

Ad 9 2516

A COMMISSION REPORT

The Role of Equalization in Federal Grants



ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
JANUARY, 1964

A-19

NORTH TEXAS STATE UNIVERSITY LIBRARY
DENISON, TEXAS

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
Washington, D. C. 20575

Frank Bane	Chairman
Don Hummel	Vice Chairman
John Anderson, Jr.	Governor of Kansas
Neal S. Blaisdell	Mayor, Honolulu, Hawaii
Howard R. Bowen	Citizen Member, Grinnell, Iowa
Anthony J. Celebrezze	Secretary of Health, Education, and Welfare
Edward Connor	Supervisor, Wayne County, Michigan
C. Douglas Dillon	Secretary of the Treasury
Clair Donnerwirth	Supervisor, Plumas County, California
Florence P. Dwyer, Mrs.	Member of the House of Representatives
Sam J. Ervin, Jr.	Member of the Senate
L. H. Fountain	Member of the House of Representatives
Eugene J. Keogh	Member of the House of Representatives
Karl E. Mundt	Member of the Senate
Edmund S. Muskie	Member of the Senate
Arthur Naftalin	Mayor, Minneapolis, Minnesota
Graham S. Newell	Member of the State Senate, Montpelier, Vermont
John E. Powers	President, State Senate, Boston, Massachusetts
Carl E. Sanders	Governor of Georgia
Robert E. Smylie	Governor of Idaho
Raymond R. Tucker	Mayor, St. Louis, Missouri
Robert C. Weaver	Administrator, Housing and Home Finance Agency
Barbara A. Wilcox, Mrs.	Commissioner, Washington County, Oregon
Vacancy	Governor
Vacancy	Mayor
Vacancy	State Legislator

Wm. G. Colman, Executive Director

THE ROLE OF EQUALIZATION IN FEDERAL GRANTS

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

January 1964

A-19

PREFACE

A distinguishing feature of our Federal form of government is that the division of revenue resources among the Federal, State, and local governments does not match their relative revenue requirements. The States and more particularly local governments are disadvantaged in comparison with the National Government. The disparity between their relative resources and revenue requirements, moreover, is not likely to decline. The governmental services the public will be demanding in more variety and better quality as its standard of living continues to improve are the traditional responsibility of State and local governments, while the taxing devices available to these governments will be operating under increasingly more compelling restraints as interarea business competition grows more pervasive with the increased economic interdependence of all sections of the country.

The grant-in-aid was invented to help alleviate the disparities between resources and requirements among levels of government. It is one of the principal tools for improving the fiscal balance between governmental levels. This explains why the Congress, in providing for the establishment of this Commission, specifically required it to "provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation." This explains also why this Commission is returning to this general subject for the third time in so many years.

In this report, the Commission undertakes to identify the role of equalization in Federal grants, to answer the dual question: Under what conditions and to what extent should the distribution of Federal grants among State and local governments recognize differences in their comparative capabilities to finance the aided programs out of their own resources?

The terms "grant-in-aid" and "equalization" have different meanings in different contexts. For the present purpose, Federal grants-in-aid are defined as those programs involving cash payments to which State or local governments generally are eligible, the funds to be used for governmental functions and under conditions specified by the Congress in legislation and by the administering

departments or agencies in regulations. This definition, it will be noted, excludes Federal distributions of commodities and services; grants limited to territories, possessions and specified individual governments; subsidies to individuals rather than governments; payments for contractual services; shared revenues; and loans and repayable advances. The term "equalization" is defined as a provision in the allocation or matching (or both) specifications of a Federal grant program, which gives some statutory recognition to underlying differences in the States' relative capabilities to raise funds from their own resources for financing a governmental program to which the National Government contributes in order to achieve a more uniform minimum service level throughout the Nation.

The staff work for this report was conducted by Selma J. Mushkin, Jacob M. Jaffe and Robert K. Kinsey. The Commission records its appreciation also to each of the Federal departments and agencies charged with administration of Federal grant programs for generous cooperation in verifying and supplementing the specifics on the individual grant programs presented in Part III of the report.

This report was adopted at a meeting of the Commission held on January 23, 1964.

Frank Bane
Chairman

WORKING PROCEDURES OF THE COMMISSION

This statement of the procedures followed by the Advisory Commission on Intergovernmental Relations is intended to assist the reader's consideration of this report. The Commission, made up of busy public officials and private persons occupying positions of major responsibility, must deal with diverse and specialized subjects. It is important, therefore, in evaluating reports and recommendations of the Commission to know the processes of consultation, criticism, and review to which particular reports are subjected.

The duty of the Advisory Commission, under Public Law 86-380, is to give continuing attention to intergovernmental problems in Federal-State, Federal-local, and State-local, as well as interstate and inter-local relations. The Commission's approach to this broad area of responsibility is to select specific, discrete intergovernmental problems for analysis and policy recommendation. In some cases, matters proposed for study are introduced by individual members of the Commission; in other cases, public officials, professional organizations, or scholars propose projects. In still others, possible subjects are suggested by the staff. Frequently, two or more subjects compete for a single "slot" on the Commission's work program. In such instances selection is by majority vote.

Once a subject is placed on the work program, a staff member is assigned to it. In limited instances the study is contracted for with an expert in the field or a research organization. The staff's job is to assemble and analyze the facts, identify the differing points of view involved, and develop a range of possible, frequently alternative, policy considerations and recommendations which the Commission might wish to consider. This is all developed and set forth in a preliminary draft report containing (a) historical and factual background, (b) analysis of the issues, and (c) alternative solutions.

The preliminary draft is reviewed within the staff of the Commission and after revision is placed before an informal group of "critics" for searching review and criticism. In assembling these reviewers, care is taken to provide (a) expert knowledge and (b) a diversity of substantive and philosophical viewpoints. Additionally, representatives of the American Municipal Association, Council of State Governments, National Association of Counties, U. S. Conference of Mayors, U. S. Bureau of the Budget and any Federal agencies directly concerned with the subject matter participate, along with the other

"critics" in reviewing the draft. It should be emphasized that participation by an individual or organization in the review process does not imply in any way endorsement of the draft report. Criticisms and suggestions are presented; some may be adopted, others rejected by the Commission staff.

The draft report is then revised by the staff in light of criticisms and comments received and transmitted to the members of the Commission at least two weeks in advance of the meeting at which it is to be considered.

In its formal consideration of the draft report, the Commission registers any general opinion it may have as to further staff work or other considerations which it believes warranted. However, most of the time available is devoted to a specific and detailed examination of conclusions and possible recommendations. Differences of opinion are aired, suggested revisions discussed, amendments considered and voted upon, and finally a recommendation adopted (or modified or diluted as the case may be) with individual dissents registered. The report is then revised in the light of Commission decisions and sent to the printer, with footnotes of dissent by individual members, if any, recorded as appropriate in the copy.

CONTENTS

	Page
Preface.....	iii
Working Procedures of the Commission.....	v

PART I INTRODUCTION AND ANALYSIS

Introduction.....	3
The Amount of Federal Grants.....	13
Impact on State and Local Finances.....	19
Composition of Federal Grants.....	25
Allocation Provisions in Federal Grants.....	31
Matching Requirements.....	39
Concepts of Equalization.....	45
Definitions of Equalization.....	46
Equalization and Narrowing of Income Differentials.....	50
Equalization and Uniform Tax Burdens.....	54
Equalization and Uniform Public Services.....	56
Limitations in Equalizing Provisions.....	57
The Quest for Uniform Equalization Provisions.....	62
Relationships between State Per Capita Incomes and Per Capita Grants.....	63

PART II CONCLUSIONS AND RECOMMENDATIONS

Conclusions and Recommendations.....	69
--------------------------------------	----

CONTENTS
(continued)

	Page
PART III DESCRIPTION AND STATISTICAL DATA, BY PROGRAM	
Explanatory Note.....	89
Sources of Financial Data.....	99
Individual Grant Programs:	
DEPARTMENT OF AGRICULTURE	
School Lunch Program.....	110
Special Milk Program.....	113
Cooperative Projects in Marketing.....	115
Agricultural Experiment Stations.....	117
Cooperative Agricultural Extension Work.....	120
State and Private Forestry Cooperation.....	123
Assistance to States for Tree Planting.....	125
Forest Insect and Disease Control.....	126
Watershed Protection and Flood Prevention.....	127
DEPARTMENT OF COMMERCE	
Control of Outdoor Advertising.....	130
Federal Aid Highways.....	131
Area Redevelopment, Grants for Public Facilities.....	134
Public Works Acceleration.....	135
State Marine Schools.....	137
DEPARTMENT OF DEFENSE	
Civil Defense - Personnel and Administration....	140
Civil Defense - Supplies, Equipment and Facilities.....	141
FEDERAL AVIATION AGENCY	
Airport Construction.....	144

CONTENTS
(continued)

	Page
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE	
Old Age Assistance.....	148
Aid to Families with Dependent Children.....	151
Aid to the Blind.....	153
Aid to Permanently and Totally Disabled.....	155
Medical Assistance for the Aged.....	157
Crippled Children's Services.....	159
Maternal and Child Health Services.....	162
Child Welfare Services.....	165
Hospital and Medical Facilities Construction....	168
General Health.....	171
Community Health Service Grants, Particularly for the Chronically Ill and Aged.....	173
Tuberculosis Control.....	175
Cancer Demonstration and Control.....	177
Mental Health.....	179
Heart Disease Control.....	181
Venereal Disease Control.....	183
Water Pollution Control.....	185
Waste Treatment Works Construction.....	188
Clinics for Domestic Agricultural Migratory Workers.....	190
Vaccination Assistance.....	191
Radiological Health State Program Development.....	192
Maintenance and Operation of Schools in Federally Affected Areas.....	193
School Construction Assistance for Federally Affected Areas.....	196
National Defense Education Act.....	199
Vocational Education.....	203
Land-Grant Colleges.....	207
Development of Library Services in Rural Areas.....	209
Construction of Educational Television Broadcasting Facilities.....	211

CONTENTS
(continued)

