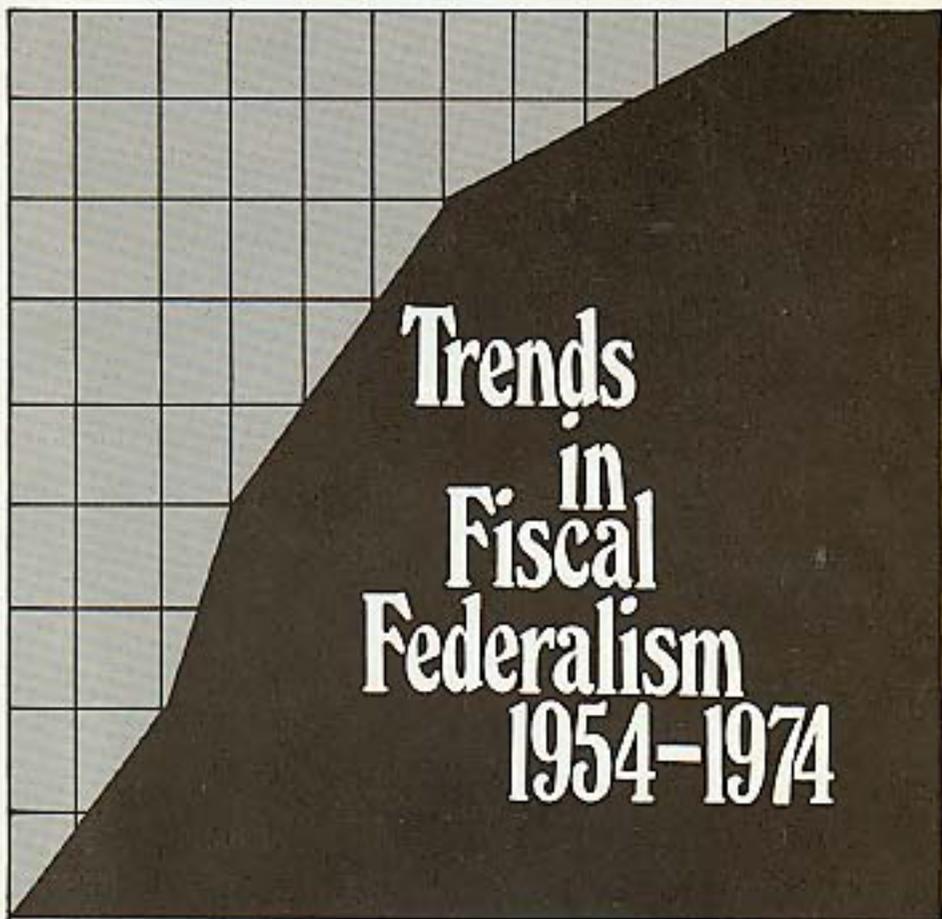
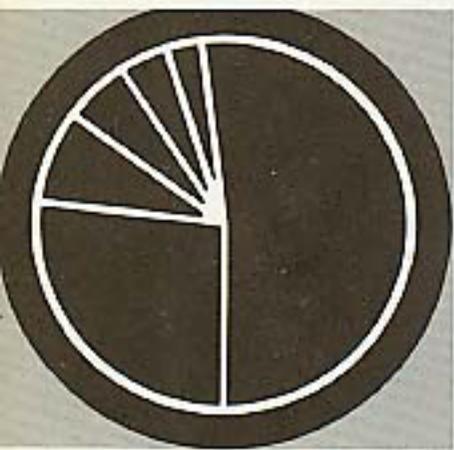
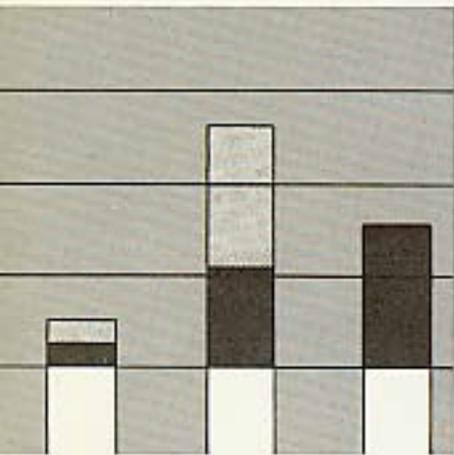
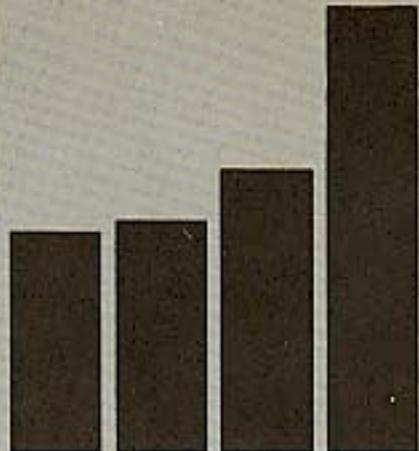
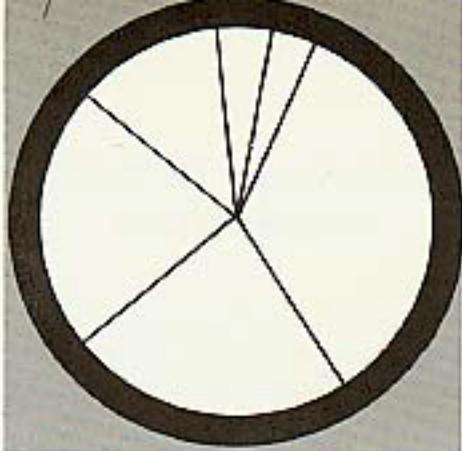
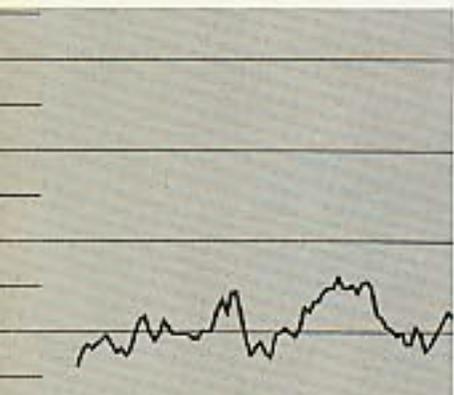


A COMMISSION REPORT



Trends in Fiscal Federalism 1954-1974



ADVISORY
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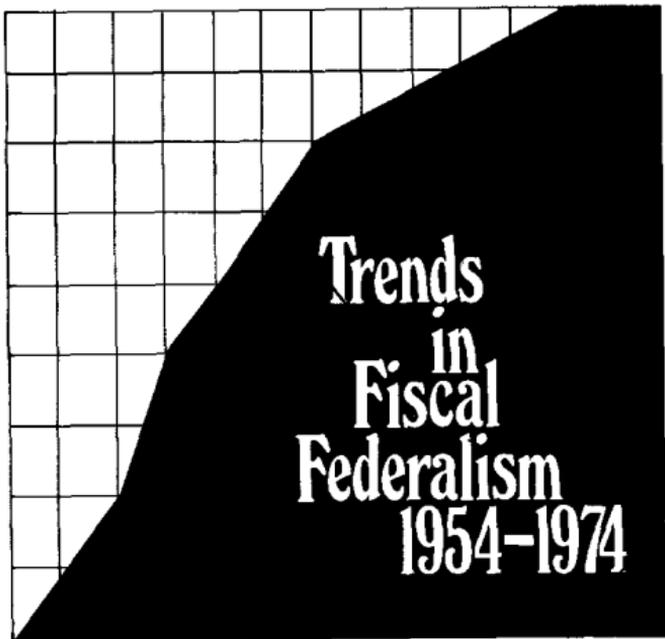
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WASHINGTON, D.C. 20575 FEBRUARY 1975

M-86

PREFACE

As a part of an ongoing research program, the staff of the Advisory Commission on Intergovernmental Relations gathers and analyzes factual information pertaining to fiscal federalism. Many of these analyses have been recognized as having value to the public and to policy-makers.

In this publication the Commission presents a factual overview of key trends in fiscal federalism for the 20-year period 1954-1974.

Robert E. Merriam
Chairman

ACKNOWLEDGMENTS

Frank Tippett, statistician, prepared the factual information for this report and Milton Kafoglis, senior academic resident, prepared the text which accompanies the statistical information. The work was supervised by John Shannon, assistant director.

Wayne F. Anderson
Executive Director

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TRENDS IN FISCAL FEDERALISM

HIGHLIGHTS

As depicted by the charts and tables set forth in this report, the period 1954-1974 was characterized by significant growth in the public sector and important shifts in intergovernmental fiscal relationships. The most important of these developments are summarized below.

The public sector continues to absorb an increasing share of Gross National Product (GNP) despite significant relative declines in defense spending (Table 2).

- The share of GNP absorbed by the public sector rose from 26.5 percent in 1954 to 32.8 percent in 1974.
- Civilian domestic expenditures (including Social Security) increased dramatically from 12.9 percent of GNP to 25.4 percent in 1974.
- The share of GNP absorbed by national defense was cut nearly in half from 13.7 percent of GNP in 1954 to 7.4 percent in 1974.
- Half of the growth of civilian domestic expenditures represents new governmental growth which required either increased taxes or deficit spending; the other half represents a substitution of civil-

ian spending for defense spending.

- In spite of nominal income tax rate reductions and liberalized exemption and deduction allowances, effective federal income tax rates increased as inflation and economic growth pushed taxpayers into higher tax brackets.
- During the period 1954-1974, deficits of the Federal government totaled \$138-billion.

The relative increase in the size of the public sector reflects an increase in the demand for public goods, services and income transfer activities. But it may also reflect the operation of "Wagner's Law" which asserts that the public sector has an inherent or built-in tendency to grow at the expense of the private sector. The growth may also be explained in terms of the characteristics of tax systems which generate sufficient revenue growth for government to purchase an increasing proportion of expanding national output.

Most of the growth in the expanding Federal sector has occurred in Social Security and Federal aid programs (Table 4).

- Social Security now absorbs 5.4 percent of GNP compared to 1.2

percent in 1954; Social Security has emerged as the largest and fastest growing component of Federal domestic expenditure.

- Federal aid to state and local government increased from .8 percent of GNP in 1954 to 3.1 percent of GNP in 1974.

The rapid increase in Social Security taxes raises important public policy questions about the future financing of Social Security, and leaves less "room" for general taxation at the state and local level.

Though the rate of increase in Federal aid has now diminished, the matching and other conditions attached to most Federal aid programs suggest that the Federal government has increased the leverage or control it has over state-local budgetary decisions. "No strings attached" general revenue sharing accounts for less than 15.0 percent of Federal aid.

All levels of government have grown at rates exceeding the general growth of the economy, and aids to lower levels of government have steadily expanded (Tables 3, 9, and 10).

