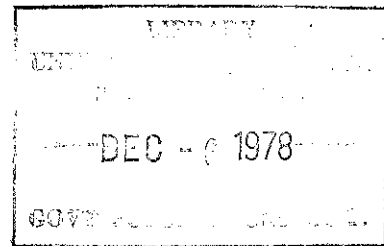


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TRENDS IN GOVERNMENTAL
EXPENDITURES AND PUBLIC
EMPLOYMENT IN THE UNITED
STATES, BY LEVEL OF GOVERN-
MENT, SELECTED FISCAL YEARS
1946-1976



LILLIAN RYMAROWICZ
Analyst in Public Finance
Economics Division

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TRENDS IN GOVERNMENTAL EXPENDITURES AND PUBLIC EMPLOYMENT IN THE
UNITED STATES, BY LEVEL OF GOVERNMENT, SELECTED FISCAL YEARS 1946-76

I. Introduction

To a large extent the trends in governmental expenditures and employment described in this report are attributable to the demographic, economic and political ambience during the post World War II period of 1946-76. The major factors affecting governmental activity during this period can be characterized as follows:

1. The Nation's total population grew by 51.6 percent and by 1976 contained a higher proportion of persons most dependent on governmental services (those under 18 and over 65) than at the beginning of the period; persons residing in urban areas increased from 56.5 percent of all inhabitants to 73.5 percent; the equivalent of half the population changed residences during the 1955 to 1960 and 1970 to 1975 periods.
2. The economy's gross national product increased 2.7 times in constant dollars (8.1 times in current dollars) with divergent patterns of growth prevailing among the Nation's regions.
3. The price index for Federal purchases of goods and services rose by 380 percent and that for State purchases of goods and services by 414 percent contrasted to the consumer price index of 210 percent.
4. The Federal Government became the dominant provider of income maintenance (public assistance, social insurance, and welfare programs other than public assistance); local governments have become principal administrators of programs financed to a large extent by State and Federal funds.

In addition the decision makers at all levels of government have revised priorities to fit changed conditions by adopting new governmental services, extending functions, and improving performance levels. Financial responsibility for particular programs was assigned to levels

of government separate from the administering level or to the private sector.^{1/}

In the first section of this report, the major emphasis will be on describing the total governmental involvement in economic activity which includes the provision of governmental services, the operation of commercial type enterprises, and the administration of social insurance funds. For the most part, the data used has been abstracted from the Census Bureau series on governmental finances which affords the basic source on financial transactions of Federal, State and local governments within a consistent conceptual framework.^{2/} These statistics reflect actual receipts and payments, net of refunds or recoveries, generated by the governmental unit, its agencies, enterprises, and public trust funds. For comparative purposes, the discussion will

^{1/} Statistical information for this background summary was assembled by the Congressional Research Service from various reports in the U.S. Bureau of the Census Current Population Series, the Survey of Current Business, and the 1978 Economic Report of the President. More detailed descriptions of trends can be obtained from the Advisory Commission on Intergovernmental Relations (ACIR), Significant Features of Fiscal Federalism (1976 Edition, Part I) 67 p. and Setting National Priorities - The Next Years (1976) - edited by Henry Owen and Charles L. Schultze, The Brookings Institution.

^{2/} The reports include: Historical Statistics on Governmental Finance and Employment, 1972 Census of Governments, Volume 6, Number 4; the annual report on Government Finances in 1975-1976; and the annual report on Public Employment in 1976.

make reference to public expenditures for domestic general governmental purposes and to the national income account concept of the public sector.

In the second section of this report, the Census Bureau's annual October survey on public employment and payroll costs will be summarized.^{1/} Comparable data for the three levels of government are reported only for total full-time and part-time employment and for the total amount of the monthly payroll.

In the 30 year period covered by this report public expenditures for domestic general governmental programs expanded at a rate much faster than the private sector with dramatic changes occurring in the fiscal relationships between levels of government. The Federal Government not only increased its role as the dominant provider of individual income maintenance, but also extended Federal funds to State and local governments for programs to achieve nationally defined goals to assist in general State and local government support. At the State level, new State functions have been added to the traditional State role of administering and/or supervising local governmental services. Finally, the States have become "middlemen" between the local governmental units which deliver the governmental services and the "upper levels" which contribute very significantly to their costs.

^{1/} Ibid.