	Page
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE (cont'd)	
Support of Vocational Rehabilitation Services...	212
Initiating Projects for the Extension and Improvement of Vocational Rehabilitation Services.....	213
HOUSING AND HOME FINANCE AGENCY	
Mass Transportation Demonstration Projects.....	216
Low Rent Public Housing.....	217
Open Space Land.....	219
Urban Renewal.....	220
Urban Planning Assistance.....	223
DEPARTMENT OF THE INTERIOR	
Indian Education and Welfare Services.....	226
Wildlife Restoration.....	228
Fish Restoration and Management.....	229
DEPARTMENT OF LABOR	
Manpower Development and Training.....	232
Unemployment Compensation and Employment Service Administration.....	233
VETERANS ADMINISTRATION	
State Homes for Disabled Soldiers and Sailors...	236
State Supervision of Schools and Training Establishments.....	238
OFFICE OF EMERGENCY PLANNING	
Disaster Relief.....	242
Programs Enacted During 1963:	
Agricultural Experiment Stations, Research Facilities.....	246
Special Maternity and Infant Care Projects and Research Projects.....	247
Mental Retardation Planning.....	248

CONTENTS
(continued)

	Page
Programs Enacted During 1963 (cont'd)	
Mental Retardation Facilities and Community Mental Health Centers Construction.....	249
Air Pollution Prevention and Control.....	252
Construction of Higher Education Facilities.....	253
Construction of Teaching Facilities for Medical, Dental and Other Health Personnel.....	255
Expansion and Improvement of Vocational Education.....	256

TABLES

1. Trends in Federal Aid Relative to General Revenue of State and Local Governments and to Federal General Expenditure, 1902-1962.....	14
2. Federal Aid in Relation to Total General Revenue of State and Local Governments, by State, 1962.....	20
3. Required State and Local Matching of Federal Grants-in-Aid in Relation to State and Local Tax Revenue and General Expenditure from own Sources for Selected Functions - 12 Highest and 12 Lowest Income States, 1962.....	21
4. Required Matching under Existing Federal Grant Programs per \$1,000 of Personal Income, by State, 1962.....	23
5. Federal Intergovernmental Expenditure, by Function, Selected Years, 1913 - 1962.....	24
6. Federal Grants-in-Aid Directly to Local Govern- ments, 1962.....	26
7. Selected Federal Grant-in-Aid Expenditure, by Function and Administrative Agency or Depart- ment, 1962.....	29

CONTENTS
(concluded)

	Page
Table	
8. Federal Grant-in-Aid Programs with Equalization Features in the Allocation Formulas.....	34
9. Range of Federal Shares in Joint Federal-State Programs, under Current Equalizing Provisions.....	41
10. Federal Grants-in-Aid Distributed to State and Local Governments on the Basis of a Fiscal Capacity Index, by Program, 1962.....	43
11. Per Capita Federal Government Payments: Total Expenditures and Aids to States and Localities, Annual Averages for Fiscal Years 1959-1961.....	52
12. Effect of Replacing Federal Aid with State and Local Taxes--12 Highest and 12 Lowest Income States, 1962.....	65
13. Reconciliation between Treasury and Advisory Commission on Intergovernmental Relations Coverage on Federal Grants-in-Aid, 1962.....	91
14. Federal Grants-in-Aid to State and Local Govern- ments, by Administering Agency and Program, Fiscal Year 1962.....	93
15. Expenditure for Federal Grants-in-Aid to State and Local Governments, by Function and Program, by States, 1962.....	101

PART I

INTRODUCTION AND ANALYSIS

INTRODUCTION

The Federal grant-in-aid has developed into an important instrument for carrying out the essential partnership of the States and the National Government in a federal system. It reconciles State and local administration of public services with Federal financial support in programs of national concern. In the century in which it has been used, the Federal grant has been forged into a tool capable of doing many types of jobs both small and big. Its strength has been its flexibility and adaptability.

Present Federal grants-in-aid illustrate the variety of provisions that have been developed to meet the specific requirements of a large number of programs in which the Nation and the States with their localities work together to furnish public services. At one extreme are grant programs in which the Federal Government finances all or almost all of the program costs; at the other, those in which the Federal share is a small part of program outlays. A grant is used to assure a nationwide interstate highway system by allocating earmarked gasoline and other automotive taxes levied uniformly across the nation to cover the major part of its cost of construction. The grant is being used to demonstrate new techniques for providing health services for the aged and the chronically ill and to train professional personnel in short supply. It is being used to encourage planning for the reconstruction of our cities, to stimulate innovation, and to help in a substantial way to carry out a public welfare program. The grant is being applied increasingly to meet the problems of the cities with their extra cost burdens originating in that group of public services required for metropolitan living.

This report is concerned with one aspect of the Federal grant-in-aid structure: to what extent should the distribution of Federal grants-in-aid take account of the relative fiscal capacities of the States and localities to finance programs of national interest from their own resources? To what extent and under what circumstances should Federal grants-in-aid contain equalization features?

For these purposes, an equalization feature in a grant program is defined as one which gives recognition to the underlying differences in the capacity of the States and local governments to raise funds from tax and other fiscal resources available to them for financing joint Federal, State, and local programs. This is accomplished by introducing a variable in either the allocation of Federal funds among eligible jurisdictions, or in the matching shares required, or in both, with the result that a larger amount or a larger share of the cost of a cooperative program is financed by the Federal Government in the poorer States and localities than in those with relatively higher financial capabilities. The general objective of such an equalization provision is to achieve a national minimum level of program operations by varying the Federal grant offer to the States directly in proportion to their program needs and inversely with their fiscal capacities. The objective is to enable all States to achieve the nationally defined minimum service level if they make a uniform effort to tax the resources available to them. Accordingly, in terms of the definition used here, equalization is present in Federal grant programs to the extent that they compensate for differences in the imbalance between the several States' relative program needs and their relative financial abilities to support these functions at the desired level.

The Advisory Commission has considered two aspects of Federal grants-in-aid in two earlier reports. In June 1961, it assessed the problems encountered in redirecting grants to reflect changing conditions, or in terminating a grant when its job has been done. 1/ It recommended to the Congress that it enact a general statute calling for the periodic review at five year intervals of new grant programs by its cognizant legislative committees. Earlier, in its January 1961 report on the categorical grants for public health, the Advisory Commission recommended that Governors be authorized to transfer up to 33 1/3 percent of the Federal funds among the five program categories. 2/

In addition to the recommendations made in the two mentioned reports, the Advisory Commission directed its staff to undertake a

1/ Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments. (Report A-8, 67 pp.)

2/ Modification of Federal Grants-in-Aid for Public Health Services. (Report A-2, 46 pp.)

pilot study to determine whether improved measures of fiscal capacity and tax effort could be developed. Such measurement of fiscal capacity and tax effort is prerequisite to the examination of the issue of how most equitably and effectively to distribute Federal grants to State and local governments. The staff explored alternative approaches to two quantitative measures useful in evaluating intergovernmental tax and grant-in-aid policies; namely, the relative capacities of States and their local governments to finance programs out of their own tax resources, and the extent to which the States and localities actually use the fiscal capacities available to them. A staff report on this subject was issued in October 1962. ^{1/}

The present report, building on the work that has been done before, seeks to examine the issue central to the equitable and efficient allocation of Federal funds among the States so as best to achieve the purposes of Congress in adopting cooperative programs for carrying out public services for the national well-being and national strength.

The role of equalization in Federal grants is a longstanding intergovernmental issue. It is raised in connection with many new grant programs proposed to the Congress. Programs enacted in recent years have quite often included some equalization feature, reflecting the view that States with below average fiscal capacity need more national aid than the more prosperous. Approximately a third of the grant programs enacted in the last ten years have made some provision for equalization aid. Equalization was one of the more debated features of several programs enacted by the present (88th) Congress.

Before the 1930's, Federal grants were apportioned among the States either as a flat sum per State or on the basis of relative State population, and were required to be matched on a uniform \$1 for \$1 basis. As long as Federal grants required only a small amount of State matching funds, the \$1 for \$1 matching worked reasonably well. In 1930, all Federal grant offerings absorbed only an estimated \$90 million of State and local tax collections. State matching requirements have increased, of course, with increases in the amount of Federal grants. In the fiscal year 1962, about \$3 billion in State and local expenditures represented matching requirements for various Federal grant programs.

^{1/} Measures of State and Local Fiscal Capacity and Tax Effort.
(Report M-16, 150 pp.)

The traditional \$1 for \$1 matching worked ineffectively and inequitably when applied to the new public assistance grant-in-aid offerings initiated during the Great Depression. The consequences of this traditional method of cost sharing for the greatly expanded grant-in-aid programs became evident early in their operations, but apply as well to the conditions prevailing today:

- (a) Wealthier States can take advantage of the Federal aid offerings with comparative ease; poorer States can do so only with relatively heavier tax burdens;
- (b) The objectives of the Congress in undertaking a joint Federal-State program, namely, a national minimum of public services under the going programs, are not realized;
- (c) Some of the States with relatively low fiscal capacity are devoting a relatively high share of their resources to aided programs, to the detriment of services for which Federal grants are not being provided; and
- (d) Pressures accumulate for (a) across-the-board enlargement of the Federal share of costs;
(b) direct and wholly Federal program operations;
and (c) for unmatched grants.

The Social Security legislation enacted in 1935 gave impetus to the search for methods of adapting the grant-in-aid instrument to changing fiscal circumstances. The low level of public assistance under the Social Security Act in some States, principally those with relatively low economic resources, led to proposals for variable Federal sharing in the cost of assistance. Other provisions of the Act, those authorizing general public health grants to the States and the grants for maternal and child health services, contained the first non-emergency authorizations for the distribution of funds to the States on the basis of financial need. Initially, these provisions were intended to provide grants "to be allocated in such a way as to constitute an equalizing fund to be used in assisting States most in need of financial aid," without requiring the States to match them. Financial need under these provisions was not defined and the statute made no specific reference to the methods to be followed in implementing the equalization provision.

