ADJUSTMENT OF GOVERNMENTAL RESPONSIBILITIES VIA GRANTS

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The Case for Federalism

When our Federal system was set up nearly 160 years ago, lines were drawn that set limits to the powers of the National Government, and reserved certain powers to the States by constitutional provision. The lines drawn were not, indeed, clear cut, and they are even more blurred today. But the demarcation was and is of great significance.

The importance of the federal form of government to the United States is not less now than then. The very growth in the duties and complexities of government may make it more important. Some governmental decisions must be Federal, but there are many governmental services affecting the diverse life of the people about which uniform regulation and administration from a central source would be mischievous as well as impracticable. Centralized decision would be irresponsive to the variety of State and local needs.

The case for federalism—for decentralized decisions and administration—rests on more than an appeal to efficiency. This is a dynamic nation; the appropriate way to handle governmental functions does not stay put. In such circumstances, State and local governments provide limited laboratories for experimentation in administration. Even more important is the fact that the State and local governments are bulwarks of democracy. Only where the people of a nation have adequate powers of decision can they develop a public spirit and the specific knowledge and techniques that give life to free institutions.

A strong belief in federalism should not, however, be regarded as synonymous with an extreme belief in States rights. States rights can be defined so as to have genuine meaning, but this meaning should not be twisted to block adjustments in the relative responsibilities of Federal and State-local government. In the modern world changes must be made, and rigid resistance to change can be injurious to the success of federalism.

At present, with respect to economic policy, no area exists from which Congress and the States are barred by lack of constitutional power.[1] According to the Commission on Intergovernmental Relations, "the crucial questions now are questions of policy: which level ought to move? Or should both? Or neither? What are the prudent and proper divisions of labor and responsibility between them? These are questions mainly for legislative judgment, and the criteria are chiefly political, economic, and administrative, rather than legal. The emphasis is on mutual and complementary undertakings in fur-

[1] The Commission on Intergovernmental Relations, A Report to the President for Transmittal to the Congress (Washington: June 1955), p. 32.

therance of common aims." [2] The Commission goes on to say that a realistic program to prevent overcentralization will depend not merely on Federal restraint, but "on the readiness and ability of the States and their subdivisions to assume their full share of the total task of government." [3]

Statistical Background

Table 1 shows public expenditures as a ratio of net national product (gross national product minus capital consumption allowances) for various nonwar years 1890–1955. For all levels of government, it was 8–11 percent of NNP 1890–1929. The figure jumped to 20 percent during the 1930's first because of a fall in NNP (the denominator) and later because of a sharp rise in government spending (the numerator). At present, because of carry-over costs of World War II and the continuance of international tensions, government takes 29 percent of NNP.

War-related versus civilian expenditures

If the total government expenditure is split into two broad categories (*a*) that for war-related purposes and (*b*) that for civilian purposes, the significance of the former in the postwar period is apparent. From being 3 percent of NNP in 1940, it rose to 14 percent in 1955; government expenditures for civilian purposes, on the other hand, declined from 17 percent to 15 percent.

Another piece of factual background is brought out by table 2. It shows that the structure of governmental expenditure for civilian purposes has changed notably in one respect between 1940 and 1955; welfare expenditures grew relatively, as well as absolutely. They were 52 percent of the total in 1940 and 59 percent in 1955. The other main category of civilian expenditure, economic development, has relatively held its own.

Federal, State, local shares

If next, expenditure is allocated among the three levels of government—Federal, State and local—it is not surprising to find that responsibility for the relative increase in government spending has been Federal. Table 3 shows that, for many years before the 1930's, Federal expenditures in peacetime were 25–35 percent of total government expenditure. In the depression of the 1930's, the Federal share jumped (to 50 percent), while that of the localities dropped (from 57 percent in 1929 to 31 percent in 1940). By 1955, the Federal share had risen to 62 percent and the local had fallen to 21 percent. The State share throughout was quite stable, being 18 percent of the total in 1929 and 17 percent in 1955.

If, finally, the classification of expenditure by levels of government is joined with the classification of war-related versus civilian, the fact emerges that postwar the State and local governments, and especially

[2] Ibid., p. 33.

