - 35 TO  
1955 - 57



NOTE:- EXPENDITURES INCLUDE PAYMENTS TO CITIES, TOWNSHIPS, ETC.

### General Health Services

The composition of General Health Services expenditures has undergone marked changes during the period from 1937 to 1957. The chart on the opposite page shows, as a percent of total expenditures for General Health Services, the expenditures for Administration and Research, State Aid to Homes, Hospitals and Local Governments, and State-Owned Institutions.

Expenditures for State-Owned Institutions have increased from about half of total General Health Services expenditures by the Commonwealth in 1937-39 to three-fourths of the total in 1955-57. The amount expended has increased about \$125.0 million, which is distributed as follows:

State Mental Hospitals	68%
Institutions for the Feebleminded and Epileptic Sanatoria and Crippled Children's Hospitals	14
Medical and Surgical Hospitals	11
Unallocated	6
	1

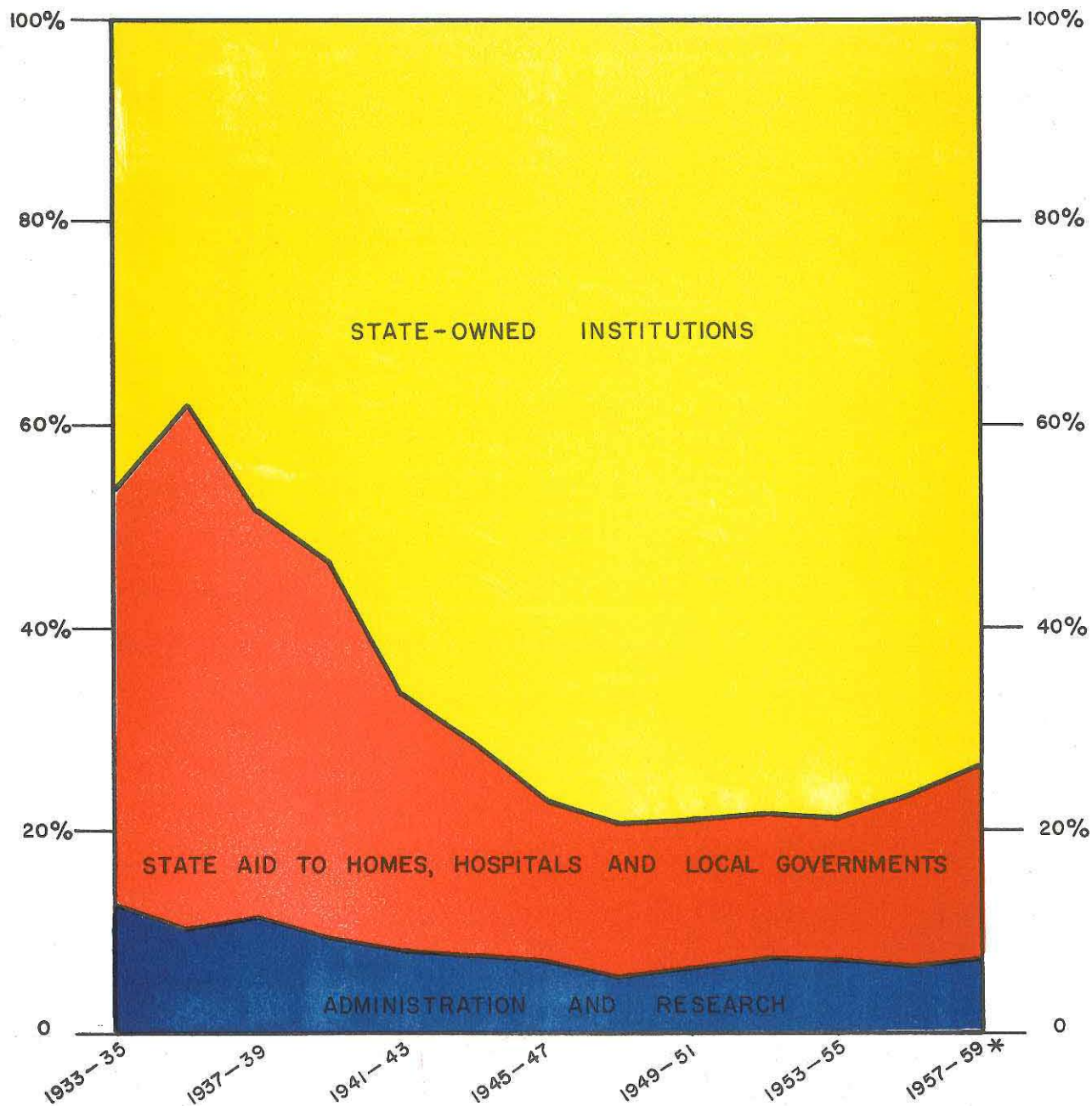
State Aid to Homes, Hospitals and Local Governments has increased from \$11 million during the 1937-39 biennium to about \$30 million in 1955-57. State Aid to Homes, Hospitals and Local Governments amounted to 40 percent of total state expenditures for General Health Services in 1937-39 and 17 percent in 1955-57. Of the \$19 million increase in expenditures, 74 percent represents increases in expenditures to State-Aided Hospitals, Elwyn Training School, and miscellaneous aid; and 26 percent represents new programs of payments to municipalities for sewage treatment and payments to county health departments.