These developments stimulated the investigation of methods to vary grants inversely with financial need and to measure

"financial need" itself. Various proposals were advanced for shaping Federal grant formulas so that the Congress would give explicit recognition to differences in the States' relative capacities to raise revenue for the aided programs. By and large these proposals sought to adapt to the special problems of Federal-State relations the technique worked out many years earlier by the States for equalization aids to their local governments. In their simplest form these techniques would permit the States to achieve a uniform level of public services considered essential in the national interest, by making a uniform tax effort. The grant would make up the difference in each State between (1) a public service need or cost defined in a uniform way (say, \$30 per capita for a welfare case) and (2) the tax revenue the State would raise if it levied a uniform rate of taxation to finance its share of the cost of this program.

This simple method of determining the size of each jurisdiction's share of a grant program used by States in granting funds to localities proved to be unworkable for Federal aid purposes, for a variety of reasons.

The National Government's relationship to sovereign States differs from State-local government relationships. Local governments are created by the State, which assigns them responsibilities for functions, grants them taxing powers to finance these responsibilities, and by inference, accepts a residual responsibility to bridge the gap between requirements and resources with State financial aid.

Federal aid, with its appropriation provisions and grant conditions, is the major tool available to the Congress for implementing the standard of public services it considers necessary to implement the objectives of a national program. The States, in contrast, can mandate such standards by legislation, outside the aid device.

Most State-aid equalization formulas rely on a measure of the value of taxable property for an index of the relative capacities of local governments to raise their share of funds under a State-local program because the property tax is their major tax source -- in many cases their sole tax source. The States' revenue resources are more varied and numerous than those of local governments. The "value of taxable property," therefore, has no ready counterpart in State taxation for measuring relative State revenue capabilities in connection with Federal-State programs; yet

equalization aids require an objective, current, easily understood, and acceptable measure of comparative State fiscal capacities.

Federal grants, moreover, have to be so structured that the provisions governing their allocations among States can be changed with changes in the appropriations provided by the Congress. They must be based on flexible rather than rigid dollar or tax effort requirements. Inflexible provisions governing financial aid have created problems even at the State-local level, especially in recent years. A statutory provision tied to a specific dollar amount per unit of need (i.e., so many dollars per school child or per teaching station) quickly becomes outmoded. Relative State income levels also change and a specific uniform percentage figure loses meaning over a span of years, especially in relation to an aid program for a specific function or service.

In recognition of these problems, the equalization formulas developed at the Federal level aim for a pattern of fund allocation which assigns relatively larger amounts of Federal grants to States with larger needs and lower fiscal capacities, and vice versa. The Congress and the administrative agencies have adopted personal income in each State as the index of relative State fiscal capacity.

As will be made clear later, the role assigned equalization in existing grant programs does not follow a sharply defined pattern. The programs have been enacted, one by one, over a period of years although most date since World War II. Each was shaped in the light of conditions and requirements prevailing at that time, as influenced by its sponsors' interpretation of what manner of distribution would serve these requirements best. As new programs were added, old ones were generally left unchanged, even when closely related to the new legislation.

The current concern with the role of equalization in Federal grants stems partly from the inconsistency which now prevails among programs, partly from the uncertainty which surrounds the over-all effect of the divergent and frequently highly technical equalization provisions of existing programs (including reliance on per capita personal income as an index of fiscal capacity), and partly from the lack of any consensus about the circumstances under which interstate differentials in needs and resources ought to be recognized, and if so, to what extent.

A consensus has not evolved, among other reasons, because the question of equalization touches some of the more sensitive and debated issues involved in the operation of a federal system. This governmental system leaves primary responsibility for most civil functions of government with the States and, to the extent each determines, with local governments. However, since the adequacy of the job done by each State in the critical functions affects every other State and thus the Nation, the inability of some to do an adequate job in a key functional area is generally accepted as warrant for national concern and intercession. By the same token, the greater the relative deficiency in required fiscal resources, the greater should be the relative amount of national aid. However, while American philosophy of government recognizes national concern with the adequacy of State and local performance in services affecting the national strength and welfare, it also cherishes the concept of the independence of the State. It wants to defend each State's right to set its own expenditure program levels and to minimize State dependence on Federal aid. Inequalities in program levels among the States, even when dictated by unequal fiscal resources rather than free choice, tend to be treasured as a hallmark of local self-determination in operation. The distinction between a unitary system in which the National Government determines the level of public services in all parts of the land from the proceeds of nationwide taxes and the federal system in which interstate differences in program and service levels are accepted and prized--is a distinction American political thought wants very much to preserve.

This conflict between the need for a level of service in every State adequate to meet national goals and standards, on the one hand, and the desire to leave every State free to shape its own budgetary levels and to allocate its public resources among competing claimants, on the other, goes far to explain why a consensus about the role of equalization in grants has not developed. Political considerations are also involved.

The debate on the role of equalization in Federal grants-in-aid has been extended, however, beyond the program by program consideration of minimum public service levels sought in the national interest and beyond the question of ways in which these aids are best distributed to achieve national objectives. It has been broadened to embrace such issues as equalization of income among the States, and the income redistributive effects of the relative "puts" into the Federal Treasury through tax withdrawals from the States and the individual States' "takes" from the Treasury through Federal

expenditures. The issues surrounding the income effects of Federal tax drains are raised, but as a Nation we have yet to define the responsibilities and "rights" of the wealthier States in the family of States--the Nation. We have yet to understand fully the processes of economic growth, and the dependence of the different geographical areas on one another in a Nation characterized by free markets and by great mobility of people and goods.

While some degree of equalization of income among the States may be a by-product of Federal grants-in-aid, the purpose of the equalizing feature in an aid program is not geographic redistribution of income but rather the attainment of some national objective, such as insuring a minimum level of essential public services through joint Federal, State and local action. The income redistribution through Federal grants is patently of very limited scope since such grants in the aggregate amount to less than two percent of the national income. Moreover, Federal grants account for only a small part of the National Government's operations affecting the income of the residents of each of the States.

On occasions other issues are also raised in the context of discussion of the role of equalization in Federal grants which go beyond the specific questions involved in equalization aids. Some of these relate to the critical and largely unresolved questions of the structure of the Nation's tax system--Federal, State, and local. To what extent should the National Government's tax resources in the aggregate be used to augment State and local revenues? Federal grant programs, with or without specific equalization features, produce a measure of equalization of tax effort through the uniformity of the taxing laws under which the Federal taxes are collected which provide the dollars distributed among the States and localities as grants-in-aid. This kind of equalization is enhanced by the heavy reliance of the Federal tax system on income and profits taxes. If State and local governments imposed identical tax rates, collections in the States would be very uneven because of the differences in taxable resources available to them. Moreover, if the States and localities were to replace Federal grants with corresponding amounts from their own revenue resources, State and local consumer and property taxes would replace Federal income and profits taxes and interstate differentials in tax rates would be substantially enlarged. The composite structure of the National, State, and local tax system thus becomes involved in this debate, and in turn raises the even more difficult question of the distribution of the underlying tax burden on families in different economic circumstances.

Issues of equalization of income among the States, and of equalization of tax burdens among income groups, however, are peripheral to a decision on the role of equalization features in Federal aid programs. Since, however, these broader issues have been introduced into the public discussion of the role of equalization, it becomes necessary to disentangle the various concepts of equalization and to limit the area of consideration to those relevant to the role of equalization in specific grant programs. The focus of the present inquiry may be put rather specifically in these terms: Should the allotment or matching provisions of Federal grants-in-aid include an index of fiscal capacity (or financial need) so as to vary Federal funds inversely with the capacity of the States and localities as well as directly with the need for the program? Under what conditions is such a variation required in order to carry out the national purpose and under what conditions are the national objectives implemented best by other methods of fund distribution? Before turning to these questions of policy, we summarize briefly the more important quantitative features of Federal grant programs.

THE AMOUNT OF FEDERAL GRANTS

Federal annual expenditures for aid to State and local governments have increased sizeably since the Second War and in the Budget of the United States Government for fiscal year 1965 are estimated at \$10.6 billion. At the beginning of the 1930's, they aggregated only about \$200 million a year. The increases have generally come in spurts, reflecting the emergence of national problems for which solutions were sought through cooperative Federal, State, and local action. Depression programs and social security legislation raised them above the one billion dollar level, from which they declined before and during the Second War to less than \$1 billion. Most of the growth was thus concentrated in the postwar years, when new programs were enacted and existing programs expanded. (table 1).

From \$855 million in 1946, total Federal payments to State and local governments rose to \$2.6 billion in 1952, \$3.3 billion in 1956, and \$7.9 billion in 1962. Excluding shared revenues and other nongrant payments, the 1962 total for grants-in-aid to States or localities was \$7.0 billion. Part of the increase is accounted for by the interstate highway program, enacted in 1956, under which substantial sums have been paid to the States annually since 1957. Excluding that program, Federal aid amounted to about \$6 billion in 1962, or seven times the 1946 total. ^{1/}

Statistics on the amount of Federal aid payments differ depending upon the inclusiveness of the definition of such aid, that is, whether shared revenues and contractual payments, as well as grants-in-aid, are included. Moreover, grants-in-aid may also be differently defined. Amounts paid to non-profit institutions (including public agencies) for example, may be included or excluded. Even for the identical item, the amount may be counted at different phases of the disbursement cycle--the time received by the recipient governments. Some of the grants appear in Federal Government records as trust account expenditures; others as part of the administrative budget. These factors explain in part also differences between the amount of grant expenditures reported by Federal agencies and the amount of grant receipts reported by State and local governments.

^{1/} The analysis which follows is based largely on fiscal year 1962, the most recent year for which aggregate State and local data are available. Information on the individual grant programs, their legislative provisions, and Federal grant expenditures by States are presented in detail in Part III.