[3] President Eisenhower repeated this thought in his speech to the Conference of State Governors on June 14, 1957. He said: "But, like nature, people and their governments are intolerant of vacuums. Every State failure to meet a pressing public need has created the opportunity, developed the excuse, and fed the temptation for the National Government to poach on the States' preserves. Year by year, responding to transient popular demand, the Congress has increased Federal functions. Slowly at first, but in recent times more and more rapidly, the pendulum of power has swung from our States to the Central Government."

the former, have expanded their civilian expenditures faster than has the Federal Government. As table 4 shows, in 1955 the Federal share was 29 percent; in 1940 it was 42 percent. The decline affected about equally the two major categories of social welfare and economic development. This postwar behavior of Federal civilian expenditure is explicable by the expansion of its war-related expenditures. What if this latter could safely be reduced? Reduction in Federal taxes would be one consequence, but part of this reduction would probably be offset by an increase in State-local taxes. Moreover, a more rapid growth of Federal civilian spending might be expected.

In the intergovernmental statistics given above, expenditures have been charged against the level of government providing the money, even when this money has been turned over to another government in the form of grants. For example, over one-half the payments to recipients of old-age assistance is provided by Federal grants; the Federal Government is the source of the funds which go to State and local governments as reimbursement of expenditures already made by them.

Table 5 shows that, while Federal grants postwar have grown rapidly in absolute amount, the growth has not been as fast as State-local expenditure. Federal grants go predominantly for social welfare with economic development a poor second. (See table 6.) In the next decade, however, economic development may gain ground because of the increase in grants provided by the Highway Act of 1956, and because social insurance payments, which are not financed via grants, will grow over expenditure for public assistance.

Federal Grants

Grants are the chief device by which governments cooperate in handling a function, and opinion about them has been divided. Those critics who believe in a precise separation of governmental functions, with assignment of complete responsibility to a level, argue that cooperative action is relatively ineffective, leading to friction and fumbling in administration. They are, furthermore, critical of the process by which grants are selected. Congress makes the decision, often guided by pressure groups which aim at bypassing the State governments. Grants may, therefore, take the Federal Government into functions which historically and constitutionally belong to the States; they may bring centralization. The government which holds the purse strings will, it is asserted, control the activity. Still another criticism is that grants bring about a redistribution of income among the States, so that income is taken from a rich State and transferred to a poor one. At very best this process means a waste of crosshauling as revenue is pulled in to Washington and then distributed to the States.

The proponents of Federal aid present counterconsiderations of some persuasiveness. But in the literature dealing with Federal grants, an interesting aspect is that whereas opposition to grants is usually expressed in general terms, proponents tend to stress the merits of particular grants rather than of a system of grants. For example, the opponent of Federal grants to education will stress arguments relevant chiefly to this type of grant.

Separation of functions

For the purposes of this paper only general arguments are relevant, and here the most sweeping one relates to separation of governmental functions and therefore of responsibility. The desirability of clear-cut divisions and unified decisions would be beyond dispute if governmental functions could be neatly divided and as neatly maintained. But no precise division has ever commanded widespread agreement. It is of the nature of a Federal Nation like the United States to be heterogeneous in economic interests, traditions, and social outlook. A division which means overcentralization to one area may mean decentralization to another.

The pages of the Report of the Commission on Intergovernmental Relations (the Kestnbaum Commission), and of the reports of its study committees, offer convenient confirmation of these generalizations. States such as Kansas and Oklahoma regard the Federal soil-conservation program as a national responsibility which should be State and Federal. (See Kestnbaum report, pp. 159, 164–66.) A State like New York stresses the national importance of public housing, slum clearance, and urban renewal, while a State like North Carolina takes a very different view. Similar contrasts can be found in the attitude toward development of water resources: Oregon versus New Jersey; forest-fire control: New York versus Washington; forest planting: Massachusetts versus California; stream pollution: Connecticut versus North Dakota; natural disaster relief: Maine versus Texas. In short, no manifest line can be drawn between a policy which puts into Federal hands a power to make decisions which might be irresponsive to the variety of geographic needs, and a policy which puts in the hands of the States important responsibilities which they cannot meet. Even if, at any point of time, such a line were visible, it would inevitably get out of date. And flexible adjustment of functions to accord with a changing environment is not easy, since it is of the essence of federalism to guard against frequent constitutional change.