II. Governmental Expenditures

A. Definition of Concepts

"Total direct expenditures" as reported by the Census Bureau cover all payments to final recipients (i.e. other than governmental units) from all funds including proceeds from borrowing. Four broad categories are used to characterize governmental spending: "general government," "utilities," "liquor stores," and "insurance trust activities." Of these four, "general government" covers all activities not specifically enumerated in the other three; for example, it includes such commercial type operations as port facilities, airports, toll highway, and housing projects, and at the Federal level, insurance programs and other activities of Federal corporations. Only water supply, electric power, gas supply and transit facilities owned and operated by local governments are covered under "utilities." "Liquor stores" record transactions of the dispensaries operated by governments in 17 States and by local governments in four States. Finally, "insurance trust activities" consist of: contributory retirement systems for public employees; the Federal old age, survivors, disability, and health insurance; and unemployment compensation and various State life insurance, medical and disability insurance programs.

B. Overall Summary of the Growth in Governmental Expenditures

Total direct spending at all levels of government, as indicated in Table 1, rose from \$79.7 billion in fiscal year 1946 to \$626.1 billion

TABLE 1

TOTAL DIRECT EXPENDITURES AT EACH LEVEL OF GOVERNMENT,
SELECTED FISCAL YEARS 1946-1976

Fiscal Year 1/	Total 2/	Federal	State	Local
Amount (millions of dollars)				
1946	79,707	65,640	4,974	9,093
1950	70,334	42,429	10,864	17,041
1955	109,685	69,310	14,371	26,004
1960	151,288	90,289	22,152	38,847
1965	205,682	118,996	31,465	55,221
1970	332,985	184,933	56,163	91,889
1972	399,098	208,602	72,496	118,001
1974	478,325	252,634	86,193	139,495
1976	626,116	322,028	124,108	179,980
As a percent of total				
1946	100.00	82.35	6.24	11.41
1950	100.00	60.32	15.45	24.23
1955	100.00	63.19	13.10	23.71
1960	100.00	59.68	14.64	25.68
1965	100.00	57.85	15.30	26.85
1970	100.00	55.54	16.87	27.59
1972	100.00	52.27	18.16	29.57
1974	100.00	52.82	18.02	29.16
1976	100.00	51.43	19.82	28.75
Index of change (1946 = 100.00)				
1946	100.00	100.00	100.00	100.00
1950	88.24	64.64	218.42	187.41
1955	137.61	105.59	288.92	285.98
1960	189.81	137.55	445.36	427.22
1965	258.05	181.29	632.59	607.29
1970	417.76	281.74	1,129.13	1,010.55
1972	500.71	317.80	1,457.50	1,297.71
1974	600.10	384.88	1,732.87	1,534.09
1976	785.52	490.60	2,495.13	1,979.32

TABLE 1 (Continued)

1/ These data relate to governmental fiscal years which ended June 30th or at some date within the 12 previous months except that State governments of Alabama and Texas (as well as their school districts) with fiscal years ending September 30th and August 31 are treated as though they were part of the June 30th group. Although Michigan extended its June 30, 1976 fiscal year through September 30th, the data in the report are for the period July 1, 1975 through June 30, 1976.

2/ Includes all payments (i.e., from all funds) to final recipients at each level of Government for the Census Bureau categories described in the text: "general government," "utilities," "liquor stores," and "insurance trust activities."

SOURCE: U.S. Bureau of the Census: Historical Statistics on Governmental Finances and Employment, 1972 Census of Governments, Volume 6, Number 4 and Annual Series, Governmental Finances in 1975-76.

in fiscal year 1976 for an increase of almost eightfold. Federal Government disbursements accounted for \$256.4 billion or 46.9 percent of the total increase of \$546.4 billion; local governments for \$170.9 billion or 31.4 percent of the total and States for \$119.1 billion or 21.8 percent of the total increase.

In relative terms, State spending grew at the most rapid pace with the fiscal year 1976 expenditure level 25 times greater than that in fiscal 1946; the local governments' spending in 1976 was 20 times higher than in 1946 and that of the Federal Government in fiscal 1976 was five times that of fiscal 1946. Put in another way, during the post World War II period, the total direct expenditure by the Federal Government rose at one-fifth the rate of the 50 State aggregate and at one-fourth the rate of the aggregate of the Nation's local governments.

Although the Federal segment dominates total public spending during the entire period under discussion, its relative importance within the public sector decreased from 82.4 percent in fiscal year 1946 to 51.4 percent in 1976 - a drop of 31.0 percentage points. The relative importance of the local segment increased by 17.4 percentage points and that of the States by 13.6 percentage points during this same period.