TABLE 1. - TRENDS IN FEDERAL AID RELATIVE TO GENERAL REVENUE OF STATE AND LOCAL GOVERNMENTS AND TO FEDERAL GENERAL EXPENDITURE, 1902-1962

(Dollar amounts, except per capita, in millions)

Fiscal year	State and local general revenue				Federal general expenditure		Federal aid as a percent of			Federal aid as percent of GNP
	Amount		Per capita				State & local general revenue	Federal general expenditure		
	Total	Federal aid ^{1/}	Total	Federal aid ^{1/}	Total	For civil functions ^{2/}		Total	For civil functions	
1962	\$58,214	\$7,857	\$313.28	\$42.28	\$96,689	\$29,871	14	8	26	1.4
1960	50,505	6,974	280.61	38.75	83,719	23,562	14	8	30	1.4
1958	41,219	4,865	237.80	28.07	75,689	19,066	12	6	26	1.1
1956	34,667	3,335	207.26	19.94	68,792	16,854	10	5	20	0.8
1954	29,012	2,966	178.63	18.26	72,631	14,598	10	4	20	0.8
1952	25,181	2,566	160.36	16.34	67,778	12,001	10	4	21	0.7
1950	20,911	2,486	137.86	16.39	40,285	13,890	12	6	18	0.9
1948	17,250	1,861	117.34	12.39	34,175	9,839	11	5	19	0.7
1946	12,356	855	87.39	6.05	65,448	8,340	7	1	10	0.4
1944	10,908	954	78.87	6.89	100,032	11,749	9	1	8	0.5
1942	10,418	858	77.25	6.36	35,180	7,035	8	2	12	0.5
1940	9,609	945	72.73	7.15	9,780	6,704	10	10	14	0.9
1938	9,228	800	71.08	6.16	8,278	5,732	9	10	14	0.9
1936	8,395	948	65.56	7.40	9,099	5,686	11	10	17	1.1
1934	7,678	1,016	60.76	8.04	5,881	4,029	13	17	25	1.6
1932	7,267	232	58.21	1.86	4,215	1,878	3	6	12	0.4
1922	4,781	108	43.44	0.98	3,754	1,378	2	3	8	n.a.
1913	1,912	12	19.66	0.12	970	508	1	1	2	n.a.
1902	986	7	12.46	0.09	572	226	1	1	3	n.a.

n.a.- Not available.

^{1/} Includes amounts received from the Federal Government for contractual services and shared revenues, as well as Federal grants-in-aid.

^{2/} Excluding national defense, international affairs and finance, space technology, veterans' benefits and services (except education), and interest on debt.

Source: United States Bureau of the Census, Historical Summary of Governmental Finances in the United States, 1957 Census of Governments, Vol. IV, No. 3; and Governmental Finances in 1962, October 1963.

These differences are not unfamiliar to those working with business accounts; they are complicated in governmental accounting by the wide variation among programs in classes of eligible recipients, sometimes government agencies, sometimes non-profit institutions including government agencies, and sometimes individuals employed by eligible institutions. The amounts recorded as grants-in-aid, accordingly, differ depending upon the source of the data and definitions employed. ^{1/}

While the count of grant-in-aid dollars differs from source to source, there is even wider variation possible in the count of the number of grant-in-aid programs. Within many of the grants there are separate allocations of funds, or an earmarking of a part of a grant for a specialized purpose. The grant may be considered as one grant or as a composite of a number of separate grant programs. As with the expenditure amounts, moreover, the count may be limited to those programs in which payments are made only to States and local governments, or it may include also programs under which some payments are made to States and localities from funds available to other classes of eligible recipients as well, for example, non-profit institutions. In this report we have followed the classification regularly employed in the Annual Report(s) of the Secretary of the Treasury, and included as a single grant those items of expenditure shown as a composite grant outlay in the Treasury Report. ^{2/}

In fiscal year 1962, the last year for which closed accounts are available, the Secretary of the Treasury's Report listed about 70 separate grant programs aggregating \$7.9 billion. This includes, however, distributions in kind (commodities and services), distributions limited to selected governmental jurisdictions (District of Columbia, territories, and possessions), payments for contractual

^{1/} See Part III, p.99, for a description of the various sources of data on Federal grants and other Federal payments to State and local governments.

^{2/} Because the different grant programs can be tallied in different ways, this kind of statistic serves little purpose beyond aiding the exposition. We hold no brief for the count here followed, adopted from the Treasury Department, other than the fact that we have abstained from producing still another series of numbers.

services, and shared revenues, which have little direct relevance for equalization and can be disregarded. Excluding these groups, there were 60 Federal grant-in-aid programs in 1962. Of these 60 programs, 37 had been enacted since the Second War, including such important grants as those for urban renewal, education aid to Federally impacted areas, national defense education, hospital and medical facilities, airports, sewage facilities, and public works acceleration. Eleven new programs were enacted by the 87th Congress, many of them small demonstration or experimental programs. The 87th Congress, however, enacted also the grants for public works acceleration and the area redevelopment grants for construction of public facilities. Of greater importance in terms of dollar expenditures were the amendments to the public assistance programs enacted in 1962 which authorized Federal matching up to 75 percent in the costs of rehabilitative services and training for those receiving public aid, as well as other basic changes in those programs.

The 88th Congress recently enacted a number of major aid programs, including aid for the care and treatment of the mentally retarded, programs aiding the construction of medical schools and related health education facilities, aid to institutions of higher education, an expanded vocational education program, and aid for the expansion and improvement of mental health facilities and services, and has before it legislation calling for a general aid program for elementary and secondary schools and a comprehensive program for water resource planning.

The enactments of the 88th Congress and some of the programs enacted by the 87th Congress are not reflected in the data here presented since the most recent fiscal year from which closed accounts are available in adequate detail is 1962. ^{1/}

In recording the statistical facts about the postwar growth of Federal grant expenditures, no implication is intended about the wisdom of the public policies they implement. That judgment, outside the purview of the present inquiry, would have to take cognizance of the implications of the postwar growth in national production, population, urbanization, and standard of living for the American people's needs for governmental services (education, health and hospitals, streets and roads, welfare, recreation, etc.), and the limitations experienced by States in financing these needs out of their own revenue resources.

^{1/} However, all programs enacted by the end of 1963 are described in Part III.

As table 1 makes clear, Federal aid to State and local governments has remained a fairly stable share of the Federal Government's total resources devoted to civilian government purposes. This--programs undertaken cooperatively with State and local governments--is the form the Federal Government's civilian expenditures often take. The percentage of Federal general expenditure for purposes other than defense, international affairs, space, veterans, and interest costs, represented by grants-in-aid has ranged between 20 and 26 percent most years since 1948, never falling below 18 percent nor rising above 30 percent. The 1962 calculation is 26 percent.

Moreover, the increases in Federal aid are small in comparison with the growth in State and local expenditures. During the fifteen year period from 1948 through 1962, when Federal aid expenditures rose by \$6 billion, State and local expenditures increased by \$49 billion. In considering the growth in Federal aid, it is essential to keep in view that the Interstate Highway System, which accounts for \$1.9 billion of the Federal aid total, is in some respects a national rather than a State program financed from earmarked Federal taxes levied for these specific purposes, and shaped in the form of grant programs for tactical reasons.

IMPACT ON STATE AND LOCAL FINANCES

Federal assistance has assumed an increasingly important role in financing State and local governments since the turn of the century. State and local governments' receipts in the form of Federal aid amounted to nine cents per capita in 1902, less than one percent of their general revenues. The relative importance of Federal aid reached a peak at the height of the Depression, fell somewhat during the war years, and rose again in the postwar years (table 1).

In 1962 State and local governments collected \$58.2 billion from taxes, charges for current services, and other general revenue. Of that total, \$7.9 billion, or 13.5 percent, came from the Federal Government, mainly in the form of grants-in-aid, but including also shared revenues and contractual payments for scientific research and other public services. The proportion of State and local government revenue represented by Federal grants and other Federal payments has been increasing since 1946 when it was only 6.9 percent.

There is considerable interstate variation in the Federal contribution to State and local revenues. In 1962 it ranged in individual States from less than 10 percent of State and local general revenue in three eastern industrial States to more than 25 percent in two Western and one New England State (table 2). In general, the States with the lowest per capita incomes also have the largest proportion of revenue from the Federal Government relative to their total general revenues. Thus, Federal aid averaged 17.4 percent of general revenue in the South.

It is estimated that State and local governments provided \$3 billion to match the \$7 billion Federal grants-in-aid distributed in 1962. In the aggregate, this was 7.6 percent of all State and local tax collections. The 12 lowest per capita income States provided from 9.7 to 17.9 percent of their tax collections to match Federal grant funds. By contrast, the percentage in nine of the 12 highest income States was less than 7.6 percent. It was only 4.3 percent in New Jersey and 5.1 percent in New York (table 3).

The required State and local matching under existing grant programs generally takes a larger fraction of fiscal resources in the poorer States than in those with relatively high per capita income. For example, Delaware devotes \$4.54 per \$1,000 of its