In circumstances of this sort, the device of grants may serve to link the interests of the States and of the Federal Government. A governmental function, vocation rehabilitation, which is primarily a responsibility of State and local governments, may also be a matter of national concern. To shift the function to the Federal level would certainly be difficult and might be undesirable; to leave it as wholly a State-local responsibility would be to neglect a national need. These unsatisfactory alternatives can be avoided if the Federal Government offers grants to stimulate State-local performance, to carry part of the cost of the function, and to establish standards of performance at a level appropriate to the national interest. Such a step may increase the Federal power; it may bring some centralization, depending on the scope and stringency of the Federal conditions. But the history of grants offers no instance in which a grant has been a prelude to Federal assumption of control; it does offer instances of grants which have outlived their usefulness and of others which have not been adapted to new situations.

Redistributive effects

The criticism that grants redistribute income among the States is correct. If per capita income is taken as a measure of the richness or poverty of a State, rich States at present receive relatively small grants, and poor States relatively large ones. (See table 7.) A rank correlation of per capita grants and income by States for the fiscal year 1953 gives a value of minus 0.59. This modest negative correlation for grants as a whole conceals the fact that some grants, most notably those for health services and public assistance, are much more equalizing. Those for employment security, on the other hand, show a positive correlation, i. e., larger relative grants to the richer than to the poorer States.

Equalization by means of distribution of grants is, however, only part of the process of interstate redistribution of governmental income. In addition, the Federal revenue from which grants are provided drains relatively more from the richer States. With one exception (grants for employment security administration which come from payroll taxes) the money distributed as grants comes from general revenues. It is, therefore, reasonable to assume that the incidence of the revenue spent as grants is the same as that of aggregate tax collections. The incidence of Federal taxes per capita in fiscal 1952 ranged from \$112 for Mississippi to \$1,015 for Delaware. Rank correlation of these figures with per capita income payments for the fiscal year 1953 gives the high value of +0.93. A visual indication of the dual process is given by the accompanying charts, the line with the positive slope showing the progressive incidence of Federal taxes by States, and the line with the negative slope the regressive incidence of Federal grant expenditures. Congress, in framing the formulas for allocation of Federal grants should bear in mind the redistribution which comes from raising the revenue to be spent as grants, as well as that from the formulas.

Equalization, carried too far, would have unfortunate effects on resource allocation. If, for example, Government welfare services are provided to employables at generous levels, and through equalizing grants, incentive to labor mobility would be reduced. Equalizing grants for development purposes might also create misallocation of resources. On the other hand, equalizing grants when spent on welfare services for unemployables would not likely impair resource allocation, since mobility of persons not in the labor market should be discouraged rather than stimulated.

The practical likelihood that Congress will overdo equalizing grants seems not to be great. Variable-ratio formulas, providing poor States with a higher, and rich States with a lower percentage reimbursement of expenditure, bring objection from the rich States. The logical proposal that, for established welfare functions, the Federal Government should give no grants to rich States, confining itself to variable-ratio grants to poor States, has not appealed to Congress or to the rich States. And yet such a scheme would require a much smaller Federal expenditure, and it would relieve the rich States entirely from the onus of Federal conditions.

It should also be remembered that, while equalization grant formulas and a progressive Federal tax system redistribute income so as to favor the poor States, the process is less powerful than if the Federal Government, as an alternative, took over the whole activity. Some part of the cost of provision of a welfare expenditure, such as old-age assistance, is shifted at present via Federal grants from taxpayers in poorer States to those in richer. But entire Federal responsibility for old-age assistance could be expected to redistribute costs even more from poorer to richer States.