When the total fiscal year disbursements by all governments are contrasted to the gross national product (GNP), the impact of public

spending on the national economy in 1976 was not far greater than in 1946.^{1/} As the summary below indicates, governmental expenditures in fiscal year 1946 were equivalent to 37.8 percent of the GNP and in fiscal 1976 to 38.7 percent. In the initial years of the post World War II period, however, the drop in national defense outlays was not matched by the surge of State-local spending for war deferred capital outlays. Defense buildups for the Korean action are reflected by increased Federal outlays beginning in 1950 and for the Vietnam action beginning in 1964. On the domestic side, the growth in social security expenditures began in the early 1950's with the enactment and expansion of the Federal health and medical programs beginning in 1965. The tabulation below shows the direct expenditure data in Table 1 for each level of government as a percent of the gross national product:

^{1/} It should be noted that this analysis is not comparable to public sector expenditures in the national income accounts. These statistics, while using the Census Bureau data as benchmarks, vary in a number of ways. For example, the fiscal year data are converted to quarterly and calendar year totals without separate estimates for State and local governments; tax revenues except for the individual income tax are put on an accrual basis; and transactions conceptually excluded include operation of unemployment compensation trust funds, commercial type enterprises, and sale of land.

Fiscal Year	GNP* (millions of dollars)	Percent of GNP			
		All Governments	Federal	State	Local
1946	210,955	37.78	31.11	2.36	4.31
1950	272,097	25.85	15.60	3.99	6.26
1955	382,786	28.65	18.11	3.75	6.79
1960	496,222	30.49	18.20	4.46	7.83
1965	661,927	31.07	17.98	4.75	8.34
1970	958,980	34.72	19.28	5.86	9.58
1972	1,117,278	35.72	18.67	6.49	10.56
1974	1,359,722	35.18	18.58	6.34	10.26
1976	1,617,642	38.70	19.90	7.67	11.13

* Average for the two calendar years overlying the fiscal period (e.g. for fiscal year 1976 government expenditures, the GNP figure used is the average for calendar years 1975 and 1976).

C. Growth of the Domestic General Governmental Programs^{1/}

If data are compiled to focus on expenditures for general governmental purposes "at home," the resulting statistics illustrate a dramatic change in the role of State and local governments in the delivery of public services (see Table 2). Of the total increase in public spending of \$546.4 billion (shown in Table 1) between fiscal years 1946 and 1976, \$350.6 billion or 64.2 percent was for purposes other than national defense, social insurance trust funds, and the liquor store and local utility enterprises.

^{1/} This concept excludes: defense and international relations at the Federal level; liquor stores at the State and local level; utilities at the local level; and social insurance programs at all levels. It includes the following major functions: education; highways and other transportation; public welfare, health and hospitals; public safety; sanitation and sewage; natural resources, parks, and recreation; and a variety of general control activities (see Table 2).

TABLE 2

GENERAL GOVERNMENTAL EXPENDITURES FOR DOMESTIC PURPOSES
AT EACH LEVEL OF GOVERNMENT, SELECTED FISCAL YEARS 1946-1976

Fiscal Year 1/	Total 2/	Federal	State	Local
Amount (millions of dollars)				
1946	25,121	14,093	3,153	7,875
1950	42,346	19,559	8,033	14,754
1955	56,074	22,350	11,190	22,534
1960	81,136	29,261	17,945	33,930
1965	118,035	43,357	26,273	48,405
1970	190,764	59,433	48,749	82,582
1972	242,131	75,258	62,051	104,822
1974	290,132	91,514	73,950	124,668
1976	375,734	120,182	95,832	159,720
As a percent of total				
1946	100.00	56.10	12.55	31.35
1950	100.00	46.19	18.97	34.84
1955	100.00	39.86	19.95	40.19
1960	100.00	36.06	22.12	41.82
1965	100.00	36.73	22.26	41.01
1970	100.00	31.16	25.55	43.29
1972	100.00	31.08	25.63	43.29
1974	100.00	31.54	25.49	42.97
1976	100.00	31.99	25.50	42.51
Index of change (1946 = 100.00)				
1946	100.00	100.00	100.00	100.00
1950	168.57	138.79	254.77	187.35
1955	223.22	158.59	354.90	286.15
1960	322.98	207.63	569.14	430.86
1965	469.87	307.65	833.27	614.67
1970	759.38	421.72	1,546.11	1,048.66
1972	963.86	534.01	1,968.00	1,331.07
1974	1,154.94	649.36	2,345.39	1,583.09
1976	1,495.70	852.78	3,039.39	2,028.19

1/ See footnote 1 to Table 1. Data compiled from same source as Table 1.