- In 1954, Federal domestic expenditures for all functions (including Social Security and Federal aid) accounted for 5.5 percent of GNP. By 1974 such expenditures absorbed 13.8 percent of GNP.
- In 1954, Federal domestic expenditures for all functions (including Social Security and Federal aid)

accounted for less than half (42.4 percent) of total domestic public sector expenditures. By 1974, Federal domestic expenditures for all functions were more than half (54.4 percent) of total domestic public outlays.

- Federal aid which accounted for 11.4 percent of state-local general revenue in 1954 expanded to 26.5 percent of state-local general revenue in 1974.
- The state-local sector also grew significantly as state-local expenditures from own funds expanded from 7.4 percent of GNP in 1954 to 11.6 percent in 1974.
- State aid to local governments, over half of which is for education, has increased steadily from 41.7 percent of locally derived revenue in 1954 to 57.5 percent in 1974.

There has been a sharpening of roles as the Federal government has become the dominant fiscal partner while the "work" of government is carried on primarily at the state-local levels (Tables 11 and 12).

- General civilian government employment now accounts for 14.6 percent of the nation's employed labor force. Four-fifths of this employment is in the state-local sector.
- During the period 1955-1973 employment at the state-local level increased by 119.5 percent compared to 17.1 percent at the Fed-

eral level and 35.8 percent in the private sector.

- Average annual earnings of Federal employees exceed average annual earnings in private industry by 46 percent and have increased more rapidly than earnings in any other major sector (*Table 12*).
- Average annual earnings of state-local employees have increased almost as rapidly as earnings of Federal employees and now exceed earnings in private industry by 6.0 percent (*Table 11*).

These comparisons highlight the importance of improving the productivity and personnel practices of state and local governments. Though productivity improvements at all levels are desirable, increasing productivity at the state and local level where direct use of resources is concentrated would have the greatest fiscal impact.

The Federal revenue system has become less diversified while state-local revenue systems have become more balanced and diversified (*Tables 6 and 7*).

- In 1954, Federal income tax and insurance trust revenue accounted for less than half (46.8 percent) of Federal revenue. By 1974 these two revenue sources accounted for more than two-thirds (67.9 percent) of total revenue, leading to a less diversified Federal revenue system.
- Increased reliance on Federal aid and state income taxes along with a relative decline in the contribution of property taxes has led to

more diversified and balanced state-local revenue systems.

- There is a slight tendency for state-local tax burdens to become more uniform from state to state.

There has been a dramatic increase in state-local tax burdens during the last 20 years (*Table 8*).

- State-local tax burdens rose from 7.6 percent to 12.1 percent of total personal income.
- The lowest state-local tax burdens are concentrated in the Southeast and Southwest; the highest tax burdens are in the Mideast and New England.
- States registering above average increases in tax burdens between 1953 and 1973 were concentrated in the New England, Mideast and Great Lakes Regions while below average increases occurred in the Southeast and Plains Regions.

The tax burden of the "average" family increased by 98.3 percent during the period 1953-1974 (*Table 1*).

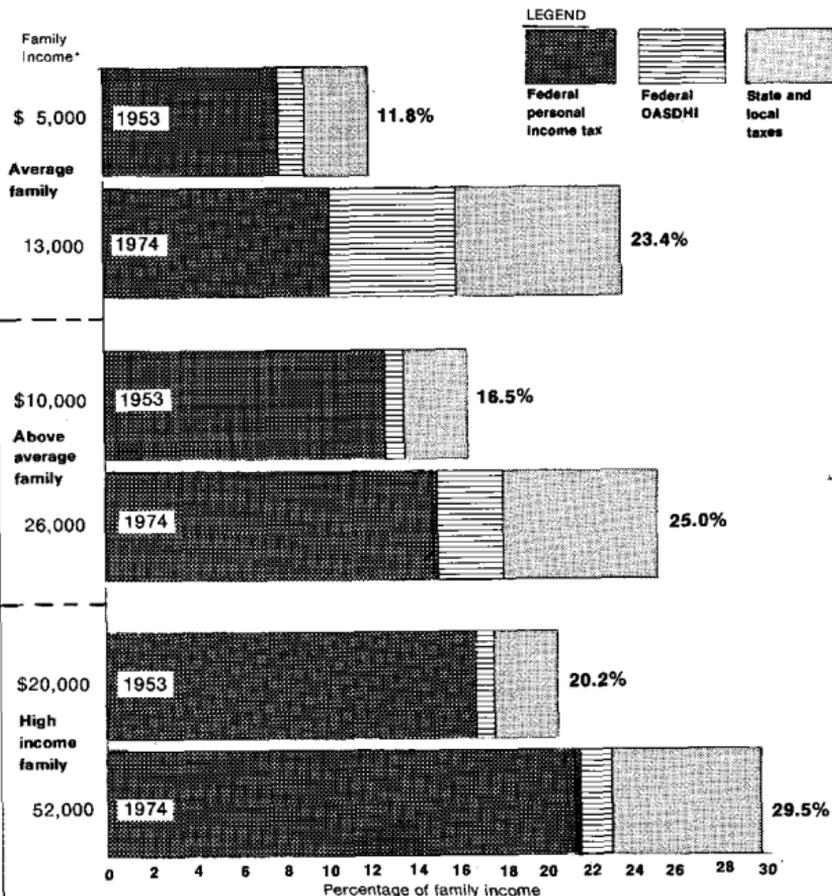
- The "average" family in 1953 had an income of \$5,000 and paid 11.8 percent of family income in direct Federal, state and local taxes. By 1974, the "average" family had an income of \$13,000 and paid 23.4 percent of family income in such taxes.
- The tax burden of a family having an income of twice the "average" increased by 51.5 percent.

TRENDS IN FISCAL FEDERALISM 1953-1974

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CHART I

The Narrowing of the Gap in Direct Tax Burdens Borne by Average and Upper Income Families, 1953 and 1974**



*Average family income in 1953 was \$5,000; in 1974, \$13,000.

** These estimates assume a family of four and include only: Federal personal income, Federal OASDHI, State personal income, State and local general sales, and residential property taxes.

Source: Table 1.

TABLE I

The Narrowing of the Gap in Direct Tax Burdens Borne by Average and Upper Income Families: 1953 and 1974

Type of Tax	Average Family ¹			Twice the Average Family ²			Four Times the Average Family ³		
	Tax as Percent of Family Income		Percent Increase 1953-1974	Tax as Percent of Family Income		Percent Increase 1953-1974	Tax as Percent of Family Income		Percent Increase 1953-1974
	1953	1974		1953	1974		1953	1974	
Total	11.8	23.4	98.3	16.5	25.0	51.5	20.2	29.5	46.0
Federal personal income tax	7.6	10.2	34.2	12.8	15.0	17.2	16.6	21.3	28.3
Social security tax (OASDHI)	1.1	5.9	436.4	0.5	3.0	500.0	0.3	1.5	400.0
Local residential property	2.2	3.9	77.3	1.8	3.1	72.2	1.7	2.4	41.2
State personal income	0.3	1.9	533.3	0.9	2.8	211.1	1.2	3.5	191.7
State-local general sales	0.6	1.5	150.0	0.5	1.1	120.0	0.4	0.8	100.0

¹Estimates for average family earning \$5,000 in 1953 and \$13,000 in 1974 assuming all income from wages and salaries, and earned by one spouse.

²Estimates for twice the average family. Family earning \$10,000 in 1953 and \$26,000 in 1974 and assumes that earnings include \$90 (interest on state and local debt, and excludable dividends) in 1974 and \$25 in 1953; also assumes the inclusion of net long-term capital gains of \$900 in 1974 and \$350 in 1953.

³Estimates for four times the average family. Family earning \$20,000 in 1953 and \$52,000 in 1974 and assumes that earnings include \$755 (interest on state and local debt, and excludable dividends) in 1974 and \$265 in 1953; also assumes the inclusion of net long-term capital gains of \$4,500 in 1974 and \$1,730 in 1953.

(For additional assumptions used in these computations, see "Note" on next page.)

SOURCE: ACIR staff computations.

Note: In computing Federal personal income tax liabilities, deductions were estimated to be 14 percent of family income for the \$5,000 family and 12 percent of income for the \$10,000 and \$13,000 families. Estimated itemized deductions were assumed for the \$20,000, \$26,000 and \$52,000 families. Interest on state and local debt, dividends, and one-half of capital gains (estimated, based on I.R.S., *Statistics of Income*) were excluded from family income for these computations.

Residential property tax estimates assume average housing values of approximately 1.8 times family income for the average family in both 1953 (\$5,000) and 1974 (\$13,000), 1.5 for \$10,000 income (1953), 1.4 for \$26,000 income (1974), 1.4 for \$20,000 income (1953), and 1.1 for \$52,000 income (1974), with average effective property tax rates of 2.15 percent in 1974 and 1.20 percent in 1953. Based on U.S. Bureau of the Census, *U.S. Census of Housing*; Commerce Clearing House, *State-Tax Reporter*; and Internal Revenue Service, *Statistics of Income, Individual Income Tax Returns*.

In computing state personal income tax liabilities, the optional standard deduction was used for the \$5,000 and \$10,000 families, the average of standard and estimated itemized deductions for the \$13,000 family and estimated itemized deductions for the \$20,000, \$26,000 and \$52,000 families.

Estimated state-local general sales tax liabilities are based on the amounts allowed by the Internal Revenue Service as deductions in computing Federal personal income taxes.

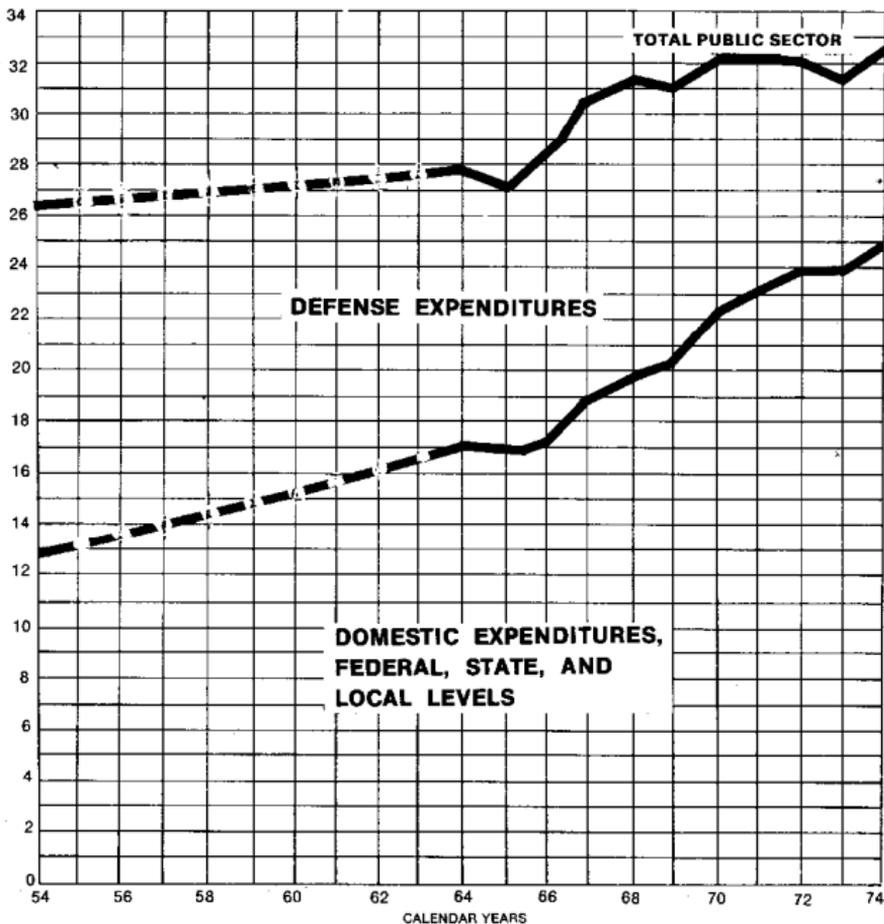
The percentages shown for state personal income tax and state-local general sales tax are weighted averages (population) for all states including those without a sales or income tax.