Although the amount expended for Administration and Research increased from \$3.3 million in 1937-39 to \$12.2 million in 1955-57 (\$1.2 million is attributable to research), percentagewise, this expenditure category has decreased from 12 to 7 percent of total state expenditures for General Health Services.

# GENERAL HEALTH SERVICES

MAJOR EXPENDITURES AS A PERCENT OF TOTAL

FOR THE BIENNIA 1933-35 TO 1957-59



\* BASED ON 1957 APPROPRIATIONS LESS EXPECTED INSTITUTIONAL RECEIPTS

## General Health Services

### State Mental Hospitals

On the average, about 40,000 persons were patients in State Mental Hospitals during the 1955-57 biennium at an average cost to the Commonwealth of about \$2,200 per patient. Of the more than \$150 million appropriated for State-Owned Institutions under General Health Services for the 1957-59 biennium, about three-fourths (74 percent) was appropriated for the 17 State Mental Hospitals.

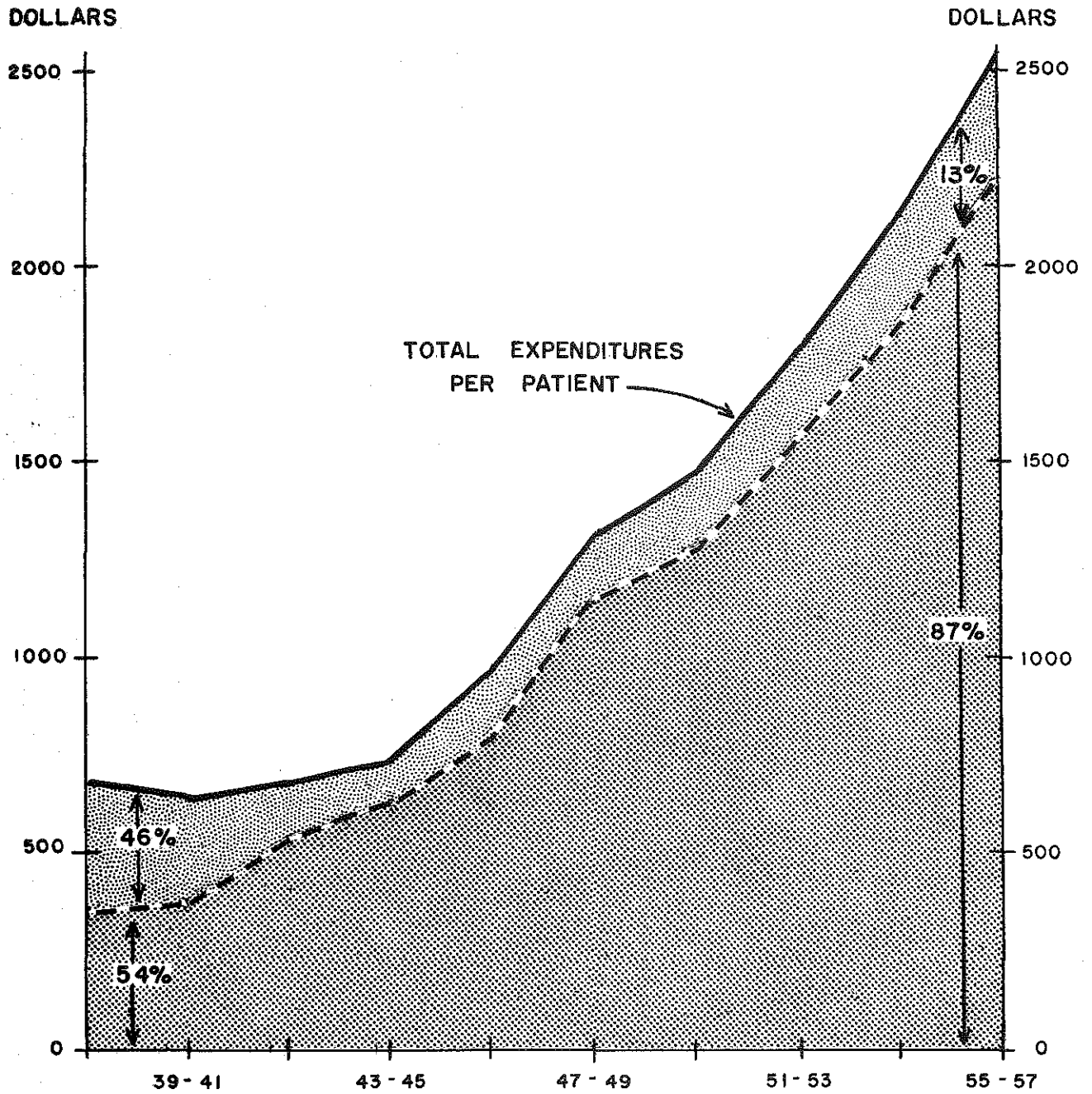
Charted on the opposite page is total cost, per patient, in State Mental Hospitals, by biennium. The top line on the chart represents the total cost, while the broken line represents the state cost, per patient. Institutional receipts, per patient, are represented by the area between the two lines. During the period covered by the chart, the number of patients increased 140 percent. The cost, per patient, during the same period increased 275 percent. The resulting total expenditures of Mental Hospitals in 1955-57 rose 800 percent above the amount spent in 1937-39.



Institutional receipts of State Mental Hospitals have not kept pace with rising expenditures. In 1937-39, institutional receipts paid 46 percent of the total operating cost of State Mental Hospitals. During 1955-57, only 13 percent of the cost was covered by institutional receipts. Institutional receipts, per patient, in the biennium 1937-39, were \$313. In 1955-57, they were \$327 per patient. This relatively stable amount, in conjunction with rising costs, explains the decrease in the percentage contribution of institutional receipts from 46 to 13 percent of the total.



# STATE MENTAL HOSPITALS COSTS PER PATIENT

FOR THE BIENNIA 1937-39 TO 1955-57



-  STATE MENTAL HOSPITAL RECEIPTS, PER PATIENT, BY BIENNIUM.
-  STATE EXPENDITURE PER PATIENT IN STATE MENTAL HOSPITALS PER BIENNIUM.