A final criticism of grants will be discussed, not because of its weight, but because of its recurrence in popular discussion. It is that collection of revenue by the Federal Government, and its subsequent disbursement as grants, merely reallocates resources already under the jurisdiction of State and local governments and available to them for taxation. As has been indicated just above, such a statement slurs over the important fact that, in the process, there is a redistribution of resources so that some States get more and some less. But even if collections and grants balanced State by State—even if the process paralleled that of federally collected State-disbursed taxes—the description would be inaccurate. Federal collection of most revenues is more efficient and equitable than State-local collection; a given revenue can be raised with less real cost by the Federal Government than by State-local governments.

The gist of this discussion is that two basic difficulties stand in the way of designation of functions as wholly Federal and wholly State-local. The first is that governmental interest in most functions is not divisible into these two segments, and, as a result, responsibility cannot easily be so divided. For some functions, indeed, the division is easy. To provide security against external aggression is a task for the National Government; to provide internal security is a task for the State and local governments. But the current debate concerning responsibility for civil defense, and the existence of the FBI, impair somewhat even these generalizations. The second difficulty is that the ability of the Federal Government on the one hand, and of the State-local governments on the other, to collect revenue and to handle expenditure, is disparate. The State-local governments can handle a great many functions more effectively than can the Federal Government. The Federal Government, however, can handle collection of most revenues more effectively than can State-local governments. Except in time of war, the tendency is for State and local governments as a whole to have a plethora of duties in relation to the revenues at their effective disposal. The case of the Federal Government tends to be the other way around. Both of these difficulties stimulate use of grants.

Defects of Federal Grants

The favorable appraisal of grants presented above should not be allowed to obscure the fact that Federal grants, as now utilized, have important defects. Their development has been piecemeal and haphazard, so that no system of grants exists. Over the years Congress, responding to pressures, has provided conditional grants, thereby stimulating State and local governments to spend more than they otherwise would for specific purposes. And once in operation, grant programs live on, even though the original national purposes behind them have been achieved. In such cases, grants serve only the fiscal purpose of lightening the load on State-local budgets. Even when grants continue to achieve national objectives, they may need revision concerning method of apportionment, conditions, and administrative rules.

The pages of the Kestnbaum report indicate the hold of status quo on intergovernmental financial relationships. In 280 pages 174 dissents,