CHART II

The Growing Public Sector, 1954-1974

(The Relative Decline in Defense Expenditure Is More than Offset by Dramatic Growth in Domestic Federal, State, and Local Spending)

Expenditures
As
Percentages
of GNP
%



Source: Table II

TABLE II

The Growing Public Sector¹: 1954, 1964, and 1969 through 1974
(Government Expenditure)

Calendar Year	Total Public Sector	Domestic (Federal, State, and Local)	Defense ² (Federal)	Total Public Sector	Domestic (Federal, State, and Local)	Defense ² (Federal)
	Amount (in billions)			As a Percent of GNP		
1954	\$ 96.7	\$ 46.9	\$ 49.8	26.5	12.9	13.7
1964	175.6	110.8	64.8	27.8	17.5	10.3
1969	280.0	191.6	98.4	31.1	20.6	10.6
1970	312.7	215.8	96.9	32.0	22.1	9.9
1971	340.1	245.2	94.9	32.2	23.2	9.0
1972	372.2	278.2	94.0	32.1	24.0	8.1
1973 ³	408.1	310.8	97.3	31.5	24.0	7.5
1974 est.	458.0	354.0	104.0	32.8	25.4	7.4
	Percentage Distribution			Annual Percent Change		
1954	100.0	48.5	51.5	—	—	—
1964	100.0	63.1	36.9	6.1 ⁴	9.0 ⁴	2.7 ⁴
1969	100.0	66.1	33.9	10.6 ⁵	11.6 ⁵	8.9 ⁵
1970	100.0	69.0	31.0	7.8	12.6	-1.5
1971	100.0	72.1	27.9	8.8	13.6	-2.1
1972	100.0	74.7	25.3	9.4	13.5	-0.9
1973	100.0	76.2	23.8	9.6	11.7	3.5
1974	100.0	77.3	22.7	12.2	13.9	6.9

¹National Income and Product Accounts.

²National defense, international affairs and finance, and space research and technology. Also includes the estimated portion of net interest attributable to these functions.

³Partially estimated.

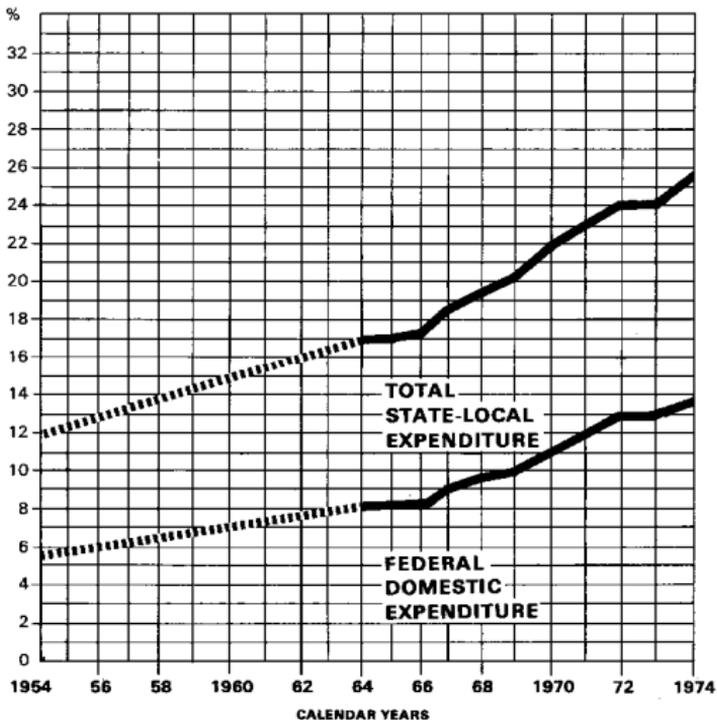
⁴Annual average increase 1954 to 1964.

⁵Annual average increase 1964 to 1969.

SOURCE: ACIR staff compilation based on U.S. Department of Commerce, Office of Business Economics, *Survey of Current Business*, various years; *Budget of the United States Government*, various years; and ACIR staff estimates.

CHART III
The Growing Domestic Public Sector: 1954-1974

Own Source
 Expenditure as
 Percentages of GNP



Source: Table III.

TABLE III

The Growing Domestic Public Sector¹: 1954, 1964, and 1969 through 1974

(Government Domestic Expenditure, From Own Funds)

Calendar Year	Total Domestic Expenditure (Federal-State-Local)	Federal Domestic Expenditure ²	State-Local Total Expenditure	Total Domestic Expenditure (Federal-State-Local)	Federal Domestic Expenditure ²	State-Local Total Expenditure
	Amount (in billions)			As a Percent of GNP		
1954	\$ 46.9	\$ 19.9	\$ 27.0	12.9	5.5	7.4
1964	110.8	53.3	57.5	17.5	8.4	9.1
1969	191.6	92.9	98.7	20.6	10.0	10.6
1970	215.8	107.0	108.8	22.1	11.0	11.1
1971	245.2	125.4	119.8	23.2	11.9	11.4
1972	278.2	150.7	127.5	24.0	13.0	11.0
1973 ³	310.8	166.9	143.9	24.0	12.9	11.1
1974 est.	354.0	193.0	161.0	25.4	13.8	11.6

Calendar Year	Percentage Distribution			Annual Percent Change		
	Total	Federal	State-Local	Total	Federal	State-Local
1954	100.0	42.4	57.6	—	—	—
1964	100.0	48.1	51.9	9.0 ⁴	10.3 ⁴	7.9 ⁴
1969	100.0	48.5	51.5	11.6 ⁵	11.8 ⁵	11.4 ⁵
1970	100.0	49.6	50.4	12.6	15.2	10.2
1971	100.0	51.1	48.9	13.6	17.2	10.1
1972	100.0	54.2	45.8	13.5	20.2	6.4
1973	100.0	53.7	46.3	11.7	10.7	12.9
1974	100.0	54.5	45.5	13.9	15.6	11.9

¹National Income and Product Accounts.

²Excludes Federal expenditure for national defense, international affairs and finance, space research and technology, and the estimated portion of net interest attributable to these functions. Includes Social Security (OASDHI) and all Federal aid to state and local governments including general revenue sharing payments.

³Partially estimated.

⁴Annual average increase 1954 to 1964.

⁵Annual average increase 1964 to 1969.

SOURCE: ACIR staff compilation based on U.S. Department of Commerce, Office of Business Economics, *Survey of Current Business*, various years; *Budget of the United States Government*, various years; and ACIR staff estimates.

TABLE III-A

The Growing Domestic Public Sector¹: 1954, 1964, and 1969 through 1974**(Government Domestic Expenditure, After Intergovernmental Transfers)**

Calendar Year	Total Domestic Expenditure (Federal-State-Local)	Federal Domestic Expenditure ²	State-Local Total Expenditure	Total Domestic Expenditure (Federal-State-Local)	Federal Domestic Expenditure ²	State-Local Total Expenditure
	Amount (in billions)			As a Percent of GNP		
1954	\$ 46.9	\$ 17.0	\$ 29.9	12.9	4.7	8.2
1964	110.8	42.9	67.9	17.5	6.8	10.7
1969	191.6	72.6	119.0	20.6	7.8	12.8
1970	215.8	82.6	133.2	22.1	8.5	13.6
1971	245.2	96.4	148.8	23.2	9.1	14.1
1972	278.2	113.3	164.9	24.0	9.8	14.2
1973 ³	310.8	126.4	184.4	24.0	9.8	14.2
1974 est.	354.0	149.5	204.5	25.4	10.7	14.7
	Percentage Distribution			Annual Percent Change		
1954	100.0	36.2	63.8	—	—	—
1964	100.0	38.7	61.3	9.0 ⁴	9.7 ⁴	8.5 ⁴
1969	100.0	37.9	62.1	11.6 ⁵	11.1 ⁵	11.9 ⁵
1970	100.0	38.3	61.7	12.6	13.8	11.9
1971	100.0	39.3	60.7	13.6	16.7	11.7
1972	100.0	40.7	59.3	13.5	17.5	10.8
1973	100.0	40.7	59.3	11.7	11.6	11.8
1974	100.0	42.2	57.8	13.9	18.3	10.9

Note: All Federal aid to state and local governments, including general revenue sharing payments is included as state-local expenditure and excluded from Federal domestic expenditure.

¹National Income and Product Accounts.

²Excludes Federal expenditure for national defense, international affairs and finance, space research and technology, and the estimated portion of net interest attributable to these functions. Includes Social Security (OASDHI).

³Partially estimated.

⁴Annual average increase 1954 to 1964.

⁵Annual average increase 1964 to 1969.