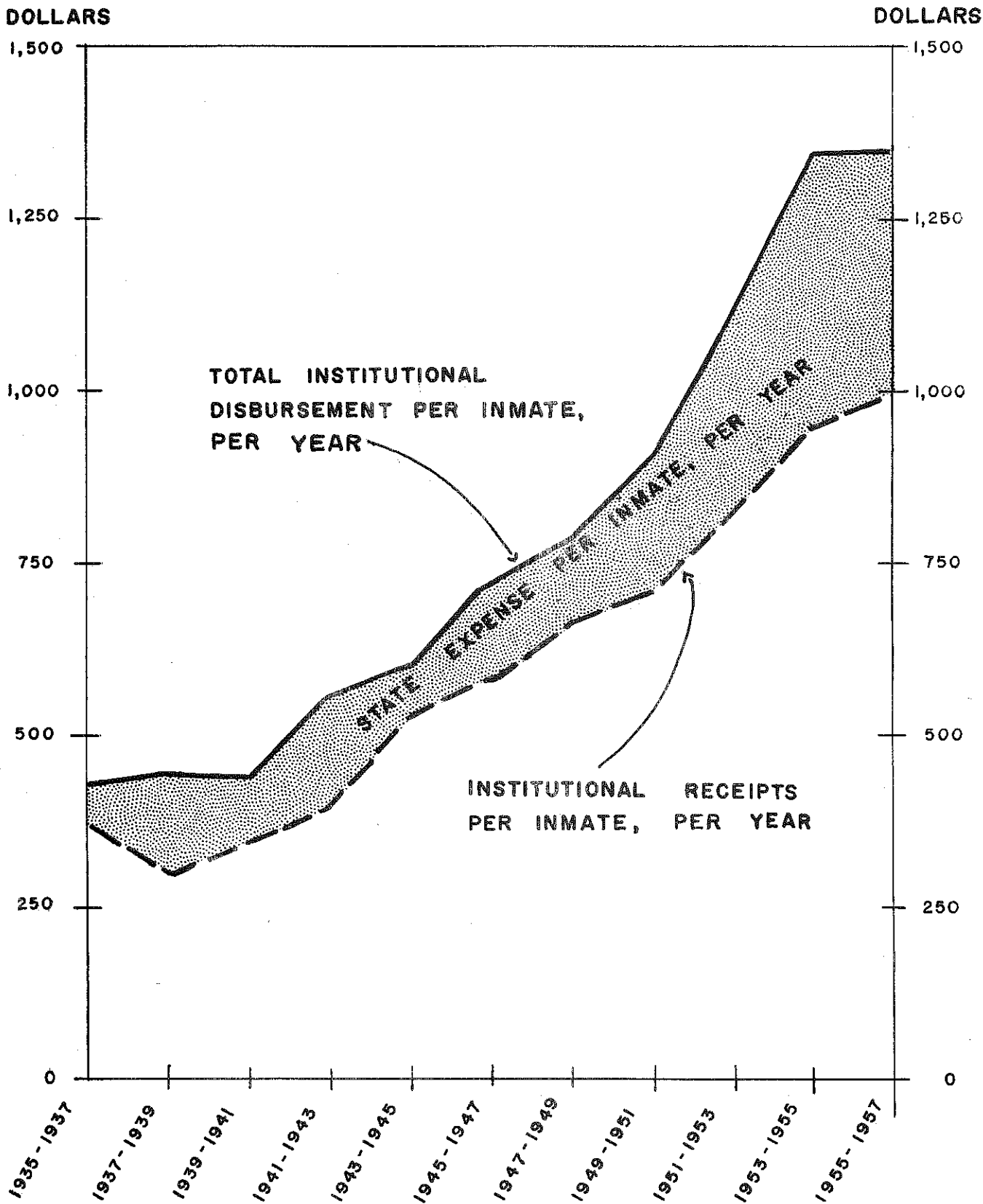
### Penal and Correctional Institutions

State expenditures for Penal and Correctional Institutions, in the amount of \$10.2 million for 1955-57, were distributed as follows: 17 percent for general expenses of the Department of Justice; 31 percent for Morganza, Glen Mills and Sleighton Farm Schools; and 52 percent for penitentiaries and reformatories.

The chart on the opposite page shows the average annual total cost, per inmate, in state penitentiaries and reformatories now under the Department of Justice for the biennia 1935-37 to 1955-57. The broken line indicates the average annual institutional receipts per inmate. Institutional receipts consist primarily of payments by the counties for prisoners committed to these institutions. A very small portion is derived from occasional sales. Average annual state expense, per inmate, for each biennium is shown by the shaded distance between the two lines.

During 1937-39, the average annual total cost, per inmate, in penitentiaries and reformatories was \$444; while in 1955-57, average cost equaled \$1,346. There is an apparent tendency for the Commonwealth to pay a larger portion of the total costs of operation of penitentiaries and reformatories. For the first three biennia shown on the chart, the Commonwealth paid 21 percent of total costs. However, for the last three biennia shown on the chart, state expenditures represented 27 percent of total costs. On the basis of budget estimates, the Commonwealth will pay 33 percent of the cost of these institutions in 1957-59, with county payments declining proportionately.