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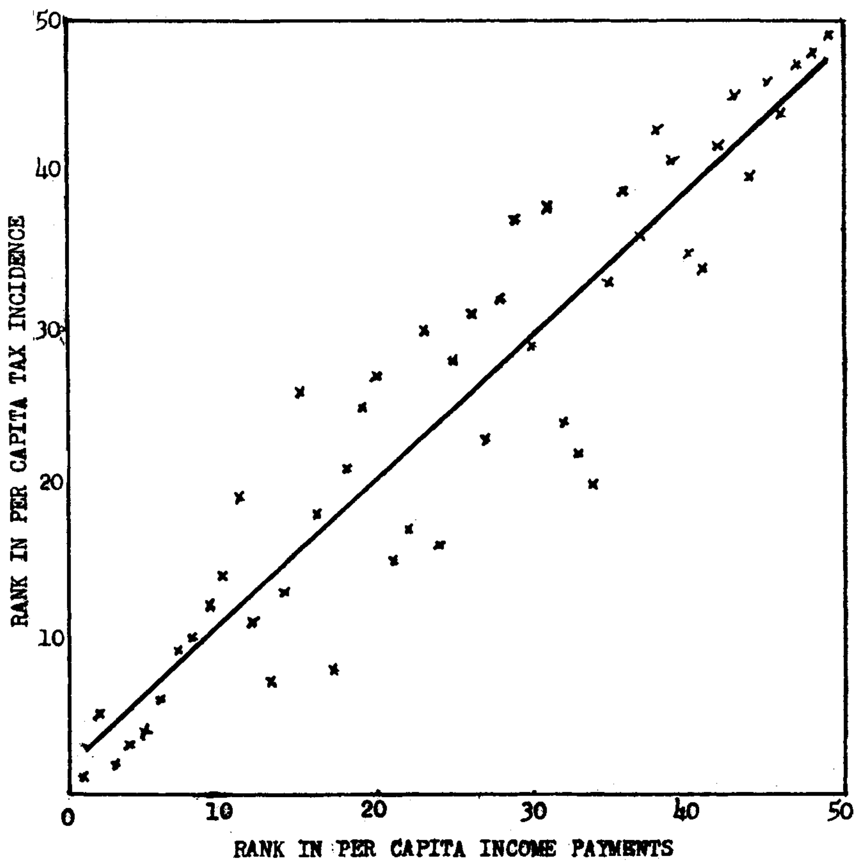
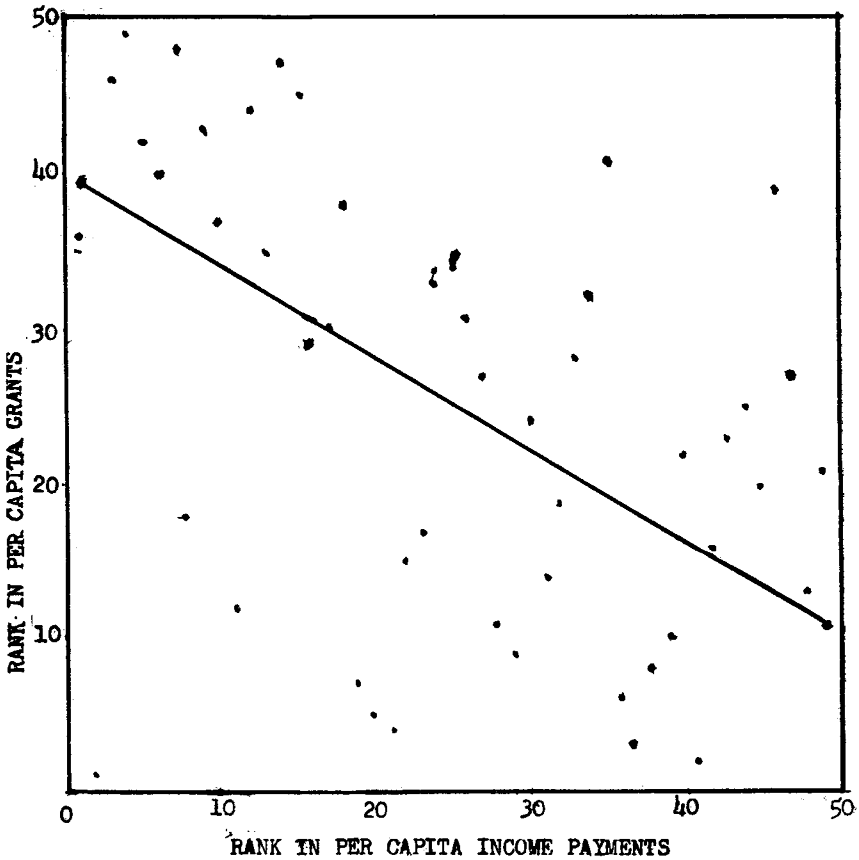
STATE RANKS IN PER CAPITA FEDERAL TAX INCIDENCE

(FISCAL 1952) AND INCOME PAYMENTS (FISCAL 1953)



STATE RANKS IN PER CAPITA FEDERAL

GRANTS AND INCOME PAYMENTS (FISCAL 1953)



qualifying statements, exceptions are recorded. Almost no specific recommendation concerning grants is unanimous, and yet an academic critic is bound to feel that the recommendations of the report were disappointingly weak rather than bold. As such a critic, I cannot believe that, for example, the grants for agricultural and vocational education serve important national objectives; and that those for public assistance and for public health do not need major overhaul and probably consolidation into block grants.

Another defect of the Kestnbaum report is that it gave very little attention to intergovernmental tax relations. And yet even the boldest opponent of grants is aware that discontinuance or reduction of grants would throw a burden of expenditure upon State and local governments which they could not easily provide. The proposition naturally arises: Could not reduction of Federal grants be coupled with reduction of Federal taxes? Even if State use of some tax sources is less efficient than Federal, a realistic program of decentralization which would increase the importance of the States in our Federal system has marked appeal.[4]

The lack of boldness in the Kestnbaum report may be indicated also by a brief examination of its treatment of present governmental responsibilities for two major functions, highway construction and unemployment insurance.