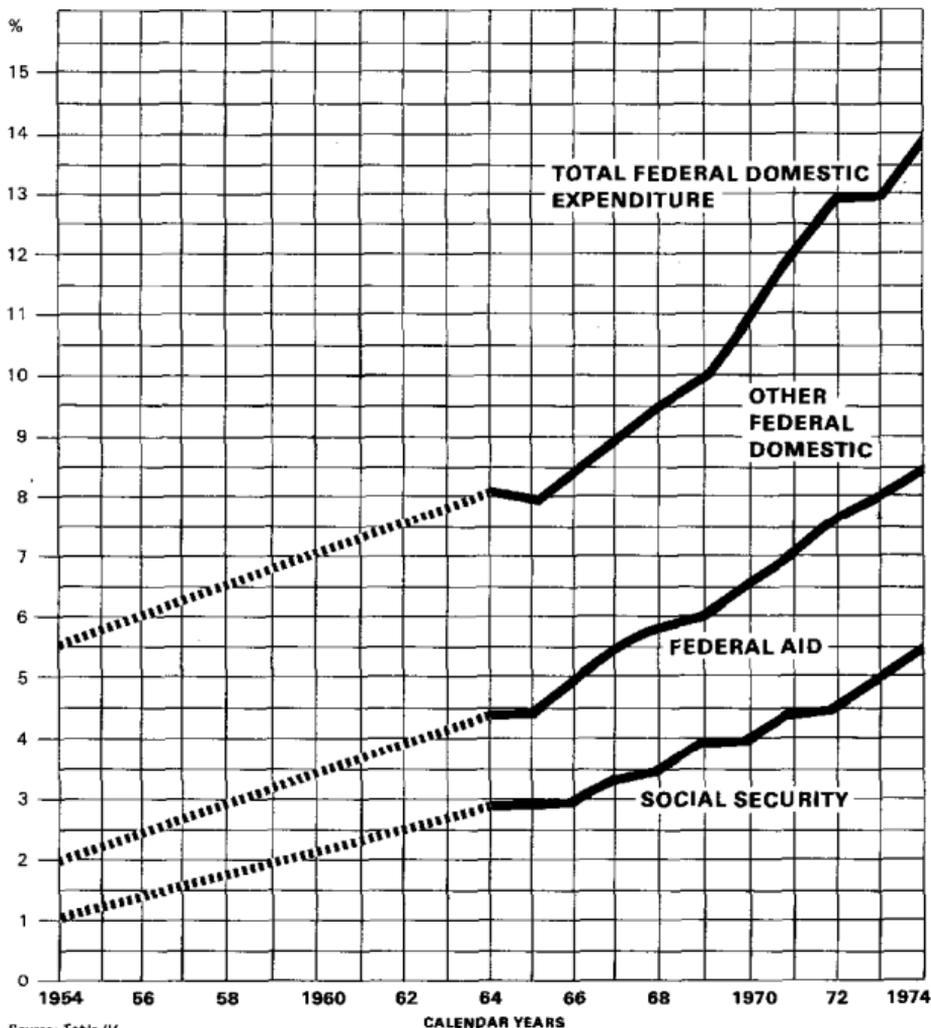
SOURCE: ACIR staff compilation based on U.S. Department of Commerce, Office of Business Economics, *Survey of Current Business*, various years; *Budget of the United States Government*, various years; and ACIR staff estimates.

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CHART IV

**Social Security and Federal Aid Emerge as the New Dimensions
in Our Steadily Expanding Federal Domestic Sector: 1954-1974**

Own Source
Expenditures As
Percentages of GNP



Source: Table IV.

TABLE IV

Social Security and Federal Aid Emerge as the New Dimensions in our Steadily Expanding Federal Domestic Sector¹: 1954, 1964, and 1969 through 1974

(Federal Domestic Expenditure)

Calendar Year	Federal Domestic Expenditure			Federal Domestic Expenditure		
	Social Security (OASDHI)	Federal Aid ²	All Other ³	Social Security (OASDHI)	Federal Aid ²	All Other ³
	Amount (in billions)			As a Percent of GNP		
1954	\$ 4.2	\$ 2.9	\$12.8	1.2	0.8	3.5
1964	17.5	10.4	25.4	2.8	1.6	4.0
1969	35.4	20.3	37.2	3.8	2.2	4.0
1970	41.2	24.4	41.4	4.2	2.5	4.2
1971	47.6	29.0	48.8	4.5	2.7	4.6
1972	53.1	37.4	60.2	4.6	3.2	5.2
1973 ⁴	64.3	40.5	82.1	5.0	3.1	4.8
1974 est.	76.0	43.5	73.5	5.4	3.1	5.3
	Percentage Distribution			Annual Percent Change		
1954	21.1	14.6	64.3	—	—	—
1964	32.8	19.5	47.7	15.3 ⁵	13.6 ⁵	7.1 ⁵
1969	38.1	21.9	40.0	15.1 ⁶	14.3 ⁶	7.9 ⁶
1970	38.5	22.8	38.7	16.4	20.2	11.3
1971	38.0	23.1	38.9	15.5	18.9	17.9
1972	35.2	24.8	39.9	11.6	29.0	23.4
1973	38.5	24.3	37.2	21.1	8.3	3.2
1974	39.5	22.3	38.2	18.2	6.2	18.4

¹National Income and Product Accounts.

²Federal aid under this series "National Income Account," differs slightly from the Federal payments (Census) series used in a subsequent table showing Federal aid by major purpose. The major difference is the inclusion of Federal payments for low-rent public housing (est. at \$1.3-billion in 1974) in the Census series but excluded by definition from this series. Includes Federal general revenue sharing.

³Includes direct Federal expenditure for education; public assistance and relief, veterans benefits and services; commerce, transportation, and housing; etc.

⁴Partially estimated.

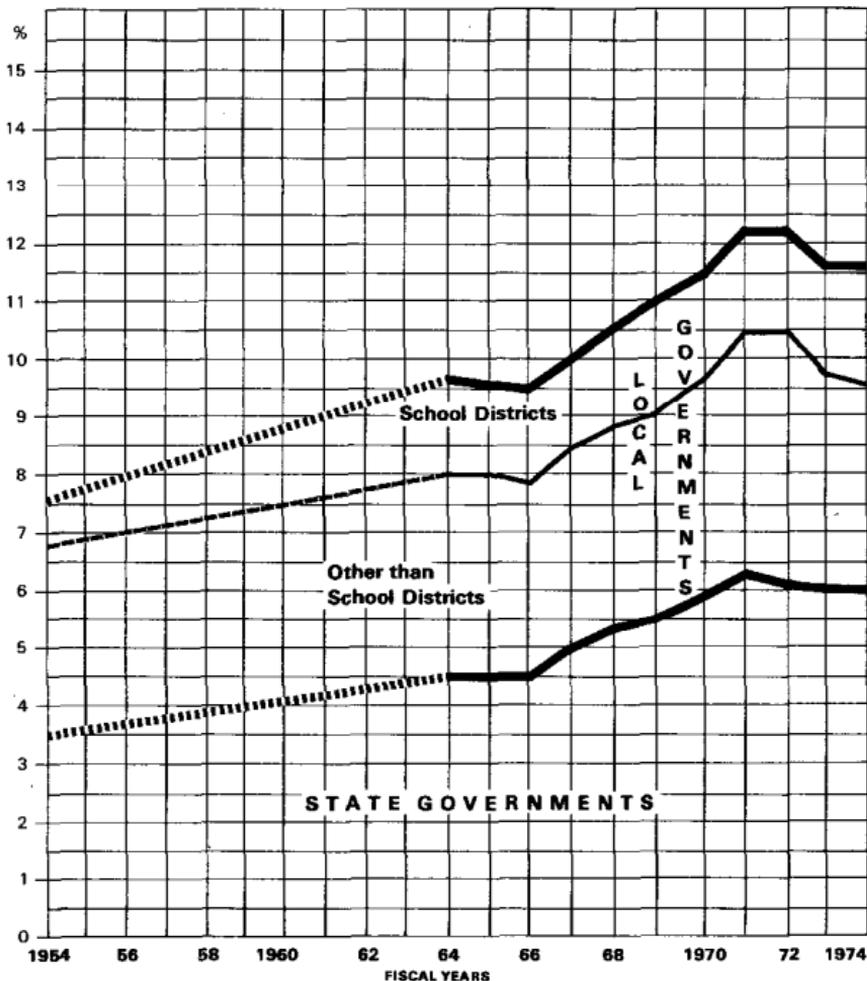
⁵Annual average increase 1954 to 1964.

⁶Annual average increase 1964 to 1969.

SOURCE: ACIR staff compilation based on U.S. Department of Commerce, Office of Business Economics, *Survey of Current Business*, various years; *Budget of the United States Government*, various years; and ACIR staff estimates.

CHART V
The Increasing State Share of The State-Local Sector: 1954-1974

Own Source
 Expenditures as
 Percentages of GNP



Source: Table V.

TABLE V

**The Increasing State Share of the State-Local Sector:
1954, 1964 and 1969 through 1974**

(State and Local General Expenditure, From Own Funds)

Fiscal Year	Expenditure From Own Funds ¹			Expenditure From Own Funds ¹		
	State Governments	Local Governments		State Governments	Local Governments	
		Other Than School Districts	School Districts		Other Than School Districts	School Districts
	Amount (in millions)			As a Percent of GNP		
1954	\$12,861	\$10,561	\$ 4,314	3.6	2.9	1.2
1964	27,685	21,283	10,332	4.5	3.5	1.7
1969	49,306	32,471	15,798	5.5	3.6	1.8
1970	55,437	36,955	17,082	5.8	3.9	1.8
1971	63,750	42,119	18,659	6.3	4.2	1.8
1972	68,624	46,415	20,581	6.2	4.2	1.9
1973	74,535	45,483	21,812	6.1	3.7	1.8
1974 est.	81,000	49,000	23,500	6.0	3.7	1.8
	Percentage Distribution			Annual Percent Change		
1954	46.4	38.1	15.6	—	—	—
1964	46.7	35.9	17.4	7.9 ²	7.3 ²	9.1 ²
1969	50.5	33.3	16.2	12.2 ³	8.8 ³	8.9 ³
1970	50.6	33.8	15.6	12.4	13.8	8.1
1971	51.2	33.8	15.0	15.0	14.0	9.2
1972	50.6	34.2	15.2	7.6	10.2	10.3
1973	52.6	32.1	15.4	8.6	-2.0	6.0
1974	52.8	31.9	15.3	8.7	7.7	7.7

Note: The National Income and Product Accounts series, used in the previous tables, does not provide a breakdown between state and local governments. This table is based on data from the U.S. Bureau of the Census series, and is on a fiscal year basis.

¹ Excludes Federal aid, and utility, liquor store, and insurance trust expenditures. Insurance trust systems are government administered programs for employee retirement and social insurance protection relating to unemployment compensation, workman's compensation, old age, survivors', disability, and health insurance, and the like.

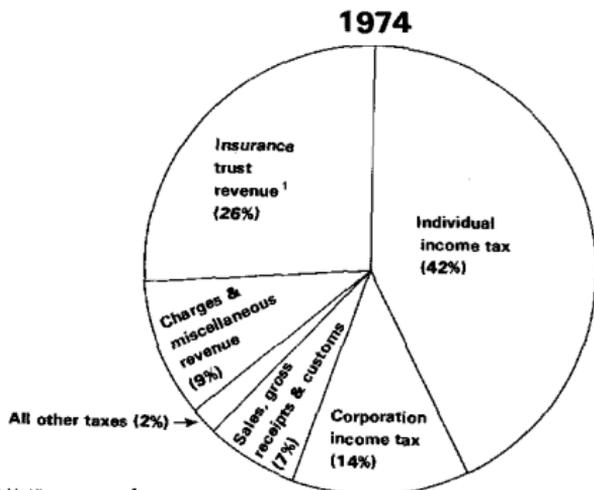
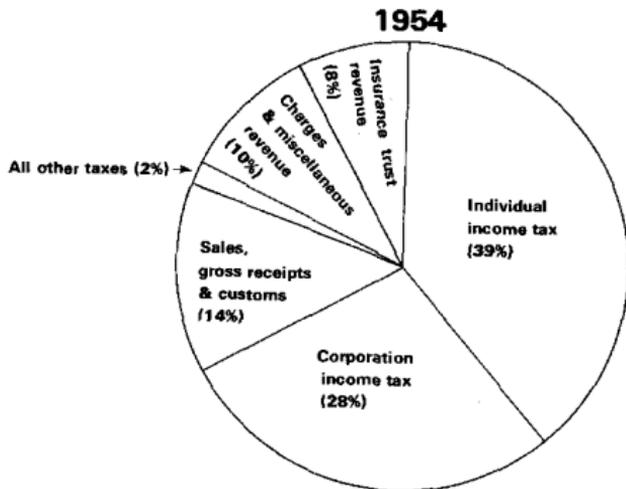
² Annual average increase 1954 to 1964.