TABLE 2. - FEDERAL AID IN RELATION TO TOTAL GENERAL REVENUE OF STATE AND LOCAL GOVERNMENTS, BY STATE, 1962

State & Region	Amount (in millions)		Per capita		Revenue from Federal Government as % of total general revenue
	Total general revenue	Revenue from Federal Government	Total general revenue	Revenue from Federal Government	
United States	\$58,214	\$7,857	\$313	\$ 42	13.5
New England and Mideast	16,825	1,647	334	33	9.8
Maine	277	41	284	42	14.7
New Hampshire	178	32	287	51	17.8
Vermont	144	42	372	109	29.4
Massachusetts	1,798	200	346	39	11.1
Rhode Island	247	34	281	38	13.6
Connecticut	881	95	336	36	10.7
New York	6,837	484	391	28	7.1
New Jersey	1,922	168	302	26	8.7
Pennsylvania	3,116	340	274	30	10.9
Delaware	157	15	337	33	9.8
Maryland	977	118	302	36	12.0
District of Columbia	291	78	369	99	26.8
Midwest	16,085	2,013	307	38	12.5
Michigan	2,604	289	324	36	11.1
Ohio	2,818	359	281	36	12.7
Indiana	1,314	142	282	30	10.8
Illinois	3,189	357	316	35	11.2
Wisconsin	1,300	146	324	36	11.2
Minnesota	1,222	149	353	43	12.2
Iowa	882	108	318	39	12.3
Missouri	1,163	210	269	49	18.0
North Dakota	232	37	367	58	15.8
South Dakota	244	59	339	81	24.0
Nebraska	400	62	277	43	15.4
Kansas	716	94	323	42	13.1
South	14,143	2,464	256	45	17.4
Virginia	944	154	222	36	16.3
West Virginia	454	87	253	48	19.1
Kentucky	730	148	237	48	20.2
Tennessee	810	164	222	45	20.3
North Carolina	1,071	162	228	35	15.2
South Carolina	511	90	209	37	17.5
Georgia	1,003	196	246	48	19.5
Florida	1,541	166	284	31	10.8
Alabama	753	181	227	55	24.1
Mississippi	510	105	226	47	20.7
Louisiana	1,065	213	316	63	20.0
Arkansas	421	101	229	55	24.0
Oklahoma	752	162	307	66	21.6
Texas	2,734	375	270	37	13.7
New Mexico	345	77	346	78	22.4
Arizona	498	82	335	55	16.4
West	11,160	1,739	403	63	15.6
Montana	253	53	363	76	20.9
Idaho	214	47	306	67	21.8
Wyoming	160	50	483	151	31.1
Colorado	716	114	378	60	15.9
Utah	306	61	320	64	20.0
Washington	1,157	163	384	54	14.1
Oregon	654	124	362	69	18.9
Nevada	152	28	435	81	18.5
California	7,142	1,000	419	59	14.0
Alaska	135	46	557	190	34.0
Hawaii	271	52	391	76	19.4

Source: U. S. Bureau of the Census, Governmental Finances in 1962, October 1963.

TABLE 3. - REQUIRED STATE AND LOCAL MATCHING OF FEDERAL GRANTS-IN-AID IN
RELATION TO STATE AND LOCAL TAX REVENUE AND GENERAL EXPENDITURE
FROM OWN SOURCES FOR SELECTED FUNCTIONS

12 HIGHEST AND 12 LOWEST INCOME STATES, 1962

States (ranked from highest to lowest 1962 per capita income)	Required matching as % of tax revenue	Required matching as percent of general expenditure from own sources ^{1/}				
		Total	Education	Highways	Public welfare	Health and hospitals
U. S. average	7.6%	6.1%	1.9%	12.8%	48.0%	2.6%
12 HIGHEST PER CAPITA INCOME STATES						
Nevada	7.2	5.1	1.6	6.8	52.9	8.0
Delaware	5.9	4.7	1.8	3.6	25.0	16.5
Connecticut	5.3	4.1	1.3	7.4	29.3	1.2
New York	5.1	4.3	1.4	8.1	42.5	0.9
New Jersey	4.3	3.7	1.4	9.1	33.7	1.8
California	5.6	4.6	1.1	8.3	44.0	2.0
Illinois	6.6	5.7	1.7	14.0	34.9	2.2
Massachusetts	7.5	6.7	2.0	13.3	44.6	1.1
Maryland	5.6	4.4	1.7	9.5	48.7	1.5
Alaska	10.0	5.9	2.7	4.1	37.9	6.7
Washington	7.9	6.0	1.5	13.6	48.2	3.0
Michigan	6.7	5.1	1.6	10.5	41.9	2.0
12 LOWEST PER CAPITA INCOME STATES						
Oklahoma	16.0	12.9	2.6	20.3	69.4	5.0
West Virginia	11.0	9.3	3.2	9.9	86.4	5.4
New Mexico	11.2	8.4	2.1	16.5	68.0	7.9
Louisiana	13.2	9.5	2.4	14.1	79.9	4.0
Georgia	12.9	9.4	3.4	18.0	2/	4.3
North Carolina	9.7	7.9	3.1	14.8	90.0	5.1
Kentucky	12.1	7.4	2.6	12.1	74.4	6.8
Tennessee	11.5	8.6	3.4	14.2	69.1	4.3
Alabama	16.7	11.6	3.0	23.3	96.3	5.1
Arkansas	17.9	15.1	5.3	29.9	96.3	7.7
South Carolina	10.9	8.9	3.5	25.9	72.1	6.5
Mississippi	13.5	9.4	3.1	17.6	54.6	6.5

^{1/} The expenditure categories are as defined by the Bureau of the Census and include substantial amounts for activities for which there are no Federal grant programs. "General expenditure from own sources" is defined as total general expenditure less amounts received from the Federal Government.

^{2/} Approximately 100%.

personal income to match Federal grant offerings while Mississippi devoted more than three times as much, or \$14.78 per \$1,000 of personal income (table 4). It is for this reason that the highest proportion of their spending for the major federally-aided functions--highways, public welfare, health and hospitals, and education--goes in the low income States to meet matching requirements (table 3).

Since 1916, when the first highway aid program was enacted, and the Depression years, when the social security programs were initiated, highways and public welfare have dominated the Federal aid picture. Federal intergovernmental expenditure for highways and public welfare has not fallen below 50 percent of the total since 1922 and in some years reached four-fifths of total Federal intergovernmental expenditure. In 1962 about two-thirds of all Federal intergovernmental expenditure was for highways and public welfare--\$2.7 billion, or 35.5 percent for the former and \$2.4 billion, or 31.6 percent for the latter (table 5). Because highway aid is dominated by the Interstate Program, which is largely Federally financed, more matching funds are provided by the States and localities for public welfare than for highways. Thus, it is estimated that the \$2.4 billion of public welfare grants called for \$1.3 billion of State and local matching funds. Most low income States spend little more for public welfare from their own resources than can be matched by Federal grants under matching requirements, while high income States spend for this purpose considerably more from their own resources than is matched by the Federal Government (table 3).

TABLE 4. - REQUIRED MATCHING UNDER EXISTING FEDERAL GRANT PROGRAMS
PER \$1,000 OF PERSONAL INCOME, BY STATE, 1962

States ranked in order of per capita personal income (high to low)	Required matching	States ranked in order of per capita personal income (high to low)	Required matching
Delaware	\$ 4.54	Kansas	\$ 9.53
Nevada	6.29	Iowa	8.70
Connecticut	4.74	Arizona	6.07
New York	5.45	Montana	12.71
California	5.88	Florida	5.66
Alaska	7.92	Texas	7.67
New Jersey	3.57	Utah	7.23
Illinois	5.61	Vermont	16.66
Massachusetts	7.37	Virginia	6.47
Maryland	4.70	Oklahoma	15.68
Washington	8.05	Maine	8.95
Ohio	6.36	New Mexico	11.20
Michigan	6.55	Idaho	11.04
Hawaii	8.60	South Dakota	11.61
Wyoming	12.91	West Virginia	10.53
Colorado	10.50	North Dakota	13.18
Pennsylvania	5.78	Louisiana	15.21
Oregon	7.97	Georgia	11.09
Missouri	9.27	North Carolina	8.79
Rhode Island	7.65	Kentucky	10.64
Indiana	5.82	Tennessee	9.80
Wisconsin	6.51	Alabama	13.89
Nebraska	9.22	South Carolina	9.62
New Hampshire	8.11	Arkansas	16.84
Minnesota	8.33	Mississippi	14.78

TABLE 5. - FEDERAL INTERGOVERNMENTAL EXPENDITURE, BY FUNCTION,
SELECTED YEARS, 1913 - 1962
(Includes Federal payments to States other than grants)

Year	Amount in Millions					Percent distribution			
	Total	Edu- cation	High- ways	Public welfare	Other	Edu- cation	High- ways	Public welfare	Other
1962	\$7,735	\$1,169	\$2,748	\$2,448	\$1,370	15.1	35.5	31.6	17.7
1957	3,873	604	944	1,557	768	15.6	24.4	40.2	19.8
1952	2,585	436	415	1,181	551	16.9	16.1	45.7	21.3
1946	894	149	79	429	242	16.7	8.8	47.4	27.1
1944	1,072	193	147	420	312	18.0	13.7	39.2	29.1
1942	887	76	164	383	264	8.6	18.5	43.2	29.8
1940	884	154	195	278	257	17.4	22.1	31.4	29.1
1938	762	112	264	218	168	14.7	34.6	28.6	22.0
1936	908	147	285	290	186	16.2	31.4	31.9	20.5
1934	976	61	279	495	141	6.3	28.6	50.7	14.4
1932	232	12	191	1	28	5.2	82.3	0.4	12.1
1922	118	7	92	1	18	5.9	78.0	0.8	15.3
1913	12	3	- -	2	7	25.0	- -	16.7	58.3

Source: U. S. Bureau of the Census, Historical Summary of Governmental Finances in the United States, 1957 Census of Governments, 1959, Vol. IV, No. 3; Governmental Finances in 1962, October 1963.

COMPOSITION OF FEDERAL GRANTS

The 60 Federal grant-in-aid programs, which in 1962 provided approximately \$7 billion to State and local governments, ranged in amount from \$75,000 for the comparatively new Mass Transportation Demonstration Grant Program to \$2.7 billion for the combined Federal Aid Highway Program.

Most grant programs distribute their monies to State governments, which in turn may redistribute them to subordinate units. A few, however, (Low Rent Public Housing, Urban Renewal, and Aid to Schools in Federally Affected Areas, for example) distribute Federal grant funds directly to local units or public agencies. Grants to local governments can be identified in different ways, depending upon the degree of State involvement. Table 6 lists grants under which funds are paid directly to local governments without State financial participation, and excludes grants made for demonstration or project purposes to communities. Thus, the list excludes grants for community health services for the chronically ill and aged, projects under the neurological and sensory disease service, and the demonstration grants under the hospital and medical facilities program. It excludes also research grants made to individuals in local public agencies, for example, grants by the NIH.

Table 13 (in Part III, p. 91) lists each of the Federal grant programs included in the \$7 billion total, which were in existence at the end of 1962, classified by administering Federal agency or department. ^{1/} Eight new programs, enacted in 1961 or 1962, reported no disbursements of Federal funds for the fiscal year ending on June 30, 1962.

The 60 grant-in-aid programs were administered by 10 departments and agencies. The administering agencies with their fiscal 1962 grant disbursements were as follows:

^{1/} In a few instances, due to the unavailability of comparable data for each separate program, dollar amounts for two of three programs had to be combined.