Highway construction

Responsibility for no long-established function of government has gone through so complete a cycle of change as highways. A century and a half ago, Federal interest in highways was strong. But in the years after the War of 1812, the Federal Government retired from construction and not long afterward so did the States. The task of building and maintaining highways became, in the main, a local function, and it remained so almost to the 20th century. Roads seemed to be a local responsibility because traffic on them was local. Then the rise of the automobile, by revolutionizing our system of transport, also revolutionized the responsibilities of government toward highways. At first there was demand even for Federal construction of a system of interstate highways, but the more pedestrian plan of Federal grants prevailed, with allocation of most of the money to local roads. Gradually, however, under the guidance of the Bureau of Public Roads, the mileage eligible for Federal grants was limited, and in many States a State highway system was marked out for direct construction and maintenance by State highway departments.

The Federal grants for highways have been given a good rating by most observers, and, in a historical sense, this rating seems correct. Nonetheless, it seems that the political strength of the program allowed and persuaded Congress to stick to a formula and allocation which were out of date even before World War II. Postwar, indeed, Congress enlarged and revised the program, giving attention to express highways through or around the larger cities, and to designation of an interstate system for which the major financial responsibility is Fed-

[4] At present, a Joint Federal-State Action Committee is exploring what can be done. Federal relinquishment of taxes on admissions, local telephone service, club dues, etc., bringing in a revenue of about $750 million, is suggested as a quid pro quo to reduction of grants for vocational education, old-age assistance, national disaster relief, the school-lunch program, etc.

eral. But too much money continued to be spent on roads with relatively little traffic, to the neglect of heavy traffic roads and of roads in the more populous States.

The Kestnbaum report showed little awareness of this situation. It favored some increase of Federal aid channeled especially toward "highways of major importance to the national security" (p. 216); it wanted "a reduction in the extent and degree of Federal supervision" of the grants; it favored a pay-as-you-go plan financed "primarily from increased motor-fuel taxes" (p. 219); it wanted repeal of the Hayden-Cartwright Act. Yet at this very time Congress, in framing the Highway Act of 1956, was making major decisions in highway policy. It was to increase Federal expenditure on highways from 10 percent of total governmental expenditure to 20 to 25 percent, to provide for reconstruction of the 41,000-mile Interstate Highway System almost entirely with Federal money, and to segregate Federal highway-user taxes into a fund earmarked for highway purposes. It may be that a mileage will emerge which is entirely a Federal responsibility, while the remaining mileage will be left to the State and local governments with little or no Federal aid.

Unemployment insurance

Unemployment insurance was set up in 1935 on a cooperative Federal-State basis by use of the tax offset. A purely Federal scheme was thought to be impractical for a variety of complicated reasons, among them the danger of being declared unconstitutional. The tax offset scheme itself squeaked by the Supreme Court in 1937 in a 5 to 4 decision, with the majority putting much emphasis on their opinion that the conditions and controls imposed by the Federal Government were not excessive, and that the States were given a wide freedom concerning the type of statute they might enact.

In the 20 years since this decision, the number of advocates of federalization has grown, and, if a fresh start could be made, a national plan of unemployment insurance might be favored. The actual scheme of Federal-State cooperation, with its divided administrative and legislative responsibilities, and the resultant diversity of coverage, benefits, waiting periods, and tax rates, does not meet adequately the national interest in unemployment compensation. Merit rating, in particular, has introduced a perverse behavior of the contribution rate which impairs countercyclical finance and endangers the solvency of some State reserves. These are formidable faults which are inadequately recognized by the Kestnbaum report.[5] Indeed, nowhere in the report, and in the report of its Study Committee on Unemployment Compensation and Employment Service, is the influence of status quo so marked. A bare majority of the study committee—6 out of 11 members—favored an increase in the tax offset from 90 to 99 percent. This would, in effect, abolish the present Federal grant for unemployment compensation and permit the States to collect 99 percent of the employer tax. The Commission gave its endorsement to experience rating. By a bare majority of 6 to 5, its study committee favored extension of coverage to employers

[5] Four Commissioners, Senators Morse and Humphrey, Dr. William Anderson, and ex-Governor Alfred E. Driscoll, favored a national system of unemployment insurance, supported and administered by the Federal Government.

of 1 or more employees, and the Commission went along, with 1 dissent.