³ Annual average increase 1964 to 1969.

SOURCE: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances*, various years; and ACIR staff estimates.

CHART VI

The Federal Individual Income Tax and the Social Security Tax Now Dominate the Federal Revenue System: Fiscal Years 1954 and 1974



Source: Table VI.

¹ Mainly Social Security receipts (24 percent of total revenue in 1974).

TABLE VI

**The Federal Individual Income Tax and the Social Security Tax Now Dominate
the Federal Revenue System: 1954, 1964, and 1969 through 1974**

Fiscal Year	Total Revenue	General Revenue						Insurance Trust Revenue (Includes OASDHI)
		Total	Tax Revenue			Sales, Gross Receipts, and Customs	Charges and Miscellaneous	
			Total ¹	Individual	Corporation			
Amount (in billions)								
1954	\$ 75.8	\$ 69.8	\$ 62.4	\$ 29.5	\$ 21.1	\$ 10.4	\$ 7.4	\$ 6.0
1964	121.0	102.3	90.5	48.7	23.5	14.8	11.8	18.7
1969	199.6	162.8	146.0	87.2	36.7	17.8	16.8	36.8
1970	205.6	163.6	146.1	90.4	32.8	18.3	17.5	42.0
1971	202.5	156.9	137.3	86.2	26.8	19.4	19.6	45.7
1972	223.4	172.1	153.7	94.7	32.2	20.1	18.4	51.3
1973	247.8	187.6	165.5	103.2	36.2	19.7	22.1	60.2
1974 ²	281.0	209.0	184.0	118.8	38.7	20.5	25.0	72.0 ³
Annual Percent Change								
1954	—	—	—	—	—	—	—	—
1964	4.8 ⁴	3.9 ⁴	3.8 ⁴	5.1 ⁴	1.1 ⁴	3.6 ⁴	4.8 ⁴	12.0 ⁴
1969	10.5 ⁵	9.7 ⁵	10.0 ⁵	12.4 ⁵	9.3 ⁵	3.8 ⁵	7.3 ⁵	14.5 ⁵
1970	3.0	0.5	0.1	3.7	-10.6	2.8	4.2	14.1
1971	-1.5	-4.1	-6.0	-4.6	-18.3	6.0	12.0	8.8
1972	10.3	9.7	11.9	9.9	20.1	3.6	-6.1	12.3
1973	10.9	9.0	7.7	9.0	12.4	-2.0	20.1	17.3
1974	13.4	11.4	11.2	15.1	6.9	4.1	13.1	19.6
Percentage Distribution								
1954	100.0	92.1	82.3	38.9	27.8	13.7	9.8	7.9
1964	100.0	84.5	74.8	40.2	19.4	12.2	9.8	15.5
1974	100.0	74.4	65.5	42.3	13.8	7.3	8.9	25.6 ³

¹Including amounts for categories not shown separately.

²Partially estimated.

³Includes OASDHI receipts of \$87.5-billion (24 percent of total revenue).

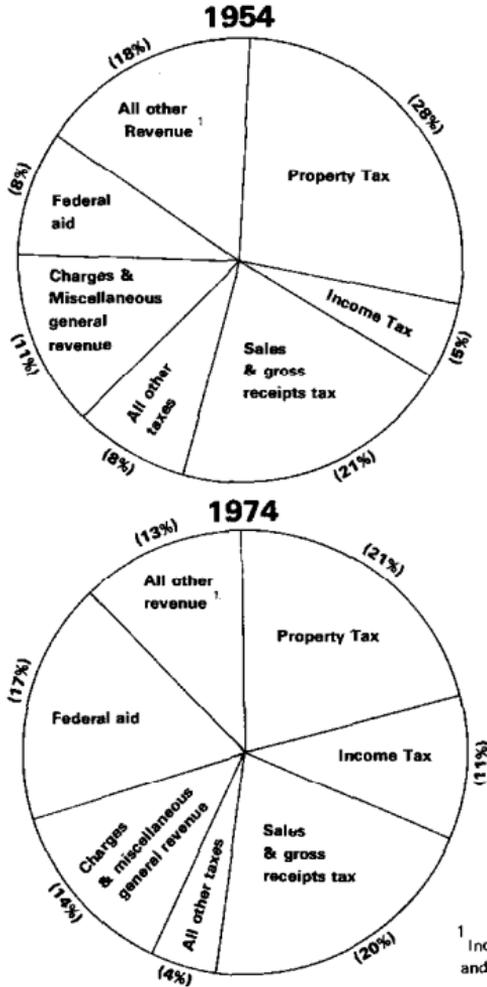
⁴Annual average increase 1954 to 1964.

⁵Annual average increase 1964 to 1969.

SOURCE: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances*, various years; and ACIR staff estimates.

CHART VII

The State and Local Revenue System Becomes More Diversified with the Relative Decline in Property Taxes and Relative Increase in State Income Taxes and Federal Aid: Fiscal Years 1954 and 1974



Source: Table VII.

TABLE VII

The State and Local Revenue System Becomes More Diversified with Relative Decline in Property Taxes and Relative Increase in State Income Taxes and Federal Aid: 1954, 1964, and 1969 through 1974

Fiscal Year	Total State-Local Revenue	General Revenue							Utility, Liquor Store, and Insurance Trust Revenue
		Total	Federal Aid	Tax Revenue				Charges and Miscellaneous General Revenue	
				Total ¹	Property	Sales, and Gross Receipts	Income		
Amount (in billions)									
1954	\$ 35.4	\$ 29.0	\$ 3.0	\$ 22.1	\$ 10.0	\$ 7.3	\$ 1.9	\$ 4.0	\$ 6.4
1964	81.5	68.4	10.0	47.8	21.2	15.8	5.5	10.7	13.0
1969	132.2	114.5	19.2	76.7	30.7	26.5	12.1	18.7	17.6
1970	150.1	130.8	21.9	86.8	34.1	30.3	14.6	22.1	19.4
1971	166.1	144.9	26.1	95.0	37.9	33.2	15.3	23.8	21.2
1972	189.7	166.4	31.3	108.8	42.1	37.5	19.7	26.3	23.4
1973	217.6	190.2	39.3	121.1	45.3	42.0	23.4	29.8	27.4
1974 ²	234.3	204.8	41.0	131.8	48.8	47.2	25.6 ³	32.0	29.5
Annual Percent Change									
1954	—	—	—	—	—	—	—	—	—
1964	8.7 ⁴	9.0 ⁴	12.8 ⁴	8.0 ⁴	7.8 ⁴	8.0 ⁴	11.2 ⁴	10.3 ⁴	7.3 ⁴
1969	10.2 ⁵	10.9 ⁵	13.9 ⁵	9.9 ⁵	7.7 ⁵	10.9 ⁵	17.1 ⁵	11.8 ⁵	6.2 ⁵
1970	13.5	14.2	14.1	13.2	11.1	14.3	20.7	18.2	10.2
1971	10.7	10.8	19.2	9.4	11.1	9.6	4.8	7.7	9.3
1972	14.2	14.8	19.9	14.5	11.1	13.0	28.8	10.5	10.4
1973	14.7	14.3	25.6	11.3	7.6	12.0	18.8	13.3	17.1
1974	7.6	7.7	4.3	8.8	7.7	12.4	9.4	7.4	7.7
Percentage Distribution									
1954	100.0	81.9	8.5	62.4	28.2	20.6	5.4	11.3	18.1
1964	100.0	83.9	12.3	58.7	26.0	19.4	6.7	13.1	16.0
1974	100.0	87.4	17.5	56.3	20.8	20.1	10.9 ⁵	13.7	12.6

¹Including amounts for categories not shown separately.

²Partially estimated.

³Receipts from individual income taxes in 1974 were \$19.8-billion (8.4 percent of total revenue).

⁴Annual average increase 1954 to 1964.

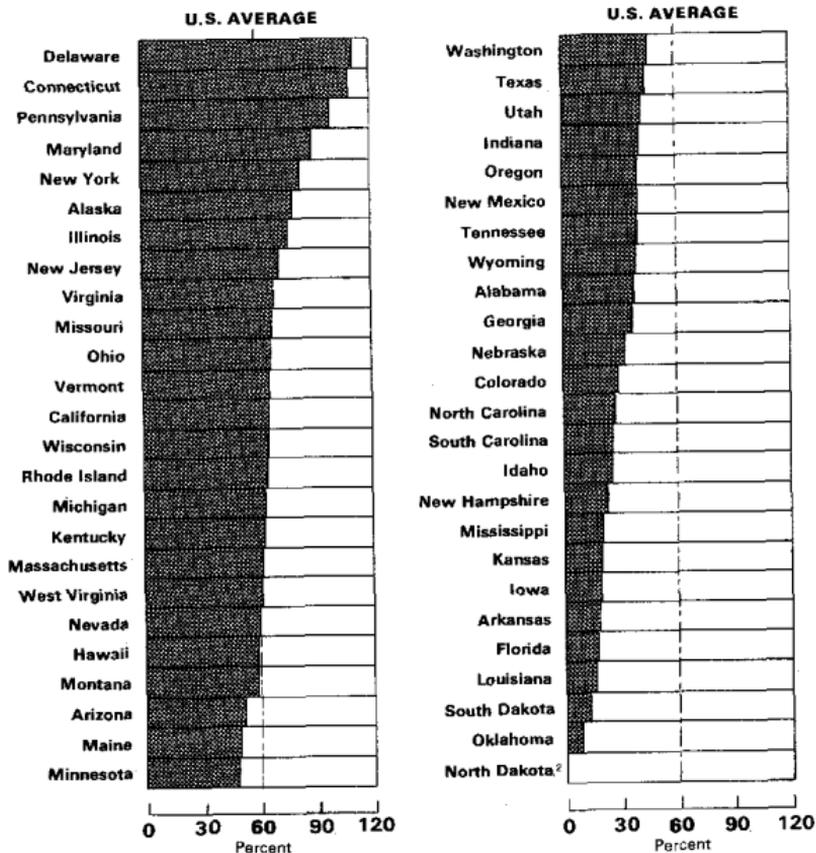
⁵Annual average increase 1964 to 1969.