# PENITENTIARIES AND REFORMATORIES AVERAGE ANNUAL COSTS & RECEIPTS PER INMATE, FOR BIENNIA 1935-37 TO 1955-57



## Grants and Aid to Individuals

### Public Assistance Expenditures

During the 1955-57 biennium, state expenditures through the Department of Public Assistance represented about 92 percent of state Grants and Aid to Individuals. Because of marked changes in the relative participation of state and Federal governments in public assistance disbursements, the chart on the opposite page shows total disbursements for Public Assistance from both state and Federal sources.

After the low of the war years (1943-45), total disbursements reached a high point in 1949-51. The total for 1957-59 is expected to be within 10 percent of the high of 1949-51. Although total disbursements for 1955-57 were almost \$17 million in excess of 1937-39, the amount expended by the Commonwealth was about \$57 million less than in 1937-39. The amount of Federal participation has increased substantially throughout the years. Of each dollar spent by the Department during 1937-39, the Commonwealth contributed almost 85 cents. Of each dollar spent by the Department during 1955-57, the Commonwealth contributed about 58 cents.

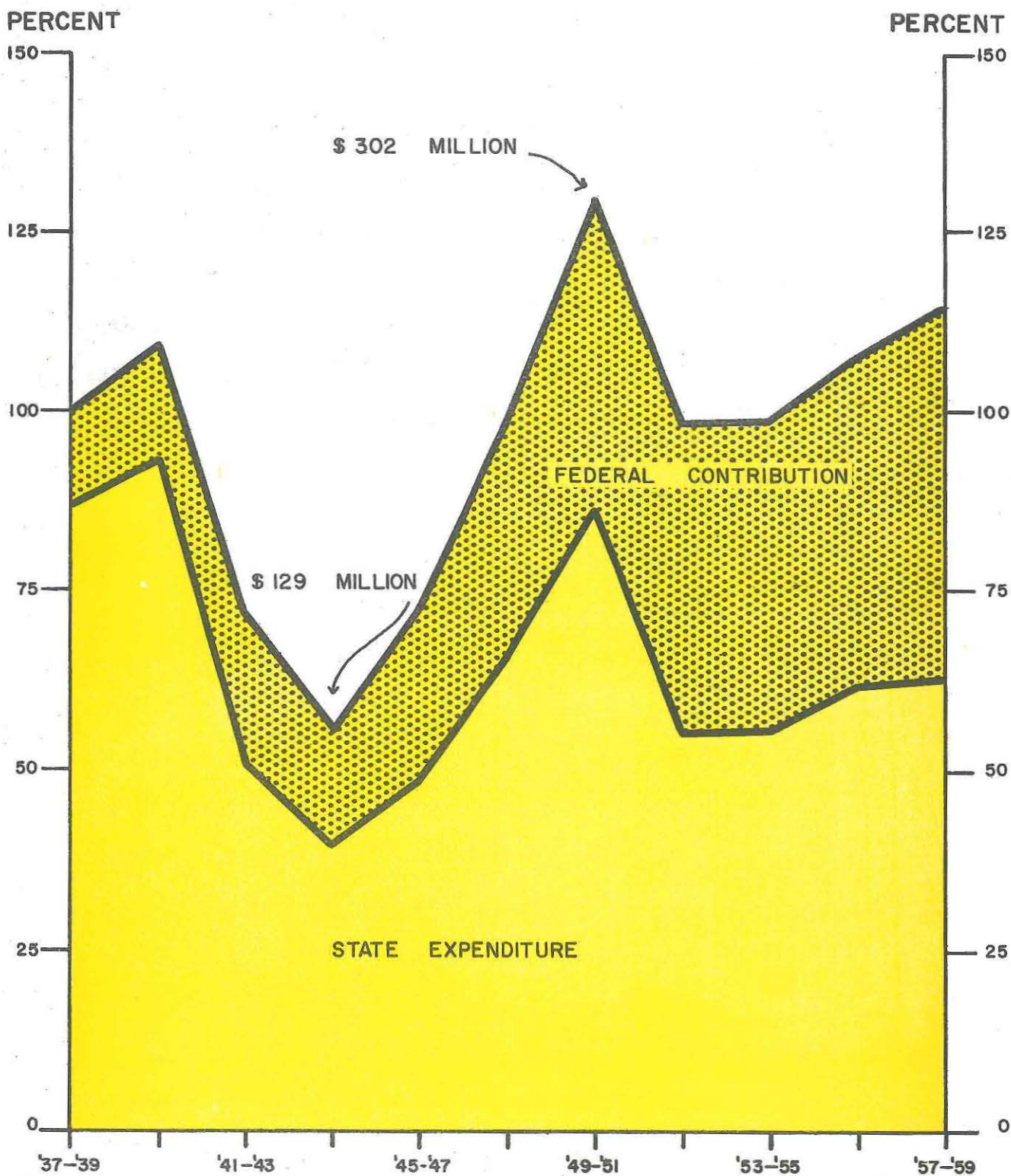
Excluding administrative disbursements, assistance grants for all programs totaled \$222 million during 1955-57. This represents an increase of almost \$10 million over 1937-39. While the Commonwealth's participation in assistance grants during 1937-39 amounted to \$183 million, the Commonwealth's share of 1955-57 assistance was \$118 million.

