

Growth Trends of

New Federal Programs:

1955-1968

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Foreword

This study analyzes one aspect of the recent tremendous growth in Federal expenditures — new programs initiated since the Korean War ended.

On an over-all basis, Federal spending in the administrative budget has already doubled from \$64 billion in fiscal 1955 to the \$135 billion projected for fiscal 1968. A substantial portion of this increase is accounted for by more than 100 new programs, all non-defense in nature, introduced during the period.

This analysis identifies the new programs adopted since 1955 and traces their growth year by year and by function. It is significant that the cost of these programs, collectively, has more than quadrupled since their respective first years of operation. Moreover, there is every indication that these ventures, many inaugurated in the last two or three years, will continue to grow in the years ahead.

Besides describing these activities, this report pinpoints more than two

dozen programs, established prior to 1956, which have undergone major expansion as a result of statutory changes.

It is hoped that this factual presentation of the growth of new Federal programs will provide background and perspective for current and future policy and program decisions. The basic research, carried out by the Foundation's Washington office under the supervision of Maynard H. Waterfield, involved intensive analysis of annual Federal budget documents covering the period since the early 1950's.

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I.

Introduction

The rate of enactment of new Federal programs has been accelerated markedly in the period of the sixties. In the past seven years 78 new programs have been initiated, and 16 others were proposed in the budget message for fiscal 1968 submitted to the Congress in January 1967. The large majority have been put into operation in the period beginning in fiscal year 1965.

In the corresponding period of the 1950's, in contrast, only about one-third as many new Federal activities were initiated.

What are the implications of these new programs for future Federal budgets? For the *new* programs enacted in the past seven years alone, the fiscal 1968 expenditures are estimated at \$9 billion. The programs encompass a congeries of diverse activities, and no one can predict with any precision their ultimate costs. There seems little doubt, however, that they will have a major influence on the course of Federal expenditures in the years ahead.

This report does not seek to forecast future costs associated with these recently inaugurated programs, but rather to examine broader questions related to new programs in general. It explores the history of the introduction and growth of new Federal programs over time. How many new programs have been introduced year-by-year since the mid-fifties?

What activities have they generated? What part have they played in the overall growth of Federal expenditures, and what is their influence on current budget levels? What is the typical pattern of growth, if any, for a given new program, in its early stages and over the longer run? The answers to these and other questions are sought in this analysis, in the belief that they will provide some perspective on the future effects of current policy decisions.

Method of Study, Scope, And Limitations

The material presented in this report is based on a detailed review of Federal budget documents covering the period beginning in the early 1950's and extending through the proposals contained in the budget for fiscal 1968. To limit the presentation to manageable proportions, the analysis deals mainly with data for the years extending back to 1956 only.

The basic research required the identification of new Federal expenditure programs initiated in this period and a compilation of the annual expenditure history of each program since its inception. The identification of a "new" program is itself not always easy. Some items — such as the space, Food for Freedom, and elementary, secondary, and higher education programs — cover a range of separate activities or programs

introduced at different times, but are listed here under a single program heading.

It should be emphasized that this report is limited to programs in the administrative budget only, and thus excludes activities financed through the trust funds. Major exclusions are the highway and disability insurance trust funds, established in 1956, and trust fund outlays under the recently initiated Medicare program. The estimated 1968 costs of these three programs, new since 1955, are \$10.6 billion. Trust fund spending, estimated at \$44.5 billion in fiscal 1968, has grown rapidly from the 1955 total of \$8.6 billion. New programs, and legislative extensions of older programs, have been important factors in this growth as well as in that of the administrative budget.

To reduce the volume of detail, some types of new programs within the administrative budget are also excluded from the data presented in this report. Omit-

ted were temporary study groups, advisory or special staff agencies, and certain recently established limited management or administrative units.¹ Also excluded are the relatively small number of programs introduced throughout this period in the functional categories of defense and general government.

In addition to the strictly "new" programs, a separate listing was made for those programs which were either (a) significantly extended or expanded during the period covered in this analysis or (b) redirected by statute into new areas of activity, resulting in substantially increased expenditures.