The likelihood of major reform in unemployment insurance, not to say federalization, is slight. The existing scheme works well enough most of the time; it has the entrenched support of its administrators and indeed of all State officials in States with strong reserves.

Conclusion

Two related policy conclusions seem indicated by this brief survey. (1) The present system of grants needs overhaul to eliminate grants which no longer serve an important national purpose, to revise grants for which conditions, administration, apportionment are inappropriate, to add or enlarge grants for purposes where inadequate State action is coupled with national need. (2) If the net result is to throw new financial responsibilities on State and local governments, the Federal Government should offset, or more than offset, the burden by reduction of Federal taxes, especially those suitable for State-local administration. Such steps would help in reconstruction of a more effective federalism.[6]

TABLE 1.—*Public expenditures and net national product,[1] all levels of government combined (fiscal years)*

	1890	1929	1932	1940	1955
Expenditures (billions):					
1. Civilian	$0.6	$8.8	$9.6	$15.5	$60.5
2. War-related [2]	.2	1.9	2.2	2.5	52.9
3. Total	.8	10.7	11.8	18.0	113.4
4. Net national product	11.0	95.0	50.7	93.0	359.5
Expenditures (percent of net national product):					
5. Civilian [2]	6	9	19	17	15
6. War-related [2]	2	2	4	3	14
7. Total	8	11	23	20	29

[1] The classification and the figures for (1890) 1940 are taken from an article The Growth of Public Expenditures in the United States, 1890–1948, by R. A. Musgrave and J. M. Culbertson, National Tax Journal, June 1953. The figures for 1955 are only roughly comparable with those for 1940 since I have sometimes had to guess where Musgrave and Culbertson would put the figures.

[2] War-related expenditures are defined as those of the Military Establishment, veterans' benefits, interest on Federal debt incurred for defense purposes, and Federal foreign aid in 1955.

TABLE 2.—*Public expenditures for civilian purposes, 1940 and 1955,[1] all levels of government combined (fiscal years)*

	1940	1955	1940	1955
	Billions	*Billions*	*Percent*	*Percent*
1. Regulation and protection	$1.0	$2.1	6	4
2. Economic development	3.6	14.5	24	24
3. Social welfare	8.0	35.8	52	59
4. Interest [2]	1.3	1.3	7	2
5. Other	1.7	6.8	11	11
Total	15.6	60.5	100	100

[1] See footnote to table 1.

[2] Interest on debt incurred for purposes other than defense.

[6] A thorough overhaul of grants should not neglect their adaptability for countercycle purposes. Some of the possibilities were summarized in a paper presented to your subcommittee by me in November 1955.

TABLE 3.—*Distribution by levels of government of public expenditures*[1] *(fiscal years)*

	1890	1929	1932	1940	1955
	Billions of dollars				
1. Federal	0.3	2.6	3.5	9.0	70.2
2. State	.1	1.9	2.3	3.4	19.6
3. Local	.5	6.2	6.0	5.6	23.6
Total	.9	10.7	11.8	18.0	113.4
	Percent of total				
1. Federal	33	24	30	50	62
2. State	12	18	20	19	17
3. Local	55	57	51	31	21
Total	100	100	100	100	100

[1] See footnote to table 1.

NOTE.—Figures may not add to totals because of rounding.

TABLE 4.—*Distribution, by levels of government, of civilian expenditure, 1940 and 1955*

	1940	1955	1940	1955
Economic development:	*Billions*	*Billions*	*Percent*	*Percent*
1. Federal	$2	$5	55	37
2. State	1	6	25	38
3. Local	1	4	20	25
Total	4	15	100	100
Social welfare:				
1. Federal	3	9	42	25
2. State	2	12	24	32
3. Local	3	15	34	43
Total	8	36	100	100
Other:				
1. Federal	1	3	30	29
2. State	1	2	15	25
3. Local	2	5	55	47
Total	4	10	100	100
Total civilian:				
1. Federal	7	17	42	29
2. State	3	19	22	32
3. Local	6	25	36	39
Total	16	61	100	100

NOTE.—Figures may not add to totals because of rounding.