2/ Includes the "general government" category as described by the Census Bureau except that Federal Government general expenditures for national defense and international relations are excluded.

Unlike the Federal dominance in outlays for national defense and social insurance programs during the entire post World War II period, State and local expenditures accounted for an increasing proportion of public spending for domestic civilian governmental purposes. In the immediate postwar year (1946) the State-local component of such outlays amounted to 44 percent, by 1950 to 54 percent and by 1976 to 68 percent.

When compared to GNP, the domestic general governmental expenditures accounted for 11.9 percent of the Nation's output in fiscal year 1946 and 22.5 percent in fiscal year 1976. During this entire period, the Federal segment expenditures for these purposes accounted for about 6 to 7 percent of GNP while the State-local sector spending accounted for 5.2 percent in fiscal year 1946 and 15.3 percent in fiscal year 1976.^{1/}

By far the fastest growth domestic programs during this period were in the social welfare categories. These include public assistance programs, health and medical services, veteran's educational and welfare service programs, food stamps, institutional care, child nutrition and welfare, vocational rehabilitation, and economic opportunity, manpower and housing programs.^{2/}

1/ Computations by CRS from data in Table 2 and GNP totals above.

2/ ACIR, op. cit. pp. 1-3.

D. Division of Financial Responsibility

As the demand for governmental services at all levels increased following World War II, pressures built up at each subnational level for the "superior" revenue resources available at the State and Federal levels. States diversified their revenue systems in order to finance their own expanded services and to provide increased State aids to local governments. In addition, both States and localities sought a share of the very productive Federal income tax. The three tables in this section show three aspects of total governmental revenues. Data in Table 3 present figures on the public revenues received at each level from the government's own sources; Table 4 includes receipts from other governmental units for disbursement at the given level; and Table 5 reports tax receipts for general governmental purposes from own sources. These statistics illustrate: the growing importance of service charges and insurance trust receipts in the total revenue system; the increased reliance of State and local governments on Federal sources revenue; the continued importance of State aids to local governments; and the more rapid growth in State-local tax sources contrasted to those at the Federal level.

During fiscal year 1946, 98.4 percent of the total revenues raised by the Federal Government from its own source was retained at the Federal level. (Computations based on Tables 3 and 4.) In the same year, States retained 84.1 percent of the revenues raised

TABLE 3

TOTAL REVENUES FROM OWN SOURCES AT EACH LEVEL OF GOVERNMENT,
SELECTED FISCAL YEARS 1946-1976

Fiscal Year 1/	Total 2/	Federal 3/	State 4/	Local 4/
Amount (millions of dollars)				
1946	61,532	46,405	7,712	7,416
1950	66,680	43,527	11,480	11,673
1955	107,602	73,113	16,678	17,811
1960	153,102	99,800	26,094	27,209
1965	202,585	125,837	38,507	38,242
1970	333,810	205,562	68,691	59,557
1972	381,849	223,378	84,327	74,144
1974	484,650	288,565	107,645	88,440
1976	572,615	323,527	140,926	108,592
As a percent of total				
1946	100.00	75.42	12.53	12.05
1950	100.00	65.28	17.22	17.50
1955	100.00	67.95	15.50	16.55
1960	100.00	65.19	17.04	17.77
1965	100.00	62.11	19.01	18.88
1970	100.00	61.58	20.58	17.84
1972	100.00	58.50	22.08	19.42
1974	100.00	59.54	22.21	18.25
1976	100.00	56.50	24.61	18.96
Index of change (1946 = 100.00)				
1946	100.00	100.00	100.00	100.00
1950	108.37	93.80	154.80	157.40
1955	174.87	157.55	224.89	240.17
1960	248.82	215.06	351.86	366.90
1965	329.24	271.17	519.24	515.67
1970	542.50	442.97	926.25	803.09
1972	620.57	481.37	1,137.10	999.78
1974	787.54	621.84	1,451.52	1,192.26
1976	930.60	697.18	1,900.30	1,464.29

TABLE 3 (Continued)

- 1/ See footnote 1 to Table 1.
- 2/ Consists of the actual receipts--net of refunds or recoveries--for all activities undertaken by the individual governments or their agencies including governmentally operated enterprises and public trust funds. Excludes the proceeds from borrowing and intergovernmental transactions.
- 3/ Includes tax revenues, charges for specific services or sales of commodities, interest earnings, as well as receipts for the Federal Old Age, Survivors, Disability, and Health Insurance Systems. (The major Federal source of "current charges revenue" are postal receipts, payments for equipment, services, and supplies related to national defense and international relations, and proceeds from agricultural product sales.)
- 4/ State and local government revenues from "current charges" are largely derived from tuition, fees, and other income of higher educational institutions, hospital charges, school lunch sales, and sewerage charges. In addition includes: sales of commodities, interest earnings, and miscellaneous sources of revenues for general governmental purposes.