The following analysis of the results of this research is based on the program-by-program details presented in Appendix tables A-1 through A-7, and supplementary summary tables in the text. While both new and "extended" programs are listed in the Appendix, the discussion focusses primarily on the "new" programs.

1. Examples are the Public Land Law Review Commission; Office of Science and Technology, the National Security Council, and the Special Representative for Trade Negotiations, all in the Executive Office; and the Office of Management Services, Department of Agriculture.

II.

The New Programs— Their Timing and Cost Record

During the 13-year span covered in this analysis, 112 new Federal programs were initiated,² an average of more than 8 a year. Outlays for these programs in their respective first year of operations, collectively, amounted to \$3.6 billion. In fiscal 1968 their annual costs, as estimated in the latest Federal budget, will reach \$16.5 billion. By the end of fiscal 1968, the cumulative costs (since 1956) for all 112 of these new programs will total an estimated \$84.8 billion. Data on the enactment of these programs and relevant costs are summarized in Table 1. A comparison of first-year and estimated 1968 outlays appears in Chart 1.

The influence of the new programs on the recent level of administrative budget spending for nondefense purposes, as well as on *increases* in the budget from 1955 to fiscal 1966, has been significant.³ All nondefense outlays included in the administrative budget rose from \$23.7 billion in 1955 to \$49.3 billion in 1966, an increase of \$25.6 billion (108 percent). Spending for the 84 new programs initiated during the same period totaled \$13.4 billion in fiscal 1966. The new programs thus accounted for 27 percent of *total* nondefense expenditures in fiscal

1966, and for over 52 percent of the *increase* in nondefense spending over the 11-year span.

As the data in Table 1 reveal, there was a considerable degree of unevenness over the period with regard to the frequency of introduction of new programs, as well as in the size and scope of the programs enacted. By both measures, there has clearly been an intensification in new program development in the past seven years, and this is particularly evident in the years beginning in 1965.

An average of more than 12 new programs have been approved by Congress each year beginning in 1962, in contrast to 4 annually, on the average, in the first six years of the period 1956 through 1961. Sixty-two programs, well over half of all new programs identified in the entire 13-year span, have come in the four-year period commencing in 1965.

Historical comparisons of first-year program costs (column 2 of Table 1) reveal a similar tendency for the scope of new undertakings to be broader in later years. In the years 1962 through 1968, inclusive, the average first-year bill for all the new programs introduced has

2. Includes 16 programs proposed in 1968.

3. Budgetary data for the year 1968 are still projected, rather than realized; and the details among functional categories for 1967 are preliminary and subject to change.

been \$430 million annually, as compared with first-year costs of less than \$100 million annually for those approved in the preceding six years. In part, the larger costs reflect steadily increasing prices and population which render any given size program more expensive with the simple progression of time; however, given even the most liberal adjustment for such factors, the new programs clearly encompass a far broader scope than those adopted earlier.

The first-year costs of the programs initiated in the years 1966 and 1967 were almost five times the size of those recorded in any previous year in the period. The 24 programs initiated in fiscal

1966 cost over \$1 billion in the first year. Included in this group are the elementary and secondary and higher education aid programs, the National Teacher Corps, several major new activities in the health field, and others. Similarly, the first-year cost of the 12 new activities established in the fiscal year 1967 — the major one being supplemental health insurance for the aged — also amounted to more than \$1 billion.