SOURCE: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances*, various years; and ACIR staff estimates.

CHART VIII

Most States Registering an Above Average Increase in Tax Burdens Between 1953 and 1973 are Located in The New England, Mideast and Great Lakes Regions¹

(State-Local Tax Revenue in Relation to State Personal Income)



¹ Average State-local tax burdens rose from 7.6 percent to 12.1 percent of personal income—an increase of 60 percent.

² Percentage decrease (-14.9 percent).

Source: Table VIII.

TABLE VIII

**Most States Registering an Above Average Increase in Tax Burdens Between
1953 and 1973 Are Located in the New England, Mideast and
Great Lakes Regions**

(State-Local Tax Revenue in Relation to State Personal Income)

State and Region	Tax Revenue as a Percent of Personal Income			State Percent Related to U.S. Average (U.S. = 100.0)		
	1973	1953	Percent Increase or Decrease (-)	1973	1953	Percent Increase or Decrease (-)
UNITED STATES¹	12.09	7.58	59.5	100.0	100.0	-
NEW ENGLAND	13.36	7.90	69.1	110.5	104.2	6.0
Connecticut	12.80	6.06	111.2	105.9	79.9	32.5 ²
Maine	13.29	8.95	48.5	109.9	118.1	- 6.9
Massachusetts	14.19	8.77	61.8	117.4	115.7	1.5
New Hampshire	10.21	8.28	23.3	84.4	109.2	-22.7 ²
Rhode Island	11.61	7.02	65.4	96.0	92.6	3.7
Vermont	16.01	9.62	66.4	132.4	126.9	4.3
MIDEAST	13.80	7.46	85.0	114.1	98.4	16.0
Delaware	8.91	4.21	111.8	73.7	55.5	32.8 ²
Maryland	12.00	6.33	89.6	99.3	83.5	18.9 ²
New Jersey	11.24	6.59	70.6	93.0	86.9	7.0
New York	16.23	8.79	84.6	134.2	116.0	15.7 ²
Pennsylvania	12.19	6.17	97.6	100.8	81.4	23.8 ²
GREAT LAKES	11.29	6.78	66.5	93.4	89.4	4.5
Illinois	11.21	6.37	76.0	92.7	84.0	10.4
Indiana	10.07	7.08	42.2	83.3	93.4	-10.8
Michigan	12.08	7.31	65.3	99.9	96.4	3.6
Ohio	9.86	5.87	68.0	81.6	77.4	5.4
Wisconsin	14.78	8.91	65.9	122.2	117.5	4.0
PLAINS	11.32	8.25	37.2	93.6	108.8	-14.0
Iowa	11.08	9.22	20.2	91.6	121.6	-24.7 ²
Kansas	10.53	8.71	20.9	87.1	114.9	-24.2 ²
Minnesota	13.74	9.38	46.5	113.6	123.7	- 8.2
Missouri	10.34	6.14	68.4	85.5	81.0	5.6
Nebraska	10.40	7.69	35.2	86.0	101.5	-15.3 ²
North Dakota	9.59	11.27	-14.9	79.3	148.7	-46.7 ²
South Dakota	11.72	10.79	8.6	96.9	142.3	-32.0 ²
SOUTHEAST	10.56	7.86	34.4	87.3	103.7	-15.8
Alabama	9.59	7.00	37.0	79.3	92.3	-14.1
Arkansas	9.43	7.92	19.1	78.0	104.5	-25.4 ²
Florida	10.70	9.20	16.3	88.5	121.4	-27.1 ²
Georgia	10.43	7.67	36.0	86.3	101.2	-14.7
Kentucky	10.59	6.47	63.7	87.6	85.4	2.6
Louisiana	12.02	10.43	15.2	99.4	137.6	-27.8 ²
Mississippi	11.38	9.37	21.5	94.1	123.6	-23.9 ²
North Carolina	10.49	8.25	27.2	86.8	108.8	-20.2 ²
South Carolina	10.67	8.61	23.9	88.3	113.6	-22.3 ²
Tennessee	10.10	7.32	38.0	83.5	96.6	-13.6
Virginia	10.38	6.09	70.4	85.9	80.3	7.0
West Virginia	10.97	6.81	61.1	90.7	89.8	1.0

TABLE VIII

**Most States Registering an Above Average Increase in Tax Burdens Between
1953 and 1973 Are Located in the New England, Mideast and
Great Lakes Regions (Cont'd.)**

(State-Local Tax Revenue in Relation to State Personal Income)

State and Region	Tax Revenue as a Percent of Personal Income			State Percent Related to U.S. Average (U.S. = 100.0)		
	1973	1953	Percent Increase or Decrease (-)	1973	1953	Percent Increase or Decrease (-)
SOUTHWEST	10.22	7.34	39.2	84.5	96.8	-12.7
Arizona	12.70	8.50	49.4	105.0	112.1	- 6.3
New Mexico	12.06	8.66	39.3	99.8	114.2	-12.6
Oklahoma	9.67	9.07	6.6	80.0	119.7	-33.2 ¹
Texas	9.75	6.68	46.0	80.6	88.1	- 8.5
ROCKY MOUNTAIN	11.66	8.60	35.6	96.4	113.5	-15.1
Colorado	11.44	8.93	28.1	94.6	117.8	-19.7 ²
Idaho	11.11	9.00	23.4	91.9	118.7	-22.6 ³
Montana	12.07	7.62	58.4	99.8	100.5	- 0.9
Utah	12.17	8.44	44.2	100.7	111.3	- 9.5
Wyoming	12.04	8.73	37.9	99.6	115.2	-13.5
FAR WEST⁴	13.53	8.34	62.2	111.9	110.0	1.7
California	13.99	8.41	66.3	115.7	110.9	4.3
Nevada	12.72	7.93	60.4	105.2	104.6	0.6
Oregon	11.72	8.24	42.2	96.9	108.7	-10.9
Washington	11.80	8.07	46.2	97.6	106.5	- 8.4
Alaska	8.92	5.03 ⁵	77.3	73.8	66.4	11.1
Hawaii	13.05	8.23 ⁵	58.6	107.9	108.6	- 0.6

¹ Excluding the District of Columbia.

² Indicates states that have increased their relative tax burdens by 15 percent or more.

³ Indicates states where the relative tax burden has fallen by 15 percent or more.

⁴ Excluding Alaska and Hawaii.

⁵ Estimated, based on the U.S. average change between 1953 and 1957 (the earliest year readily available).

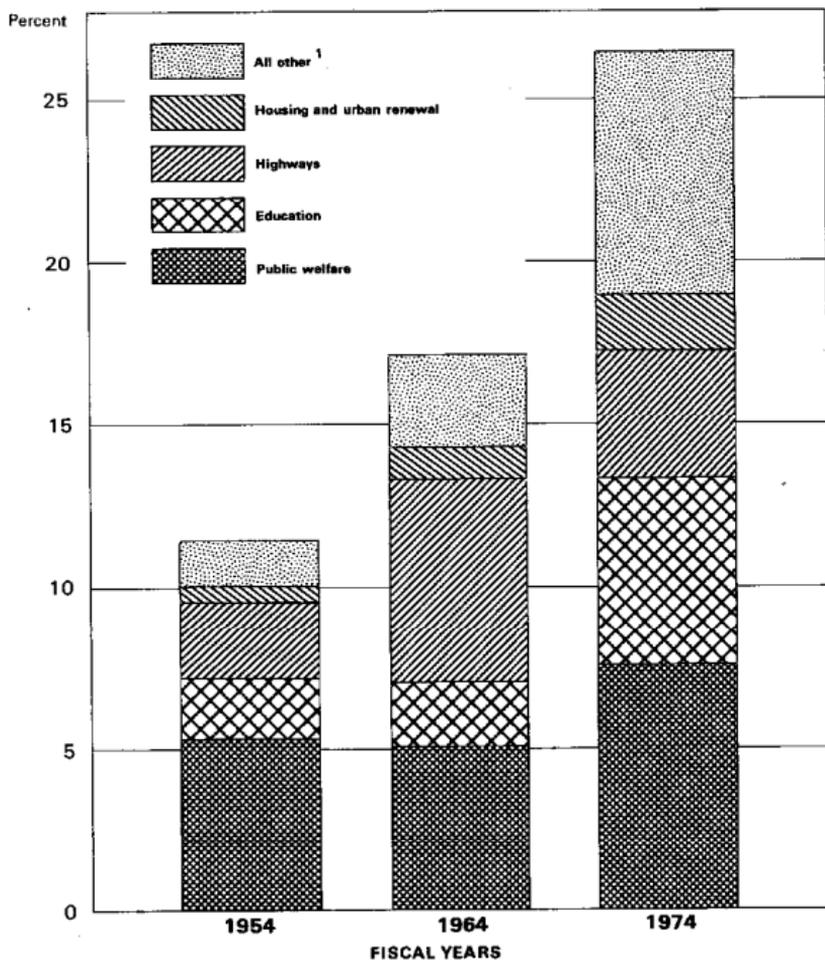
SOURCE: ACIR staff compilation based on U.S. Department of Commerce, Office of Business Economics, *Survey of Current Business*, various years; and U.S. Bureau of the Census, *Governmental Finances*, various years.

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CHART IX

Federal Aid Registers a Dramatic Increase in Relation to State-Local Own Source Revenue: 1954-1974

(Federal Aid as a Percent of State-Local General Revenue From Own Sources)



¹ Includes general revenue sharing payments in 1974 (3.7 percent of state-local revenue)

Source: Table IX

TABLE IX

**Federal Aid Registers a Dramatic Increase in Relation to State-Local
Own Source Revenue: 1954, 1964, and 1969 through 1974**

Fiscal Year	Total Federal Aid		Education	Highways	Public Welfare	Housing and Urban Renewal	All Other (Including Revenue Sharing ¹)
	Amount	As a Percent of State-Local General Revenue From Own Sources					
Amount (in millions)							
1954	\$ 2,967	11.4	\$ 475	\$ 530	\$ 1,439	\$ 90*	\$ 433
1964	10,097	17.3	1,371	3,628	2,973	564	1,561
1969	19,421	20.4	4,775	4,352	6,358	921	3,015
1970	23,257	21.4	5,844	4,608	7,574	1,609	3,622
1971	27,500	23.2	6,802	4,987	9,766	1,611	4,334
1972	33,584	24.9	7,941	5,108	13,251	1,981	5,303
1973	41,666	27.6	8,666	5,276	12,097	2,121	13,506 ¹
1974*	43,500	26.5	9,200	5,650	13,000	2,300	13,350 ¹
Annual Percent Change							
1954	—	—	—	—	—	—	—
1964	13.0 ²	—	11.2 ²	21.2 ²	7.5 ²	20.1 ²	13.7 ²⁻¹
1969	14.0 ³	—	28.3 ³	3.7 ³	16.4 ³	10.3 ³	14.1 ³
1970	19.8	—	22.4	5.9	19.1	74.7	20.1
1971	18.2	—	16.4	8.2	28.9	0.1	19.7
1972	22.1	—	16.7	2.4	35.7	23.0	22.4
1973	24.1	—	9.1	3.3	-8.7	7.1	154.7
1974	4.4	—	6.2	7.1	7.5	8.4	-1.2
Percentage Distribution							
1954	100.0	—	16.0	17.9	48.5	13.0	14.6
1964	100.0	—	13.6	35.9	29.4	5.6	15.5
1974	100.0	—	21.1	13.0	29.9	5.3	30.7