Largest in terms of dollar volume in 1955-57 was the Aid to Dependent Children program, which involved a disbursement of \$77 million in state and Federal funds. Second largest was the Old Age Assistance program, which required over \$60 million of state and Federal funds.

# PUBLIC ASSISTANCE EXPENDITURES SHOWING FEDERAL AND STATE SHARES

FOR THE BIENNIA 1937-39 TO 1957-59

1937-39 = 100 %



'57-'59 — STATE APPROPRIATIONS AND ESTIMATED FEDERAL CONTRIBUTION. THE EXPENDITURES SHOWN INCLUDE BOTH ADMINISTRATION AND ASSISTANCE.

## Grants and Aid to Individuals

### Public Assistance: Average Monthly Aid

Shown on the opposite page is the average monthly aid, per person, for each of the major assistance programs, including Federal funds for programs in which the Federal government participates. The programs partially financed by the Federal government are as follows: Old Age Assistance, Aid to Dependent Children, Aid to the Disabled, Foster Care, and Blind Assistance. The General Assistance program and Blind Pensions are entirely financed by Commonwealth funds.

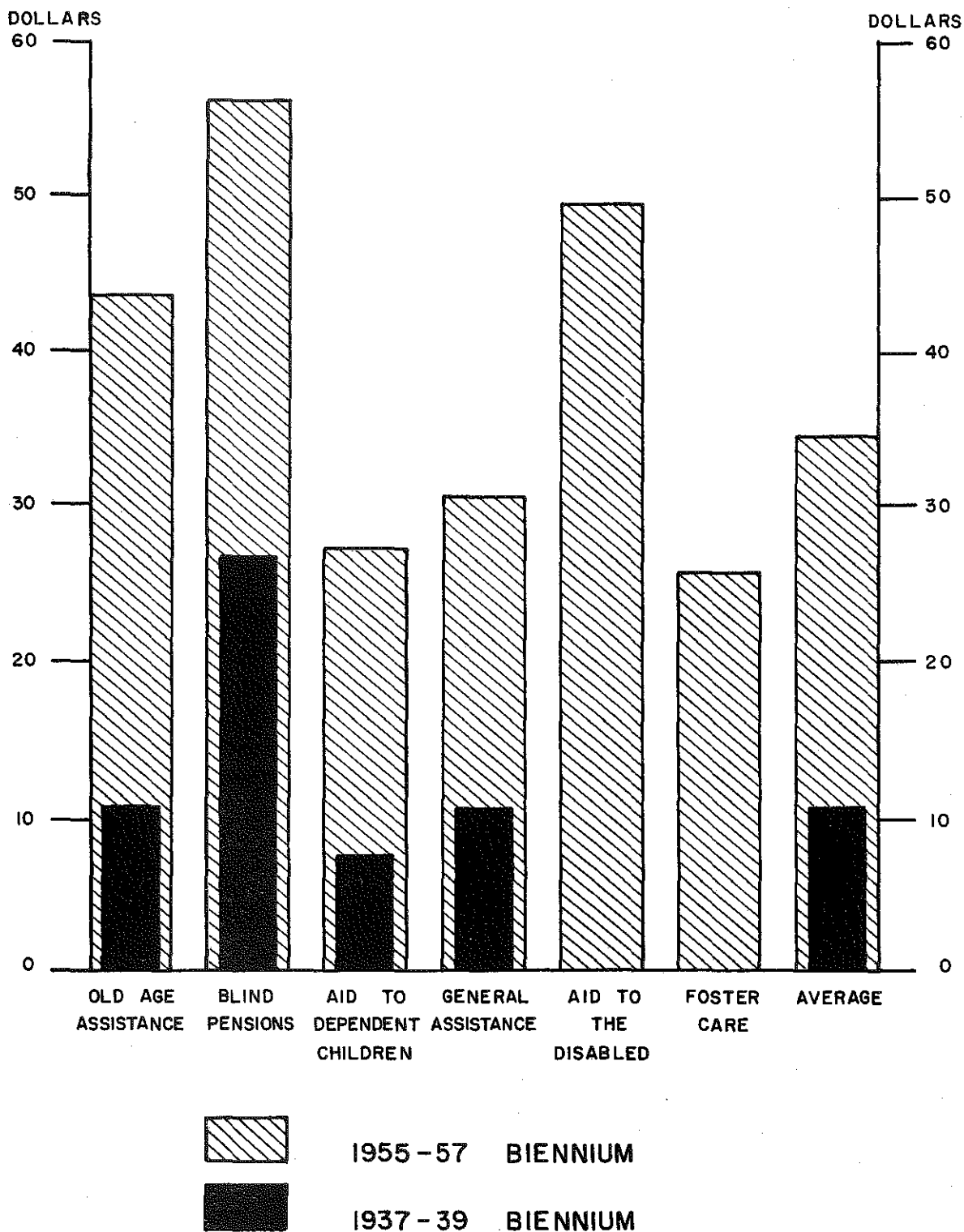
The light bars show the average aid, per person, on a monthly basis during the biennium 1955-57. Comparable data are shown by the dark bars for programs in effect during the 1937-39 biennium. The last bar to the right on the chart, showing "average" payments of \$12 per month for 1937-39, represents an average for the first four programs shown at the left. The average payment of \$34 for 1955-57 represents an average for all programs shown on the chart.

A monthly average of 1,400,000 persons received Public Assistance through one or the other of the four programs during 1937-39. Between 1937-39 and 1955-57, the number of recipients of Aid to Dependent Children and Foster Care doubled, of Blind Pensions and Assistance increased 50 percent, of Old Age Assistance decreased 33 percent, and