SOURCE: U.S. Bureau of the Census: Historical Statistics on Governmental Finances and Employment, 1972 Census of Government, Volume 6, Number 4 and Annual Series, Governmental Finances in 1975-76.

from their own sources whereas the total revenues received by local governments exceeded those collected from their own sources by 26.7 percent. In the ensuing 30 year period, local governments became the administrators of programs financed in whole or in part by the Federal Government or the States. By fiscal year 1975-76 local governmental revenues received for disbursement at that level exceeded revenues raised from local sources by 61.7 percent. The Federal Government distributed 16.8 percent of its revenue collections and the States 9.4 percent to other levels of government during fiscal year 1976.

From fiscal years 1946 through 1953, Federal grants to subnational governments rose at an annual average rate of about five percent. During the 1954 through 1972 fiscal years, the average annual rate of growth accelerated to about 14.5 percent but slowed to about 8.0 percent during fiscal years 1973 through 1975. As a result of temporary Federal programs to help State and local governments meet the exigencies of the recession, Federal payments increased by 18.9 percent from fiscal year 1975 to 1976.

Throughout the 1946-76 period, the State role in the sub-national sector has been increasing. In fiscal years 1953-54, 46.4 percent of State-local general expenditure from their own sources came from State funds, contrasted to 55.5 percent in fiscal years 1975-76. In general, States have increased their proportion of the total costs of local

TABLE 4

TOTAL REVENUES BY FINAL RECIPIENT AT EACH LEVEL OF GOVERNMENT,
SELECTED FISCAL YEARS 1946-1976

Fiscal Year 1/	Total 2/	Federal 3/	State 4/	Local 4/
Amount (millions of dollars)				
1946	61,532	45,650	6,484	9,398
1950	66,680	42,041	9,586	15,053
1955	107,602	69,982	13,680	23,940
1960	153,102	92,826	23,477	36,789
1965	202,585	114,663	34,642	53,280
1970	333,810	183,705	62,019	88,087
1972	381,849	192,125	77,754	111,971
1974	484,650	247,228	95,768	141,655
1976	572,615	269,269	127,713	175,634
As a percent of total				
1946	100.00	74.19	10.54	15.27
1950	100.00	63.05	14.38	22.57
1955	100.00	65.04	12.71	22.25
1960	100.00	60.63	15.33	24.04
1965	100.00	56.60	17.10	26.30
1970	100.00	55.03	18.58	26.39
1972	100.00	50.32	20.36	29.32
1974	100.00	51.01	19.76	29.23
1976	100.00	47.02	22.30	30.68
Index of change (1946 = 100.00)				
1946	100.00	100.00	100.00	100.00
1950	108.37	92.09	147.84	160.17
1955	174.87	153.30	210.98	254.74
1960	248.82	203.34	362.08	391.46
1965	329.24	251.18	534.27	566.93
1970	542.50	402.42	956.49	659.92
1972	620.57	420.87	1,199.17	827.35
1974	787.54	541.16	1,476.99	1,507.29
1976	930.60	589.86	1,969.66	1,868.84

Note: See footnotes and source to Table 3 except that data pertains to the "disbursing" rather than the "receiving" level of Government.

public schools and in several States have assumed prior local governmental costs for public welfare, administration of the courts, and other functions of lesser importance.

In fiscal years 1945-46, local governments received about \$2.0 billion in intergovernmental payments of which 62 percent came from State funds. By the end of fiscal year 1976, \$67.5 billion was received by the local government of which 81 percent originated at the Federal level.