TABLE 5.—*Federal grants and State-local expenditures*

	Grants	State-local expenditures	Percent
	Millions	*Millions*	
1947	$1,678	$14,171	11.8
1953	2,781	32,937	8.5
1954	2,987	36,607	8.2
1955	3,126	40,375	7.7

TABLE 6.—*Federal grants, 1947 and 1955*

	1947	1955	1947	1955
	Millions	*Millions*	*Percent of total*	*Percent of total*
Labor and welfare	$935	$2,094	55	67
(Public assistance)	(644)	(1,427)		
Commerce and housing	602	724	36	23
(Highways)	(208)	(584)		
Agriculture and agricultural resources	65	248	4	8
Natural resources, not agriculture	10	26	1	1
Other	67	35	4	1
Total	1,678	3,126	100	100

TABLE 7.—*Per capita income payments (fiscal 1953), Federal grants (fiscal 1953), Federal tax incidence (fiscal 1952), by States*

	Income payments	Federal grants	Federal tax incidence	Income payments	Federal grants	Federal tax incidence
United States	$1,616	$17.19	$412			
Delaware	2,256	15.52	1,015	1	36	1
Nevada	2,201	51.19	653	2	1	5
Connecticut	2,132	10.92	698	3	46	2
District of Columbia	2,122	7.88	697	4	49	3
New York	2,110	13.04	676	5	42	4
Illinois	2,038	13.75	552	6	40	6
New Jersey	2,035	8.84	510	7	48	9
California	2,008	21.29	505	8	18	10
Ohio	1,942	12.47	460	9	43	12
Michigan	1,916	14.67	445	10	37	14
Washington	1,846	25.71	381	11	12	19
Maryland	1,806	12.37	485	12	44	11
Massachusetts	1,792	16.31	549	13	35	7
Pennsylvania	1,778	10.04	446	14	47	13
Indiana	1,751	11.81	336	15	45	26
Oregon	1,718	17.85	387	16	29	18
Rhode Island	1,705	17.27	538	17	30	8
Wisconsin	1,694	14.51	376	18	38	21
Montana	1,690	30.45	350	19	7	25
Wyoming	1,654	32.74	333	20	5	27
Colorado	1,652	32.85	412	21	4	15
Missouri	1,631	23.68	405	22	15	17
Kansas	1,590	21.79	302	23	17	30
New Hampshire	1,586	16.73	408	24	33	16
Nebraska	1,558	16.64	326	25	34	28
Iowa	1,546	17.25	300	26	31	31
Minnesota	1,524	18.34	361	27	27	23
Arizona	1,488	25.96	293	28	22	32
Utah	1,484	28.17	243	29	9	37
Texas	1,468	18.84	318	30	24	29
Idaho	1,448	24.89	241	31	14	38
Vermont	1,382	21.06	359	32	19	24
Maine	1,364	18.09	372	33	28	22
Florida	1,352	17.02	378	34	32	20
Virginia	1,350	13.17	277	35	41	33
New Mexico	1,337	30.68	239	36	6	39
Oklahoma	1,310	34.51	245	37	3	36
South Dakota	1,296	28.93	218	38	8	43
North Dakota	1,270	27.23	224	39	10	41
West Virginia	1,245	19.21	249	40	22	35
Louisiana	1,240	34.94	258	41	2	34
Georgia	1,162	23.31	220	42	16	42
Tennessee	1,156	19.05	209	43	23	45
Kentucky	1,146	18.56	231	44	25	40
South Carolina	1,092	19.40	170	45	20	46
North Carolina	1,078	14.11	213	46	39	44
Alabama	1,021	18.44	163	47	26	47
Arkansas	953	25.30	139	48	13	48
Mississippi	830	19.26	112	49	21	49

Sources: The Commission on Intergovernmental Relations, Report, pp. 303-304, Selma Mushkin, Illustrative Estimates of Federal Expenditures and Revenues by States (U. S. Department of Health, Education, and Welfare, Washington, 1956, mimeographed), p. 58.