of General Assistance and Aid to the Disabled decreased 88 percent. In 1955-57, the monthly average number of recipients for all programs was 500,000, and the distribution among the programs was as follows: Aid to Dependent Children and Foster Care, 45 percent; Old Age Assistance, 22 percent; General Assistance, 21 percent; Blind Assistance and Pensions, 6 1/2 percent, and Aid to the Disabled, 5 1/2 percent.

# PUBLIC ASSISTANCE

## AVERAGE MONTHLY AID, PER PERSON, BY PROGRAM

### FOR THE BIENNIA 1937-39 AND 1955-57



## Grants and Aid to Individuals

### Other Than Public Assistance

When an injury is suffered by a handicapped worker and an award in excess of Workmen's Compensation coverage is made, the Commonwealth pays the excess. Such payments are known as Second Injury Payments and called for an expenditure of \$60,000 during the 1955-57 biennium.

Payments to veterans through the Department of Military Affairs for Relief of Unemployment and Drought Conditions required \$215,000 for the 1955-57 biennium.

Administration and assistance expenditures by the State Veterans' Commission during 1955-57 were \$1,155,000. This Commission makes recommendations to the Department of Military Affairs regarding administration of the laws providing for the payment of pensions and relief to veterans, as well as other related activities.

The vocational rehabilitation program is designed to re-train individuals. During 1955-57, funds required for Rehabilitation amounted to about \$3 million.

Occupational Disease Compensation payments compensate workers suffering from certain job-connected diseases. In 1955-57, expenditures amounted to \$7 million, which is almost ten times the average biennial expenditure prior to that biennium. The amount appropriated for 1957-59 is \$13 million. A study of Occupational Disease Compensation is currently being made by the Joint State Government Commission.