The remaining columns of Table 1 portray a somewhat different picture. They reflect the results of all forces that have acted to enlarge the programs after their first year of operation, both automatic or built-in factors as well as Con-

Table 1
First Year and Estimated 1968 Costs, Average Annual Increases,
Cumulative Cost, and Average Annual Cost of New Federal Programs^(a)
Fiscal Years 1956-1968
(Dollar Figures in Millions)

Fiscal year	Number of programs	First year cost	Estimated 1968 cost	Average annual increase	Cumulative cost through 1968	Average annual cost
1956	3	\$ 144	\$ 1,006	\$ 72	\$20,519	\$1,578
1957	9	23	489	42	2,419	202
1958	2	183	5,542	536	33,318	3,029
1959	3	78	176	11	2,168	217
1960	1	(b)	40	5	101	11
1961	6	122	272	21	1,188	149
1962	14	216	1,616	233	7,559	1,080
1963	6	151	631	96	3,241	540
1964	6	30	101	18	321	64
1965	10	232	2,149	672	5,187	1,297
1966	24	1,048	2,815	883	6,069	2,023
Sub total 1956-1966	84	\$2,227	\$14,837	—	\$82,090	—
1967(c)	12	1,036	1,393	354	2,429	1,214
1968(c)	16	312	312	—	312	312
TOTAL	112	\$3,575	\$16,542	—	\$84,831	—

(a) Excludes new programs in the functional categories for defense and general government and all activities outside the administrative budget.

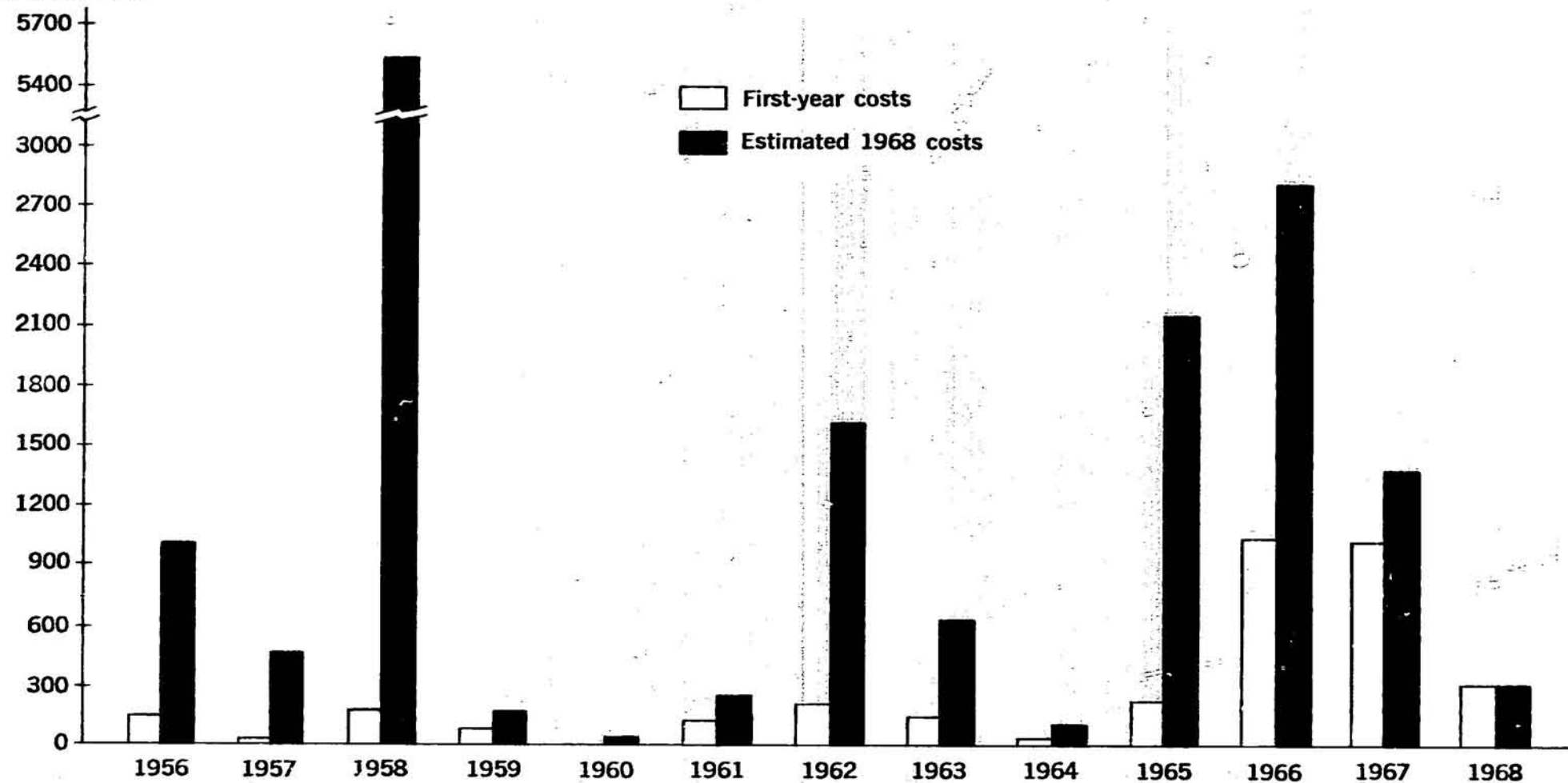
(b) Less than \$500,000.