When tax revenues for general governmental purposes are contrasted to total revenues from own sources, reliance on tax support decreased from 75.4 percent of total revenues from own sources in fiscal year 1946 to 62.6 percent in fiscal year 1976. (Computations based on Tables 3 and 5.) By far the greatest change occurred at the Federal level. For example, in fiscal year 1950, 80.8 percent of total Federal revenues from its own sources came from taxes raised for general governmental purposes but by fiscal year 1976, taxes for general governmental purposes accounted for 62.3 percent of total Federal own source revenues. This trend is explained by increased payments under the social insurance trust funds which are not considered taxes under Census Bureau concepts and the several major tax cuts. (It should also be noted that deficit financing is excluded.) At the State level, tax revenues for general governmental purposes accounted for 71 percent of

TABLE 5

TAX REVENUES FOR GENERAL GOVERNMENT PURPOSES AT EACH LEVEL OF GOVERNMENT,
SELECTED FISCAL YEARS 1946-1976

Fiscal Year 1/	Total 2/	Federal	State	Local
Amount (millions of dollars)				
1946	46,380	36,286	4,937	5,157
1950	51,100	35,186	7,930	7,984
1955	81,072	57,589	11,597	11,886
1960	113,100	77,003	18,036	18,061
1965	144,952	93,710	26,126	25,116
1970	232,877	146,083	47,962	38,833
1972	263,342	153,733	59,870	49,739
1974	315,547	184,825	74,207	56,515
1976	358,227	201,414	89,256	67,557
As a percent of total				
1946	100.00	78.24	10.64	11.12
1950	100.00	68.86	15.52	15.62
1955	100.00	71.03	14.31	14.66
1960	100.00	68.08	15.95	15.97
1965	100.00	64.65	18.02	17.33
1970	100.00	62.73	20.60	16.68
1972	100.00	58.38	22.73	18.89
1974	100.00	58.57	23.52	17.91
1976	100.00	56.22	24.92	18.86
Index of change (1946 = 100.00)				
1946	100.00	100.00	100.00	100.00
1950	110.18	96.97	160.62	154.82
1955	174.80	158.71	234.90	230.48
1960	243.86	212.21	365.32	350.22
1965	312.53	258.25	529.19	487.03
1970	502.11	402.59	971.48	753.02
1972	567.79	423.67	1,212.68	964.49
1974	680.35	509.36	1,503.08	1,095.89
1976	772.37	555.07	1,807.90	1,310.06

TABLE 5 (Continued)

1/ See footnote 1 to Table 1.

2/ Census Bureau concepts do not classify the insurance trust fund revenues as taxes. The Federal Government relies primarily on individual income and corporate income taxes (85.9 percent in fiscal year 1976); the States on general and selective sales and gross receipts taxes (53.1 percent in fiscal 1976); and the local governments on property taxes (81.2 percent in fiscal 1976).

SOURCE: See source note to Table 1.

all revenues received by the State in fiscal year 1946. By fiscal year 1976 tax revenues accounted for 63 percent of total State own source revenues as a result of State efforts to make service charges more responsive to costs incurred in providing the service. For all local governments, tax revenues also constituted a smaller proportion of total own source revenue in fiscal year 1976 compared to 1946 - a drop of 69.5 percent from the latter to 62.2 percent in the former.

As data in Table 5 indicate, Federal taxes for general governmental purposes increased 5.5 times from fiscal year 1946 to 1976 contrasted to 18.1 times for State taxes and 13.1 times for local government taxes. In the initial post World War II year, Federal taxes constituted 78.3 percent of the Nation's tax revenues, States - 10.6 percent, and the local governments - 11.1 percent. In the last year of the 1946-76 period, Federal taxes accounted for 56.2 percent, States - 24.9 percent, and local governments - 18.9 percent. The relatively slower tax increase at the local level is attributed to State efforts in providing local property tax relief or in enacting other State aid programs for general local government support.

II. Government Employment and Payrolls

A. Overall Summary

In the last war year - 1945 - Federal civilian employment consisted of 3.375 million and accounted for 51.5 percent of all government employees (see Table 6). This level has not been equalled in the span of years from 1946 through 1976 either in absolute numbers or in relative terms. The Federal workforce in 1976, however, was 16.8 percent larger than that of the first postwar year. In relative terms, the Federal segment comprised 18.9 percent of the total public sector - a drop of 32.6 percentage points from 1945 and of 22.6 points from the first postwar year.

Beginning in 1949 and continuing to 1976, the local government segment accounted for more than 50 percent of total public employment. In 1976, the local government workforce of 8.827 million was 3.2 times greater than the 2.726 million total for 1946 (see Table 6).

While the 50 State aggregate employment in 1946 was below that of both the Federal and local government levels, the growth rate of the State segment during the 1946-76 years exceeded that of the two other levels. Since 1972 the number of State employees was larger than that of the Federal Government.