TABLE 6. - FEDERAL GRANTS-IN-AID DIRECTLY TO LOCAL GOVERNMENTS, 1962

(In thousands)

Program	Amount
* Air Pollution	\$ - - <u>1/</u>
* Airport Construction	32,674 <u>1/</u>
Area Redevelopment	118
Centers for Research on Mental Retardation <u>2/</u>	- -
Clinics for Domestic Agricultural Migratory Workers	- -
Community Health Services Project Aid <u>3/</u>	- -
* Grants for Juvenile Delinquency Prevention and Control	- -
* Health Research Facilities Construction	1,034
* Indian Education and Welfare	1,236 <u>1/</u>
Low Rent Public Housing	148,674
Mass Transportation Demonstration	75
Maintenance and Operation of Schools in Federally Affected Areas	214,534
* Open Space Land	- -
Research on Maternal and Child Health Services <u>2/</u>	- -
Research in Education of Handicapped Children <u>2/</u>	- -
School Construction Assistance in Federally Affected Areas	41,268
University Affiliated Facilities for the Mentally Retarded <u>2/</u>	
Urban Planning Assistance	6,400
Urban Renewal	160,056
* Vaccination Assistance	- -
* Venereal Disease Control (Project) Grants	2,530
Vocational Education: Title III (Training Under ARA)	- -
Vocational Rehabilitation Demonstration Grants <u>3/</u>	- -
Waste Treatment Construction	41,607

* Only part of these funds are paid directly to local governments.

1/ Estimated funds paid direct to local governments in 1962.

2/ Programs enacted in 1963 (as of December 10, 1963).

3/ Sums not shown separately from over-all grant amount in Treasury Report.

Agency	Amount (millions)
Department of Health, Education, and Welfare-----	\$3,077
Department of Commerce-----	2,743
Department of Labor-----	439
Department of Agriculture-----	316
Housing and Home Finance Agency-----	315
Federal Aviation Agency-----	57
Department of Interior-----	27
Department of Defense-----	17
Office of Emergency Planning-----	14
Veterans Administration-----	8
Total.....	\$7,014

The \$7 billion grant-in-aid total for 1962 is estimated to increase to \$10.2 billion this fiscal year and to \$10.6 billion by fiscal 1965. The total for next year can be expected to be larger, among other reasons, because of the grant legislation enacted in 1962 and 1963, not reflected adequately in 1964 expenditures. The area redevelopment grants for public facilities, the manpower development and training programs, the public welfare amendments, new construction grants for teaching facilities for physicians, dentists and other professional health personnel, a series of grants to expand maternal and child health programs and to encourage community planning for action to combat mental retardation, and the programs under the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 call for an increase in grants for the year ahead of some \$400 million. The most numerous federally aided programs are in the fields of education, health and hospitals, and natural resources. The three account for over half of the total Federal grant programs. In dollar terms highways and public welfare (with a combined total of only eight programs) are the most important, accounting for nearly three-fourths of 1962 Federal grant distributions. With the addition of new programs, the "all other" functional category now includes some Federal aid programs that might

be designated as counter-cyclical. In 1962, little or no Federal aid funds were disbursed for the Manpower Development and Training, Area Redevelopment, and Accelerated Public Works grant programs. ^{1/}

No. of Programs	Function	1962 Expenditure (millions)	Percentage Distribution
1	Highways	\$2,743	39.1
7	Public welfare	2,448	34.9
14 *	Education	622	8.9
1	Employment security administration	439	6.2
3 *	Housing and urban renewal	309	4.4
9	Natural resources	165	2.4
14 ***	Health and hospitals	152	2.2
1	Air transportation	57	0.8
10 ***	All other	79	1.1
<hr/> 60	Total	<hr/> \$7,014	<hr/> 100.0

* Indicates inclusion of one program and *** indicates inclusion of three programs for which no funds were disbursed in fiscal year 1962.

For five of the nine functional categories, all programs within each are administered by the same agency or department. Federal aid for airport construction is administered by the Federal Aviation Agency, all health and hospital programs by the Department of Health, Education, and Welfare; all highway programs by the Department of Commerce (Bureau of Public Roads); housing and urban renewal grant programs by the Housing and Home Finance Agency; and the unemployment compensation administration program by the Department of Labor. In the remaining four functional categories, grant programs are administered by more than one agency, but generally one predominates (table 7).

^{1/} These three programs had a combined authorization in excess of \$500 million for fiscal year 1963.

TABLE 7. - SELECTED FEDERAL GRANT-IN-AID EXPENDITURES, BY FUNCTION
AND ADMINISTRATIVE AGENCY OR DEPARTMENT, 1962

(thousands of dollars)

Function	Total	Agriculture	Commerce	Defense	F.A.A.	H.E.W.	H.H.F.A.	Interior	Labor	O.E.P.	V.A.
Air Transportation	\$ 57,012				\$57,012						
Education	622,206	\$170,275	\$ 541			\$ 442,737		\$ 7,571			\$1,082
Health and Hospitals	151,580					151,580					
Highways	2,742,568		2,742,568								
Housing and Urban Renewal	308,730						\$308,730				
Natural Resources	165,303	145,607						19,696			
Public Welfare	2,448,269					2,440,903					7,366
Unemployment Compensation Administration	438,520								\$438,520	\$14,382	
Miscellaneous	79,485		118	\$16,903		41,607	6,475				
Total	\$7,013,673	\$315,882	\$2,743,227	\$16,903	\$57,012	\$3,076,827	\$315,205	\$27,267	\$438,520	\$14,382	\$8,448
Percent of total funds	100%	4.5%	38.5%	0.2%	0.8%	44.7%	4.4%	0.4%	6.2%	0.2%	0.1%

ALLOCATION PROVISIONS IN FEDERAL GRANTS

Most Federal grant programs have two distinct but coordinate provisions which determine each State's share of Federal grant monies. One, the so-called allocation provision or the apportionment formula, relates to the manner in which the appropriations for a particular program are apportioned among the recipient governments as an offering of Federal aid, (provided the grant conditions are met). The other provision pertains to the funds required to be raised by the State (and sometimes its local governments) as its share of aided program cost. These State fund requirements are commonly labeled matching provisions.

Not all Federal grant funds are subject to the allotment process. About \$2.5 billion of Federal aid in 1962, for example, went to the States for public assistance on an open-end basis, with the amount of Federal aid determined by State and local expenditures for the aided programs, except for the statutory maximum limitations on average payments per recipient which the Federal Government will share. Urban renewal and public housing grants are determined by the amount of approved project costs in each State, subject only to an over-all limitation as to the proportion of total Federal aid for each of the programs going to any one State.

Where Federal grant offerings are made, several ways of allocating the aid to States and local governments are now being used. Not infrequently, a particular grant program employs more than one. Program need as measured by the total population, or the relevant population group (e.g., rural population, child population), or some other service unit criterion, is a determining factor in the allocation of many Federal grant programs. Other indexes are also used, some related more specifically to the components of program costs. Some grant programs incorporate an index of financial need in the allocation formula so as to offer more Federal aid to the poorer jurisdictions. (In a few instances, this larger grant offering is combined with variable matching which in the poorer States makes the combination of higher grant allotments and lower State shares about equal per capita to the combination of lower allotments and higher State shares in the wealthier jurisdictions.) In some grants the offering to the poorer States is enlarged by the financial need factor but the State shares required are uniform from State to State.

Some Federal grants-in-aid disburse to each recipient State a uniform cash payment of an equal (absolute) dollar amount. Currently, no Federal grant program included in our study is apportioned solely on the basis of equal shares to each State, but two programs (State Marine Schools and Land-Grant Colleges) do allocate the major portion of their funds on this basis. For these two programs the distribution of the Federal aid funds on an equal shares basis reflects the initial program objective of encouraging the development of one school facility per State. But for the other eight grant programs which employ to some extent this basis of distribution, the influence of the flat amount is less apparent. ^{1/} The three child welfare programs, for instance, each allocate a small fraction of their funds on an equal shares basis.

As has been mentioned, Federal grant allotments take account, in varying degrees, of service unit or program needs in the allocation. For many of these programs, the need factor implies a minimum level (or standard) of program service within each State. These minima may be inferred from the combined Federal and State program expenditures which would be forthcoming if each State participated fully in the program.

Federal grant programs which provide for varying the amount of funds allotted to each State on the basis of some indicated need criterion are often designated "formula" grants. However, the formulas are in some instances set forth in statute, in others the formulas are determined administratively in accord with general statutory guidelines and procedures. The Tuberculosis Control grant, for example, specifies that 80 percent shall be disbursed on the basis of the extent of the tuberculosis problem as indicated by the morbidity of the disease (43%), mortality (26%), and evaluation of program needs (11%). As implied, a State's allotted share of Federal funds under a formula grant is generally a computed amount which is readily determined once the total grant appropriation is known.

Fifteen Federal grant programs using a need formula to determine their State-by-State distribution weight the program need by an

^{1/} The eight programs are: Agricultural Experiment Stations; Cooperative Agricultural Extension Work; Child Welfare Services; Crippled Children's Services; Development of Library Services in Rural Areas; Maternal and Child Health Services; Tuberculosis Control; and Water Pollution Control.

index of relative State fiscal capacity, and employ per capita personal income as the index of that capacity. ^{1/} Methods of applying an index of relative fiscal capacity in the allocation formulas are summarized in table 8.