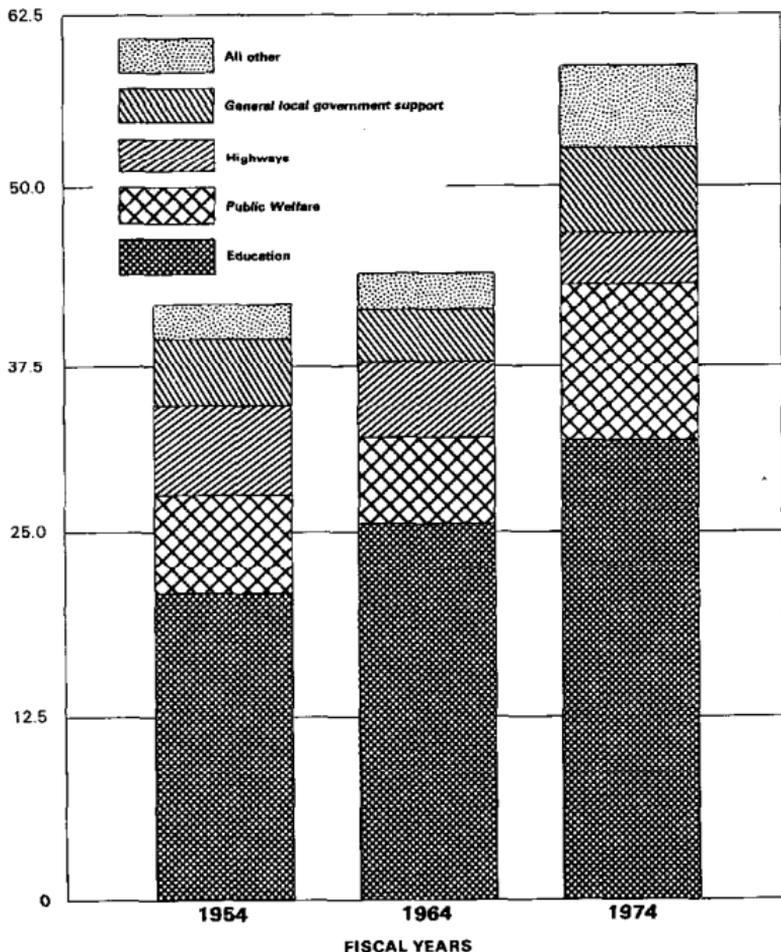
* Estimate.

¹ Includes Federal general revenue sharing payments of \$6,636-million in 1973, and \$6,100-million in 1974.² Annual average increase 1954 to 1964.³ Annual average increase 1964 to 1969.SOURCE: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances*, various years; and ACIR staff estimates.

CHART X

**State Aid Registers Steady Increase in Relation to Local Own Source Revenue:
1954-1974**

Percent (State Aid as a Percent of Local General Revenue From Own Sources)



Source: Table X.

TABLE X

**State Aid Registers Steady Increase in Relation to Local
Own Source Revenue: 1954, 1964, and 1969 through 1974**

Fiscal Year	Total State Aid		General Local Government Support	Education	Highways	Public Welfare	All Other
	Amount	As a Percent of Local General Revenue From Own Sources					
Amount (in millions)							
1954	\$ 5,679	41.7	\$ 600	\$ 2,930	\$ 871	\$1,004	\$ 274
1964	12,968	42.9	1,053	7,664	1,524	2,108	619
1969	24,779	54.0	2,135	14,858	2,109	4,402	1,275
1970	28,892	56.2	2,958	17,085	2,439	5,003	1,408
1971	32,640	57.3	3,258	19,292	2,507	5,760	1,823
1972	36,759	57.0	3,752	21,195	2,633	6,944	2,235
1973	40,822	57.9	4,280	23,316	2,953	7,532	2,742
1974 est.	45,000	57.5	4,700	25,800	3,200	8,400	2,900
Annual Percent Change							
1954	—	—	—	—	—	—	—
1964	8.6 ¹	—	5.8 ¹	10.1 ¹	5.8 ¹	7.7 ¹	8.5 ¹
1969	13.8 ²	—	15.2 ²	14.2 ²	6.7 ²	15.9 ²	15.6 ²
1970	16.6	—	38.5	15.0	15.6	13.7	10.4
1971	13.0	—	10.1	12.9	2.8	15.1	29.5
1972	12.6	—	15.2	9.9	5.0	20.6	22.6
1973	11.1	—	14.1	10.0	12.2	8.5	22.7
1974	10.2	—	9.8	10.7	8.4	11.5	5.8
Percentage Distribution							
1954	100.0	—	10.6	51.6	15.3	17.7	4.8
1964	100.0	—	8.1	59.1	11.8	16.3	4.8
1974	100.0	—	10.4	57.3	7.1	18.7	6.4

¹Annual average increase 1954 to 1964.

²Annual average increase 1964 to 1969.

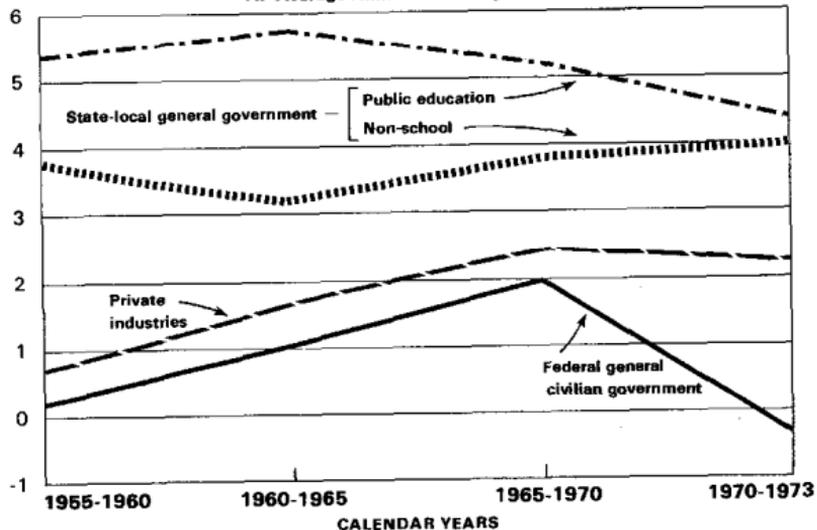
SOURCE: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances*, various years; and ACIR staff estimates.

CHART XI

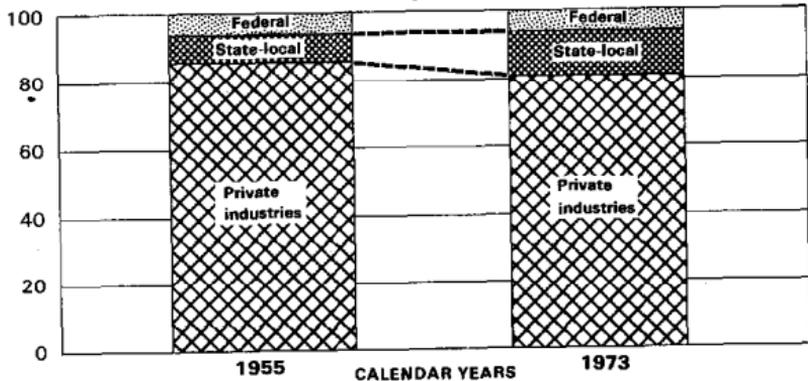
The State-Local Sector Registers the Greatest Employment Gains: 1955-1973

Percent

A. Average Annual Percentage Change



B. Percentage Distribution¹



¹ Excluding Federal military (3.0-million in 1955 and 2.3-million in 1973)

TABLE XI

The State-Local Sector Registers the Greatest Employment Gains: 1955-1973**A. Number of Full Time Equivalent Employees**

Industry	Number of Full Time Equivalent Employees (in thousands)					Percent Increase or Decrease (-)
	1973	1970	1965	1960	1955	
All industries	75,948	71,587	62,586	57,098	54,864	38.4
Private industries	61,246	57,138	50,742	46,676	45,103	35.8
Agriculture, forestry & fisheries	1,388	1,373	1,658	1,923	2,040	- 32.0
Mining	643	629	637	701	807	- 20.3
Contract construction	3,954	3,481	3,212	2,863	2,807	40.9
Manufacturing	20,147	19,415	18,087	16,761	16,959	18.8
Transportation	2,422	2,430	2,296	2,359	2,583	- 6.2
Communication	1,148	1,112	871	832	831	38.1
Electric, gas & sanitation services	728	691	626	616	587	24.0
Wholesale and retail trade	14,060	12,907	10,916	9,874	9,234	52.3
Wholesale trade	3,835	3,579	3,103	2,828	2,600	47.5
Retail trade	10,225	9,328	7,813	7,046	6,634	54.1
Finance, insurance & real estate	3,709	3,364	2,768	2,472	2,186	69.7
Services	13,047	11,736	9,671	8,275	7,069	84.6
General civilian government	11,093	10,062	8,269	6,934	5,854	89.5
Federal	2,010	2,036	1,837	1,745	1,716	17.1
State & local	9,083	8,026	6,432	5,189	4,138	119.5
Public education	4,812	4,226	3,289	2,494	1,915	151.3
Non-school	4,271	3,800	3,143	2,695	2,223	92.1
Government enterprises & military ¹	3,605	4,383	3,841	3,484	3,902	- 7.6

Government Employment as a Percentage of Private Industry Employment

General civilian government	18.1	17.6	16.3	14.9	13.0
Federal	3.3	3.6	3.6	3.7	3.8
State & local	14.8	14.0	12.7	11.1	9.2
Public education	7.9	7.4	6.5	5.3	4.2
Non-school	7.0	6.7	6.2	5.8	4.9
Government enterprises & military	5.9	7.7	7.6	7.4	8.6

Private-Public Employment Growth: 1955-1973

Private	35.8%
Federal general civilian government	17.1
State-local general government	119.5
Public education	151.3
Non-school	92.1

¹ Federal military, 2.3-million in 1973; and Federal, state, local enterprises, 1.3-million in 1973.SOURCE: ACIR staff compilations based on U.S. Department of Commerce, *Survey of Current Business*, various years (National Income Account).