When contrasted to growth of non-agricultural employment in the private sector from 1948 through 1976, the relative increase in

TABLE 6

NUMBER OF FULL-TIME AND PART-TIME PUBLIC EMPLOYEES
BY LEVEL OF GOVERNMENT, SELECTED YEARS 1946-1976
(As of October of each year)

Year	Total	Federal (civilian)	State	Local
Number (in thousands)				
(1945)	(6,556)	(3,375)	(N.A.)	(N.A.)
1946	6,001	2,434	804	2,762
1950	6,402	2,117	1,057	3,228
1955	7,432	2,378	1,199	3,855
1960	8,808	2,421	1,527	4,860
1965	10,589	2,588	2,028	5,973
1970	13,028	2,881	2,755	7,392
1972	13,759	2,795	2,975	8,007
1974	14,668	2,874	3,155	8,639
1976	15,012	2,843	3,343	8,826

Employees at each level as a percent of total public employment

(1945)	(100.00)	(51.48)	(N.A.)	(N.A.)
1946	100.00	40.56	13.40	46.03
1950	100.00	33.07	16.51	50.42
1955	100.00	32.00	16.13	51.87
1960	100.00	27.49	17.33	55.18
1965	100.00	24.44	19.15	56.41
1970	100.00	22.11	21.15	56.74
1972	100.00	20.31	21.49	58.20
1974	100.00	19.59	21.51	58.90
1976	100.00	18.94	22.27	58.79

Index of change (1946 = 100.00)

1946	100.00	100.00	100.00	100.00
1950	106.68	86.98	131.47	116.87
1955	123.85	97.70	149.13	139.57
1960	146.78	99.47	189.93	175.96
1965	176.45	106.33	252.24	216.26
1970	217.10	118.36	342.66	267.63
1972	226.28	114.83	367.79	289.90
1974	244.43	118.08	392.41	312.78
1976	250.16	116.80	415.80	319.55

SOURCE: Historical Statistics on Governmental Finances and Employment, 1972 Census of Governments, Volume 6, Number 4. Census Bureau Annual Report, Public Employment in 1976.

Federal employment - 36.9 percent - was equivalent to 69 percent of the private sector growth rate of 53.6 percent.^{1/} On the other hand, the State rate of increase of 247.1 percent during this same period (1948-76) was 4.6 times the rate of growth in the private sector while the local government increase of 194.0 percent was 3.6 times that of the private sector.

On a national income account basis, the growth in full-time equivalent employment in the public and private sectors for 1955-74 replicates the trends described above^{2/} and provides the following additional detail: private industrial employment rose by 38.5 percent; Federal civilian employment in general governmental functions rose by 19.2 percent; and State and local employment in general governmental functions rose by 125 percent (public education by 157 percent and non-school by 97 percent).^{3/} Only the classification covering the U.S. military establishment and employees of Federal, State and local enterprises showed a decrease (of 6.8 percent) during 1955-74.

^{1/} Computations are by CRS from the Data Resources Inc. U.S. Data base; 1948 is the first year available on a comparable basis.

^{2/} U.S. Advisory Commission on Intergovernmental Relations (ACIR). Significant Features of Fiscal Federalism. 1976 Edition. (Report M-106) pp. 58-59.

^{3/} National income account data do not provide separate detail on State and local governments.

B. Government Payrolls

Despite the relative stability of Federal employment during the post World War II period, Federal payrolls increased 6.2 times from October 1946 through 1976 (see Table 7). During this same period, State payroll costs for a quadrupled workforce increased 22.6 times and local payroll costs for a tripled workforce increased 16.4 times. In 1976 the Federal component of public payroll costs was 35 percent higher than the Federal proportion of total public employment whereas the State equivalent of public payroll costs was 6.7 percent below the State proportion of total public employment and the local equivalent was 8.5 percent below the local proportion of total public employment.^{1/}

Variations in payroll costs among the national and subnational governments are the result of differences in "employment mix," wage policies, and factors affecting wages during the 1946-1976 period

^{1/} Computations based on data on Tables 6 and 7 indicate Federal payroll costs outpacing those at the State-local level throughout this period. In the first postwar year (1946), the Federal component of public payroll costs was 12.4 percent above the Federal proportion of total public employees; the State payroll cost component was 17.3 percent below the State proportion of total public employees; and the local government payroll cost component was 14.2 percent below the local government proportion of total public employees.