Typically, the fiscal capacity index is introduced into the determination of a State's share of the appropriated funds by multiplying the State's share of population by an index of financial need. Financial need is determined by the ratio of the State's per capita income to the average per capita income of all the States. In some programs the reciprocal of the ratio of the State's per capita income to the national per capita income is used. In others, the ratio of the State's per capita income to the national per capita income is multiplied by 50 percent (i.e., the States' average share in the joint Federal-State program) to determine its index of fiscal capacity. The financial need in each State, met by the Federal share, is the difference between 100% and this index of capacity (designated as the "allotment percentage" or "allotment ratio"). This, for example, is the method used to allocate most of the grant funds under the Child Welfare Services program. One other program, Waste Treatment Facilities, also contains an equalization factor in its allocation provision. But, unlike the other 15 programs which also have equalization factors, one-half of the Waste Treatment Facilities funds are distributed so that a unit allotment is adjusted solely on the basis of relative State per capita incomes. The other half of the grant is distributed on the basis of relative populations. (Another seven grant programs, as will be shown in the subsequent section, have an equalization factor which appears only in the matching requirements. Five of the programs described above, which contain an equalization factor in their apportionment formula contain such a factor in their matching requirements as well.)

^{1/} They are: Cancer Demonstration and Control; Child Welfare Services; Community Health Service Grants, Particularly for the Ill and Aged; Crippled Children's Services; General Health; Heart Disease Control; Hospital and Medical Facilities Construction; Maternal and Child Health Services; Mental Health; National Defense Education Act; School Lunch Program; Tuberculosis Control; Support of Vocational Rehabilitation Services; Water Pollution Control; and Radiological Health State Program Development.

TABLE 8. - FEDERAL GRANT-IN-AID PROGRAMS WITH EQUALIZATION FEATURES IN THE ALLOCATION FORMULAS

Grant programs	Minimum-maximum limit of fiscal capacity factor in allotment formula	Method of applying the fiscal capacity factor
Hospital and Medical Facilities Construction	"Allotment percentages" limited to a range of 33 1/3 - 75 per cent.	Population, times the square of the State's "allotment percentage," which is 100% - 50% $\frac{(\text{State per capita income})}{(\text{U. S. per capita income})}$
Water Pollution Control	No limit on weight of fiscal capacity index.	After basic allotment, population weighted by the reciprocal of State per capita income.
Basic Rehabilitation Services	"Allotment percentages" limited to range of 33 1/3 - 75 per cent.	Population, times the square of a State's "allotment percentage," which is 100% - 50% $\frac{(\text{State per capita income})}{(\text{U. S. per capita income})}$
School Lunch	Numerical limits of 5-9 applied to "assistance need rate," such that States with incomes equal or above U.S. average have a rate of 5, and those with lower incomes range up to 9.	"Participation rate" times ratio of State to U.S. per capita income (the "assistance need rate").
Child Welfare Services	"Allotment percentages" limited to range of 30 - 70 percent.	After basic allotment, population weighted by 100% - 50% $\frac{(\text{State per capita income})}{(\text{U. S. per capita income})}$
Waste Treatment Facilities	No limit on weight of fiscal capacity index.	50% of grant allotted on the basis of relative State per capita incomes.

TABLE 8. - FEDERAL GRANT-IN-AID PROGRAMS WITH EQUALIZATION FEATURES IN THE ALLOCATION FORMULAS (Cont'd)

Grant programs	Minimum-maximum limit of fiscal capacity factor in allotment formula	Method of applying the fiscal capacity factor
National Defense Education Act (Grants for acquisition of special equipment only - \$70 million annually)	"Allotment ratios" limited to a range of 33 1/3 - 66 2/3 percent.	Population, times "allotment percentage," which is 100% - 50% (<u>State income per school child</u>) (Federal income per school child)
Maternal and Child Health Services (approximately 33% of funds only)	No limit on weight of fiscal capacity index.	Live births, weighted by ratios of State to U. S. per capita income.
Crippled Children's Services (approximately 40% of funds only)	No limit on weight of fiscal capacity index.	School children, weighted by ratios of State to U. S. per capita income.
General Health (95% of funds only)	No limit on weight of fiscal capacity index.	Population, weighted by reciprocal of State per capita income.
Tuberculosis Control (20% of funds only)	No limit on weight of fiscal capacity index.	Population, weighted by the reciprocal of State per capita income.
Mental Health (30% of funds only)	No limit on weight of fiscal capacity index.	Population, weighted by the reciprocal of State per capita income.
Heart Disease Control (63% of funds in 1962)	No limit on weight of fiscal capacity index.	Population, weighted by the reciprocal of State per capita income.
Cancer Demonstration and Control (60% of funds only)	No limit on weight of fiscal capacity index.	Population, weighted by the reciprocal of State per capita income.

TABLE 8. - FEDERAL GRANT-IN-AID PROGRAMS WITH EQUALIZATION FEATURES IN THE ALLOCATION FORMULAS (Concl'd)

Grant programs	Minimum-maximum limit of fiscal capacity factor in allotment formula	Method of applying the fiscal capacity factor
Community Health, Ill and Aged (40% of funds only)	No limit on weight of fiscal capacity index.	Population, weighted by reciprocal of State per capita income.
Radiological Health State Program Development	No limit on weight of fiscal capacity index.	65% of funds: extent of radiological health problems weighted by reciprocal of State per capita income; 35% of funds: population weighted by reciprocal of State per capita income.
Recently Enacted Programs:		
Construction of Higher Education Facilities (portion for public community colleges and technical institutes only)	"Allotment ratios" limited to a range of 33 1/3 - 66 2/3 percent. <u>1/</u>	High school graduates weighted by 100%-50% <u>(State per capita income)</u> . (U. S. per capita income)
Mental Retardation Facilities and Community Mental Health Centers Construction (67% of funds only) <u>2/</u>	No limit on weight of fiscal capacity index. <u>2/</u>	<u>2/</u>
Expansion and Improvement of Vocational Education (90% of funds only)	"Allotment ratios" limited to a range of 40 - 60 percent.	Population weighted by 100% - 50% <u>(State per capita income)</u> (U. S. per capita income)
Air Pollution Prevention and Control	No limit on weight of fiscal capacity index. <u>2/</u>	<u>2/</u>

1/ Provided that irrespective of fiscal capacity, the "allotment percentage" shall be 50 percent for any State whose school construction costs exceed twice the U. S. median cost.

2/ Subject to subsequent administrative regulation.

While many of the Federal grants have explicit statutory provisions spelling out in detail how the funds shall be allotted to the State and local governments, there are a few grants in which a portion or all of the funds are disbursed at the discretion of the program administrator. The enacting legislation in these instances has left the determination to the discretion of the administering agency or department. In practice, such discretionary leeway has commonly been incorporated into administrative regulations which specify a formula for distributing the grant funds. There are at present only eight Federal grant programs in which a portion or all of the funds are not distributed in accordance with a documented (published) allocation method. The largest single instance of funds allotted according to discretionary authority is the Airport Program in which over a third of the funds are so distributed. ^{1/}

About two-thirds, or 40, of the Federal grant programs distributed their funds in fiscal 1962 on the basis of only one allocation method. Fifteen grant programs employed two basic methods; two used three methods; and three distributed their funds on the basis of four methods.

^{1/} The others are: Indian Education and Welfare; Clinics for Domestic Agricultural Migratory Workers; Cooperative Projects in Marketing; the Statistical Services part of the National Defense Education Act; Assistance to States for Tree Planting; Urban Planning Assistance; and the Vaccination Assistance Program.

MATCHING REQUIREMENTS

There are also differences among Federal grant programs in the proportion of total program cost the State and their local governments, on the one hand, and the Federal Government, on the other, are required to bear. Forty-seven of the 60 Federal grant programs require the States (and/or local governments) to share in program costs. The remaining 13 grant programs have no specific matching requirements. ^{1/} Of those programs that do, the matching or cost sharing requirements are of two kinds: variable matching, whereby the proportion of total program cost borne by the State is determined on the basis of an index employed to measure relative State fiscal capacity; and fixed ratio matching, whereby each State and/or local government is required to share in the same proportion of program cost.

Variable matching requirements, for the seven Federal grant programs ^{2/} that have such requirements exclusively and for the five ^{3/} that do for only a portion of their funds, are a form of fiscal equalization in the sense that cognizance is taken of the

1/ They are: the Area Redevelopment Administration (combined grant and loan program); Indian Education and Welfare; Clinics for Domestic Agricultural Migratory Workers; Control of Outdoor Advertising; Disaster Relief; Land-Grant Colleges; Maintenance and Operation of Schools in Federally Affected Areas; School Construction Assistance in Federally Affected Areas; Special Milk Program; State Supervision of Schools and Training Establishments (Veterans Administration); Unemployment Compensation and Employment Service Administration; Vaccination Assistance; and Venereal Disease Control.

2/ These are: Child Welfare Services; Hospital and Medical Facilities Construction; Development of Library Services in Rural Areas; Public Works Acceleration; School Lunch Program; Water Pollution Control; and Support of Vocational Rehabilitation.

3/ These five are: Aid to the Blind; Aid to Families of Dependent Children; Aid to Permanently and Totally Disabled; Medical Assistance for the Aged; and Old Age Assistance.

varying abilities of the States and local governments to support their aided functions. Variable matching requirements for these programs, expressed in terms of the Federal and State (and/or local government) share of program cost, are often based on the assumption that for all States combined the Federal contribution will approximate one-half of the program cost. In such instances, minimum and maximum percentages are provided, typically ranging from one-third to two-thirds of total program cost as the Federal share. The actual Federal share for any one State is dependent on some variant of the ratio of State to United States per capita income, ^{1/} figured typically on the basis of the previous three or five years' average income. For the variable matching portion of the "open-end" categorical public assistance programs, however, the Federal contributions generally range from a minimum of 50 percent to a maximum of 65 percent (80 percent for Medical Assistance to the Aged).

Fixed ratio matching is the requirement in 40 Federal grant programs, of which 27 have this requirement exclusively, and another 13 specify it for only a portion of the funds distributed. For many of the programs the fixed Federal share is 50 percent. For a few programs, it is set at two-thirds or occasionally even 75 percent of cost. There is also one program (Watershed Protection and Flood Prevention) in which the fixed Federal share of program cost is not the same for all States, but may be determined at the discretion of the program administrator. The role of matching provisions in the Federal grant expenditure for fiscal 1962 may be summarized as follows:

<u>Method</u>	<u>Amount (millions)</u>	<u>Percent</u>
No matching	\$ 870	12.4
Variable matching	1,193	17.0
Fixed ratio matching	4,951	70.6
	<u>\$7,014</u>	<u>100.0</u>

The Federal share for most programs is determined in such a way that States with average per capita income get 50 percent; the

1/ One common variant: Federal share = $100\% - 50\% \times \frac{\text{State per capita income}}{\text{U.S. per capita income}}$
based on an average of the previous three years' income.