(c) As estimated for 1967 and proposed for 1968 in the 1968 budget document.

Source: Appendix Tables A-1 through A-7.

Chart 1
First-Year Costs of New Federal Programs Compared with Estimated 1968 Costs
Fiscal Years 1956 - 1968

Millions of Dollars



Source: Table 1.

gressional policy revisions in the initial provisions of the programs. Throughout the period population was growing at an annual rate of close to 1.6 percent and general prices at about 1.1 percent. The combined weight of population and price growth factors could account for a built-in upward effect of no more than 3 percent per year. As shown in the following sections, virtually every new program has increased by multiples far in excess of the amount which could conceivably be accounted for by these built-in or automatic growth influences.

The projected 1968 costs of the programs enacted in the first six years of the period (through fiscal 1961) come to \$7.5 billion, about 45 percent of the total of all the new program costs in 1968. The major activities contributing to the cost increases were associated with the Food for Freedom program and the space program. The Food for Freedom program, started in fiscal 1956 at an initial expenditure of about \$121 million, is budgeted at \$1.8 billion in fiscal 1968.

The National Aeronautics and Space Administration, encompassing the space programs as they exist today, was established in 1958. In that fiscal year space expenditures amounted to \$89 million. In the early 1960's space programs were sharply accelerated, and a commitment was made to the manned lunar project. Spurred by these developments, space spending has risen sharply since 1961 and is estimated to total \$5.3 billion in fiscal 1968.

Thus while the initial year tab for each of these two programs was relatively small, their costs now comprise a significant portion of the total expenditures attributable to all new programs adopted in this period.

Program Reductions

In a 1961 report recommending the periodic reassessment by Congress of Federal grant-in-aid programs, the Advisory Commission on Intergovernmental Relations observed that allegations that Federal grant programs, once started, never end was "almost but not quite correct."⁴ The ACIR report included a table indicating that since the early 1950's only two such programs had been terminated.

This review of a variety of Federal programs indicates that the Advisory Commission's comment can be applied with equal validity to other new activities, as well as to the grant-in-aid programs.

Of all the programs examined in this study, only one — the accelerated public works program initiated in fiscal 1963 — has been terminated. However, any "savings" which might have been achieved through termination of that program have been more than offset by the institution of new programs providing increased aids for the same types of public facilities as were financed under the accelerated public works program.

In those two or three additional cases where the annual expenditures under individual programs are shown to have decreased recently, closer examination reveals that the decreases were more apparent than real. The most outstanding example is the college housing loan program, for which expenditures increased steadily over the years, from \$5 million in fiscal year 1955 to more than \$300 million in 1966. However, for the fiscal years 1967 and 1968 the budget reflects a "minus" expenditure for each year for this program, reflecting an excess of

4. Advisory Commission on Intergovernmental Relations, *Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments*, Report A-8, Washington, 1961.

receipts over expenditures resulting from actual or planned sales to private investors of participations in college housing loan pools. Actually, new loans are programmed at the same \$300 million level in fiscal 1968.