TABLE XI

**The State-Local Sector Registers The Greatest Employment Gains: 1955-1973
(Cont'd.)**

B. Average Annual Percent Change in Number of Employees

Industry	Average Annual Increase or Decrease (-) in Number of Employees Between -				
	1955-1973	1970-1973	1965-1970	1960-1965	1955-1960
All industries	1.8%	2.0%	2.6%	1.9%	0.8%
Private industries	1.7	2.3	2.4	1.7	0.7
Agriculture, forestry & fisheries	-2.1	0.4	-3.7	-2.9	-1.2
Mining	-1.3	0.7	-0.3	-1.9	-2.8
Contract construction	1.9	4.3	1.6	2.3	0.4
Manufacturing	1.0	1.2	1.4	1.5	-0.2
Transportation	-0.4	-0.1	1.1	-0.5	-1.8
Communication	1.8	1.1	5.0	0.9	.
Electric, gas & sanitation services	1.2	1.8	2.0	0.3	1.0
Wholesale and retail trade	2.4	2.9	3.4	2.0	1.3
Wholesale trade	2.2	2.3	2.9	1.9	1.7
Retail trade	2.4	3.1	3.6	2.1	1.2
Finance, insurance & real estate	3.0	3.3	4.0	2.3	2.5
Services	3.5	3.6	3.9	3.2	3.2
General civilian government	3.6	3.3	4.0	3.6	3.4
Federal	0.9	-0.4	2.1	1.0	0.3
State & local	4.5	4.2	4.5	4.4	4.6
Public education	5.3	4.4	5.1	5.7	5.4
Non-school	3.7	4.0	3.9	3.1	3.9
Government enterprises & military	-0.5	-6.3	2.7	2.0	-2.2

Government Related to Private Industry (Private Industry Percent Change = 100.0)

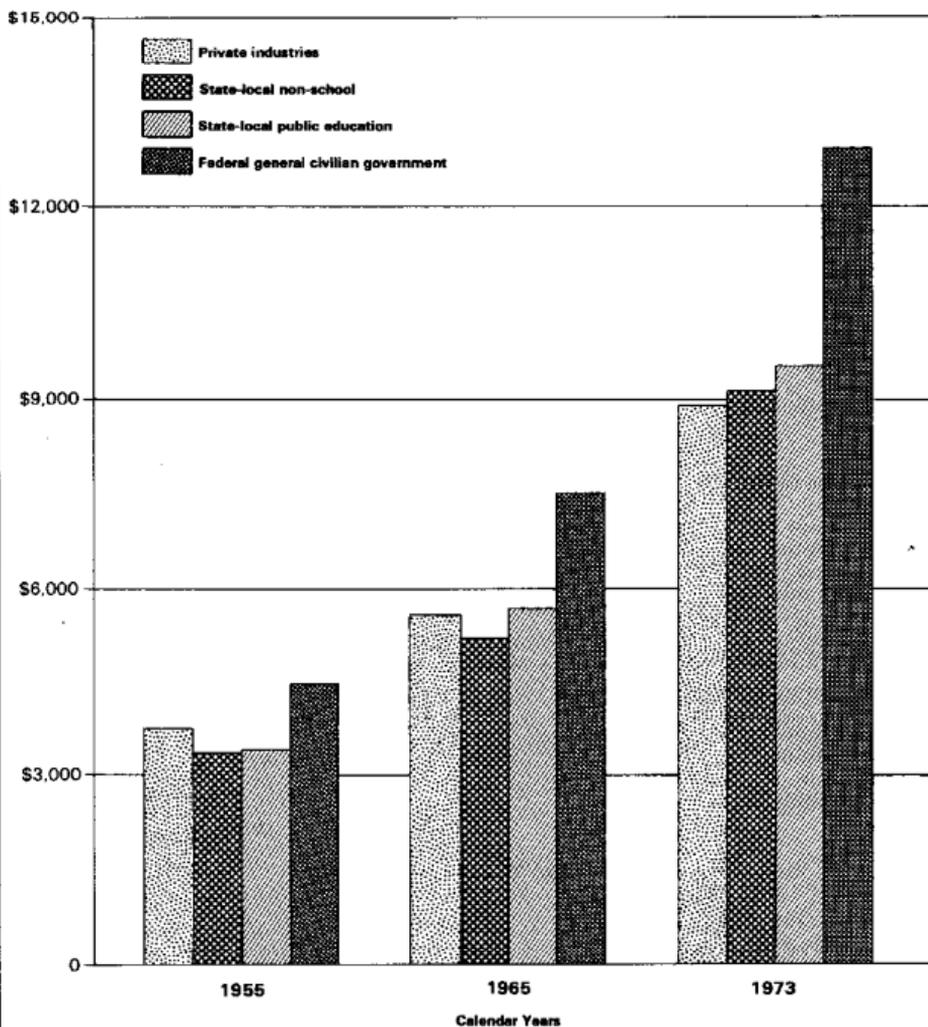
General civilian government	211.8	43.5	166.7	211.8	485.7
Federal	52.9	-17.4	87.5	58.8	42.9
State & local	264.7	182.6	187.5	258.8	657.1
Public education	311.8	191.3	212.5	335.3	771.4
Non-school	217.6	173.9	162.5	182.4	557.1
Government enterprises & military	-29.4	-273.9	112.5	117.7	-314.3

* Less than 0.05 percent.

SOURCE: ACIR staff compilations based on U.S. Department of Commerce, *Survey of Current Business*, various years (National Income Account).

CHART XII

Federal Employees Register The Greatest Wage Gains: 1955-1973

Average
Annual
Earnings

Source: Table XII.

TABLE XII

Federal Employees Register the Greatest Wage Gains: 1955-1973**A. Average Annual Earnings**

Industry	Average Annual Earnings Per Full Time Employee					Percent Increase 1966-1973
	1973	1970	1966	1960	1955	
All industries	\$ 9,106	\$ 7,571	\$ 5,710	\$4,743	\$3,851	138.5
Private industries	8,900	7,471	5,708	4,759	3,882	129.3
Agriculture, forestry & fisheries	4,053	3,255	2,053	1,658	1,376	194.5
Mining	11,448	9,259	6,785	5,676	4,689	144.1
Contract construction	10,694	9,294	6,595	5,443	4,388	143.7
Manufacturing	9,758	8,153	6,389	5,352	4,356	124.0
Transportation	12,740	9,988	7,485	6,185	4,823	164.2
Communication	10,814	8,397	6,617	5,369	4,237	155.2
Electric gas & sanitation services	11,743	9,680	7,292	5,992	4,704	149.6
Wholesale and retail trade	8,053	6,895	5,436	4,597	3,755	114.5
Wholesale trade	11,246	9,458	7,238	6,047	4,844	132.2
Retail trade	6,855	5,912	4,721	4,015	3,329	105.9
Finance, insurance & real estate	9,525	8,035	6,055	5,030	4,051	135.1
Services	7,115	5,932	4,295	3,513	2,831	151.3
General civilian government	10,089	8,384	6,072	4,875	3,863	161.2
Federal	12,984	10,519	7,614	5,895	4,589	182.9
State and local	9,448	7,843	5,632	4,532	3,562	165.2
Public education	9,624	8,140	5,847	4,752	3,608	166.7
Non-school	9,248	7,512	5,407	4,327	3,523	162.5
Government enterprises & military	9,589	7,001	4,952	4,280	3,474	176.0
Government Earnings as a Percentage of Private Industry Earnings						
General civilian government	113.4	112.2	106.4	102.4	99.5	
Federal	145.9	140.8	133.4	123.9	118.2	
State and local	106.2	105.0	98.7	95.2	91.8	
Public education	108.1	109.0	102.4	99.9	92.9	
Non-school	103.9	100.5	94.7	90.9	90.8	
Government enterprises & military	107.7	93.7	86.8	89.9	89.5	
Private-Public Wage Gains: 1955-1973						
Private	129.3					
Federal general civilian government	182.9					
State-local general government	165.2					
Public education	166.7					
Non-school	162.5					

SOURCE: ACIR staff compilations based on U.S. Department of Commerce, *Survey of Current Business*, various years (National Income Account).

TABLE XII

**Federal Employees Register the Greatest Wage Gains: 1955-1973
(Cont'd.)**

B. Average Annual Percent Increase in Earnings

Industry	Average Annual Increase in Earnings Between				
	1955-1973	1970-1973	1965-1970	1960-1965	1956-1960
All Industries	4.9%	6.3%	5.8%	3.8%	4.3%
Private industries	4.7	6.0	5.5	3.7	4.2
Agriculture, forestry & fisheries	6.2	7.6	9.7	4.4	3.8
Mining	5.1	7.3	6.4	3.6	3.9
Contract construction	5.1	4.8	7.1	3.9	4.4
Manufacturing	4.6	6.2	5.0	3.6	4.2
Transportation	5.5	8.5	5.9	3.9	5.1
Communication	5.3	8.8	4.9	4.3	4.8
Electric gas & sanitation services	5.2	6.7	5.8	4.0	5.0
Wholesale and retail trade	4.3	5.3	4.9	3.4	4.1
Wholesale trade	4.8	5.9	5.5	3.7	4.5
Retail trade	4.1	5.1	4.6	3.3	3.8
Finance, insurance & real estate	4.9	5.8	5.8	3.8	4.4
Services	5.3	6.2	6.7	4.1	4.4
General civilian government	5.5	6.4	6.7	4.5	4.8
Federal	5.9	7.3	6.7	5.3	5.1
State and local	5.6	6.4	6.8	4.4	4.9
Public education	5.6	5.7	6.8	4.2	5.7
Non-school	5.5	7.2	6.8	4.6	4.2
Government enterprises & military	5.8	11.1	7.2	3.0	4.3
Government Related to Private Industry (Private Industry Percent Change = 100.0)					
General civilian government	117.0	106.7	121.8	121.6	114.3
Federal	125.5	121.7	121.8	143.2	121.4
State and local	119.1	106.7	123.6	118.9	116.7
Public education	119.1	95.0	123.6	113.5	135.7
Non-school	117.0	120.0	123.6	124.3	100.0
Government enterprises & military	123.4	185.0	130.9	81.1	102.4

SOURCE: ACIR staff compilations based on U.S. Department of Commerce, Survey of Current Business, various years (National Income Account).

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What is ACIR ?



The Advisory Commission on Intergovernmental Relations (ACIR) was created by Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. ACIR is a permanent national bipartisan body representing the executive and legislative branches of Federal, State and local government and the public.

Of the 26 Commission members, nine represent the Federal government, 14 represent State and local governments and three represent the general public. Twenty members are appointed by the President. He names three private citizens and three Federal executive officials directly and selects four governors, three State legislators, four mayors and three elected county officials from slates nominated, respectively, by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The other six are Members of Congress—three Senators appointed by the President of the Senate and three Representatives appointed by the Speaker of the House. Commission members serve two-year terms and may be reappointed. The Commission names an Executive Director who heads the small professional staff.

After selecting specific intergovernmental issues for investigation, ACIR follows a multi-step procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts and interested groups. The Commission then debates each issue and formulates its policy positions. Commission findings and recommendations are published and draft bills and executive orders are developed to assist in implementing ACIR policies.