TABLE 7

MONTHLY PAYROLLS FOR PUBLIC EMPLOYEES BY LEVEL OF GOVERNMENT,
SELECTED YEARS 1946-1976 (AS OF OCTOBER OF EACH YEAR)

Year	Total	Federal	State	Local
Amount (millions of dollars)				
(1945)	(1,109.9)	(642.3)	(N.A.)	(N.A.)
1946	1,155.5	571.5	128.0	456.0
1950	1,527.9	613.4	218.4	696.2
1955	2,264.5	845.7	325.9	1,092.9
1960	3,332.8	1,117.8	524.1	1,690.9
1965	4,884.0	1,483.7	849.2	2,551.1
1970	8,334.2	2,427.9	1,612.2	4,294.2
1972	9,949.6	2,709.6	1,936.6	5,303.4
1974	12,126.6	3,294.3	2,409.5	6,422.8
1976	13,932.7	3,564.6	2,893.7	7,474.4

Payrolls at each level as a percent of total
public payrolls

(1945)	(100.00)	(57.87)	(N.A.)	(N.A.)
1946	100.00	49.46	11.08	39.46
1950	100.00	40.15	14.29	45.56
1955	100.00	37.35	14.39	48.26
1960	100.00	33.54	15.73	50.73
1965	100.00	30.38	17.39	52.23
1970	100.00	29.13	19.34	51.53
1972	100.00	27.23	19.47	53.30
1974	100.00	27.17	19.87	52.96
1976	100.00	25.58	20.77	53.65

Index of change (1946 = 100.00)

1946	100.00	100.00	100.00	100.00
1950	132.23	107.33	170.63	152.68
1955	195.98	147.98	254.61	239.67
1960	288.43	195.59	409.45	370.81
1965	422.67	259.62	663.44	559.45
1970	721.26	424.83	1,259.53	941.71
1972	861.06	474.12	1,512.97	1,163.03
1974	1,049.47	576.43	1,882.42	1,408.51
1976	1,205.77	623.73	2,260.70	1,639.12

SOURCE: Same as Table 6.

under discussion. The following observations summarize the characteristics of Federal, State and local government employment:^{1/}

1. Clerical workers comprised 42.7 percent of all Federal employees, 22.3 percent of State, and 14.8 percent of all local government employees. The Federal annual average earnings were 58.5 percent above those for State and local clerical workers.
2. Professional and technical personnel accounted for 40.9 percent of all local government employees, 38.7 percent of State, and 20.8 percent of Federal. The Federal annual average earnings were 42.6 percent higher than those at the local level and 38.6 percent higher than at the State level. Public school teachers heavily weight the local segment and college and university staff the State portion. Federal Government professionals include more than 50 percent of the accountants, architects, engineers, mathematicians, scientists, computer specialists, and systems management specialists employed in the public sector.
3. Service workers (which include police and firemen) constituted the second largest class of workers at the local government level - 22.4 percent of the total. Service workers constituted 19.0 percent of the State workforce and 7.3 percent of the Federal. The Federal average annual salary in this grouping was 2.4 percent above the local level and 26.7 percent above the State.
4. Craftsmen and kindred workers accounted for 10.7 percent of total Federal Government workers, 5.9 percent of total State, and 5.4 percent at the local government level. The average annual salary at the Federal level in this grouping was 22.9 percent above the State and 15.1 percent above the local government level.

^{1/} Government Workers. Special Report. 1970 Decennial Census of Population (PC (2-71)). Annual wage comparisons are based on weighted averages of male and female median salaries computed by CRS. This is the most recent compilation of detail showing separate data for State and local governments.

5. Managers and public administrators comprised 8.5 percent of total Federal Government employment, 6.2 percent of State and 5.8 percent of local government with the Federal average annual salary 13.2 percent above the State and 15.0 percent above the local level.
6. Taken together, 90 percent of the employment at each level of government was in the five classifications. Operatives, laborers, and all other classifications accounted for ten percent of the Federal and local government employment and for eight percent at the State level.

From 1970 through 1975 the average annual salary for all Federal employees rose from \$9,258 to \$11,815 or 27.6 percent while that for State and local government employees rose from \$6,272 to \$8,131 or 29.6 percent. In 1970, the average State-local employee's salary was equivalent to 67.8 percent of that for Federal employees while in 1975 it was equivalent to 68.8 percent.^{1/}

In general, the growth in public sector employment, in the 30 year period described in this report, has been attributed to the following factors: an expanded demand for governmental services arising from population growth; an expansion or extension of various public facilities in areas affected by new industrial location patterns; the assumption of services formerly administered by the private sector; and the adoption of new governmental activities to implement revised priorities.^{2/}

^{1/} 1970 Decennial Census, op. cit.; Current Population Reports, Consumer Income Series P-60, No. 105 (June 1977) pp. 244-245.

^{2/} ACIR, op. cit., p. 4.