Another activity for which expenditures are estimated to decline rather sharply in fiscal 1968 involves certain programs under the National Defense

Education Act. Closer examination, however, reveals that these NDEA activities will be financed in the current fiscal year through the elementary and secondary and higher education programs enacted in 1966. The expenditures for these newer activities are estimated to rise significantly in 1968 and will more than offset any reductions in NDEA program spending.

III.

Functional Breakdown of New and Expanded Programs

As noted earlier, the growth in the costs of new programs enacted since 1956, as reported here, reflects not only built-in influences, such as growth in population and prices, but also Congressional actions expanding the scope of the initial programs. Such policy changes were also a significant factor in the rise in costs of many programs established prior to 1956. This section presents material on the growth of "new" programs, by function, together with data on some of the major expansions resulting from statutory changes.

In this analysis, 28 such "expanded" programs have been delineated, the vast majority of which are in the categories of health, labor, welfare and agriculture. For all 28 programs, expenditures totaled \$2.2 billion in 1955 and grew to an estimated \$9.4 billion for fiscal 1968. The details for individual programs are included in the Appendix tables and are discussed below. A summary, by function, appears in Table 2.

Table 3 summarizes the growth trends of new programs covered in this analysis by standard functional budget groupings.

Expenditures for new or expanded activities in the field of *international affairs and finance* (Table A-1) reflect the Food for Freedom program, already mentioned, as well as new directions in foreign assistance programs, and contri-

butions or subscriptions to recently established international organizations. Annual expenditures for the 9 new programs introduced in the period totaled \$3.0 billion in 1966 and are estimated to rise further to \$3.3 billion in fiscal 1968. In addition, Congressional program changes were a significant factor in raising the expenditure for two international programs, established earlier, from \$84 million in 1955 to an estimated \$172 million in fiscal 1968.

As already noted, space activities, grouped here under the heading of *space research and technology* (Table A-1), are treated as a single program. Space spending rose from \$89 million in fiscal 1958 to \$5.9 billion in fiscal 1966, and will decline to an estimated \$5.3 billion this year.

Detailed analysis of "new" programs under the *agriculture and agricultural resources* grouping (Table A-2) presents special difficulties. Changes and additions to agricultural programs are characterized not so much by establishment of wholly "new" programs or activities as by shifts in emphasis or direction, regrouping of existing programs, or changes in nomenclature. Expenditures for the 12 new programs enacted during the period of study totaled \$60 million in 1966 and are estimated at \$199 million in the current fiscal year. Increases aggregating \$419 million (from 1955 to 1968)

Table 2
Number of Established Programs Undergoing
Significant Statutory Extensions Since 1955,
by Function, and Associated Expenditures
Fiscal Years 1955, 1966, and 1968(a)

Function	Number of programs	Associated expenditures (millions)		
		1955	1966	1968
International affairs and finance	2	\$ 84	\$ 149	\$ 172
Agriculture	7	199	571	618
Natural resources	1	6	68	72
Health, labor, and welfare	15	1,721	5,960	7,227
Education	3	196	1,118	1,335
TOTAL	28	\$2,206	\$7,866	\$9,424

(a) In the administrative budget only. Covers only those programs which were already in effect in 1955; excludes statutory extensions associated with new programs established after 1955. Actual for 1966; proposed in 1968.

Source: Appendix Tables A-1 through A-7.

Table 3
Number of Major New Federal Programs Enacted
Since 1956 by Function, and Associated Expenditures
Fiscal Years 1966 and 1968(a)

Function	Number of new programs		Associated expenditures (millions)	
	1956-1966	1956-1968	1966	1968
International affairs and finance	8	9	\$ 2,966	\$ 3,310
Space	1	1	5,933	5,300
Agriculture	10	12	60	199
Natural resources	8	13	363	613
Commerce and transportation	12	19	299	574
Housing and community development	9	15	415	991
Health, labor, and welfare	21	27	1,614	4,077
Education	15	16	1,716	1,481
TOTAL	84	112	\$13,365	\$16,542

(a) In the administrative budget only. Actual for 1966; proposed in 1968.

Source: Appendix Tables A-1 through A-7.