State with low income a higher percentage (based on its income position relative to the national average); the State with high income a lower percentage (again related to its income position relative to the national average). The range of Federal sharing is shown in table 9 below.

TABLE 9. RANGE OF FEDERAL SHARES IN JOINT FEDERAL-STATE PROGRAMS, UNDER CURRENT EQUALIZING PROVISIONS

Program	Federal Share	
	Minimum Percentage	Maximum Percentage
Hospital & Medical Facility Construction	33 1/3	66 2/3
Rehabilitation Services (basic grant)	50	70
Child Welfare Services	33 1/3	66 2/3
Water Pollution Control	33 1/3	66 2/3
Old Age Assistance <u>1/</u>	50 +	82.9
Aid to Families of Dependent Children <u>1/</u>	50 +	82.4
Aid to the Blind <u>1/</u>	50 +	82.9
Aid to Permanently & Totally Disabled <u>1/</u>	50 +	82.9
Medical Assistance for the Aged	50	80
School Lunch	25	<u>2/</u> (71)
Library Services in Rural Areas	33	66
Public Works Acceleration	50	75
Mental Retardation Facilities & Community Mental Health Centers Construction (new program)	33 1/3	66 2/3

1/ The matching provisions for these programs are applied at two stages: uniform matching of State and local expenditure up to a specified maximum dollar amount; variable matching (50%-65%) of additional State and local expenditure up to a specified maximum. See description of these programs in Part III for additional details.

2/ No statutory maximums; current effective maximum is for Puerto Rico.

In the aggregate, slightly less than 20 percent of the \$7 billion distributed in fiscal 1962 took account of variations among States in relative fiscal capacity, either as part of the apportionment formula, the matching provisions, or both, as follows (table 10):

<u>Method</u>	<u>Amount</u> <u>(millions)</u>
Apportionment and matching	\$ 231
Apportionment formula	108
Matching provisions	962
	<hr/>
	\$ 1,301

TABLE 10. - FEDERAL GRANTS-IN-AID DISTRIBUTED TO STATE AND LOCAL GOVERNMENTS
ON THE BASIS OF A FISCAL CAPACITY INDEX, BY PROGRAM, 1962

Program	Year grant estab- lished	Year fiscal capacity provision introduced	Amount distributed		
			Total	Portion based upon fiscal capacity (estimated)	
				Amount	Percent of total
PROGRAMS USING FISCAL CAPACITY INDEX IN BOTH APPORTIONMENT AND MATCHING FORMULAS					
Hospital and Medical Facilities Construction	1946	1946 ^{1/}	\$ 60,856 ^{2/}	\$ 60,856 ^{2/}	100.0%
Basic Rehabilitation Services	1926	1954	62,889	62,889	100.0
Water Pollution Control ^{3/}	1956	1956	4,317	2,514	58.2
School Lunch (cash assistance)	1946	1946	88,891	88,891	100.0
Child Welfare Services ^{3/}	1935	1958	18,141	15,591	85.9
Total			235,094	230,741	98.1
PROGRAMS USING FISCAL CAPACITY INDEX IN APPORTIONMENT FORMULA ONLY					
Waste Treatment Works Construction	1956	1956	41,607	19,238	46.2
National Defense Education Act	1958	1958	63,981	44,690	69.8
Maternal and Child Health Services	1935	1935	23,143	8,624	37.3
Crippled Children's Services	1935	1935	23,277	9,591	41.2
General Health	1935	1935	14,584	13,843	94.9
Tuberculosis Control	1944	1944	3,829	682	17.8
Mental Health	1946	1946	6,495	1,967	30.3
Cancer Control	1948	1948	3,366	2,017	59.9
Heart Disease Control	1948	1948	4,437	2,806	63.2
Community Health Services, Particularly for the Chronically Ill and Aged	1961	1961	4,746	4,746	100.0
Radiological Health State Program Development	1962	1962	- -	- -	- -
Total			189,465	108,204	57.1
PROGRAMS USING FISCAL CAPACITY INDEX IN MATCHING FORMULA ONLY					
Old Age Assistance	1935	1958	1,230,898	537,910	43.7
Aid to Families of Dependent Children	1935	1958	831,263	213,423	25.7
Aid to the Blind	1935	1958	46,197	17,287	37.4
Aid to Permanently and Totally Disabled	1950	1958	195,549	69,756	35.7
Medical Assistance for the Aged	1960	1960	118,855	111,488	93.8
Development of Library Services in Rural Areas	1956	1956	8,010	8,010	100.0
Child Welfare Services ^{4/}	1935	1958	18,141	2,550	14.1
Water Pollution Control ^{3/}	1956	1956	4,317	1,803	41.8
Public Works Acceleration Program ..	1962	1962	- -	- -	- -
Total			2,453,230	962,227	45.6
All 60 programs			7,013,673	1,301,172	18.6
23 programs using fiscal capacity index ^{5/}			2,855,331 ^{5/}	1,301,172	45.6

NOTE: Omitted from this table are the following new programs, enacted in 1963, which apply a fiscal capacity index in the apportionment and/or matching formulas:

In both apportionment and matching formulas

Mental Retardation Facilities and Mental Health Centers Construction

In apportionment formula only

Expansion and Improvement of Vocational Education

Construction of Higher Education Facilities (portion for public community colleges and technical institutes)

Air Pollution Prevention and Control

^{1/} Variable matching introduced in 1949.

^{2/} For public institutions only.

^{3/} Part; the remainder is under "Matching Formula Only."

^{4/} Part; the remainder is under "Both Apportionment and Matching Formulas."

^{5/} Excludes duplication of amounts for Child Welfare Services and Water Pollution Control; see footnotes 3 and 4.

CONCEPTS OF EQUALIZATION

"Equalization" means different things to different people. Widely different views are held also on what it is that the grant system is intended to equalize. Some of these varying concepts are here examined briefly to illuminate the specific way in which "equalization" is used in this report for purposes of determining whether it serves to further the national objectives of the grant program.

A discussion of the underlying concepts of grant distribution has to reckon with the fact that there still exists sentiment that Federal grants should go to the States from which the Federal taxes to finance the grants are drawn.

Grant-in-aid operations are sometimes criticized because tax revenues collected in one State are spent in another, implying that a State which pays the tax has a vested right to the receipts. Clearly, the granting of funds to States in relation to where the Federal tax collections originate would not be consistent with relative State needs for the public services which are provided cooperatively through Federal and State and local action. [Indeed, in some instances the needs for public services vary inversely with the level of Federal tax payments.]

From the earliest beginnings of non-land grants, Federal allocations to States have been made according to need. [For example, the grants to the American Printing House for the Blind, initiated in 1879 to stimulate the manufacture and distribution of books and other instructional materials for the blind, were (and are) allocated to the States according to the number of persons in public institutions for the education of the blind.] As indicated earlier, [grants are now generally distributed among the States in accord with some index of need and not in accord with the amount of Federal tax payments.]

The criticism that Federal grants favor some areas at the expense of others has grown with the increased use of equalization provisions in grant programs -- provisions which call for the larger grant allotments or higher Federal matching in States with lower incomes. While the argument that "my State is losing money" is not

exclusively directed at equalization grants, equalization provisions have increased the differentials between estimated grant "take" and Federal tax "drain" by widening the differences in grant allocations among States.

Strong sentiment exists in some quarters that the differentials among the States in the grant distributions should not be as wide as they are in some aid formulas. The recent differences between the U. S. Senate and the House of Representatives on the distribution formula for the expanded vocational education program, for example, reflected a divergence of views of the acceptable range of variation among States in the distribution of Federal funds. And, the compromise accepted by the Congress for this program narrows the differential between tax take and grant distribution as compared with some other equalization aid, including some new grant provisions adopted by the same Congress (tables 8 and 9).

Definitions of Equalization

Equalization in Federal grant programs can be defined in many ways.

Equal treatment of the States or of local governments can mean, at one extreme, a uniform amount per State or community. Equal sums to each State--given the wide variations among the States in population, in economic resources, in land area and in density--patently does not mean in most circumstances equal national aid to the States or localities in carrying out their public program requirements.

Equal grants may be defined in a second sense, to mean an equal Federal sum per unit of program need, e.g., per person eligible for services, per pupil enrolled in school, per mile of highway constructed, or per disabled person in the population. The typical grant-in-aid program enacted prior to the Depression of the 30's was of this type: allotments were made among the States in accord with the size of their populations, with population representing a generalized index of State differences in program needs.

Equal Federal grants per unit of need result in equal levels of program support in the States only when the National Government supports all or most of the costs of the program in the State or community. When States or localities are required to share substantially in the costs of a public service, equal allocations per unit of program need are likely to mean unequal program expenditures financed

from combined National, State, and local funds. A grant offering of \$2 per person in Mississippi which has to be matched on a 50-50 sharing basis requires a larger State and local tax effort from Mississippi residents than a similar \$2 per person grant offer to Delaware. In view of the unequal tax resources of the States, grants can induce equal program expenditures only if account is taken of variations both in program needs and fiscal resources. Equalization grants, accordingly, may be defined in still a third way as grants which tend to foster equal program levels in the States by varying the amount of Federal funds directly with program needs and inversely with fiscal resources.

Equalization grants may be defined still more rigorously, as grants designed to raise the levels of a public service in the poorest States to some national norm. When the amount of Federal aid is a relatively small fraction of State and local expenditure for a program (and the grant is not sought as an incentive to nationwide adoption of Federal standards and controls) it is clear that the limited grant funds can be directed most effectively to raising public service standards by giving the small Federal amounts to the States with the least ability to raise taxes so as to elevate standards where they are lowest. Similarly, when the choice is between distributing a given amount of Federal dollars to all the States, on the one hand, or to just the poorer States, on the other, the possibility of achieving some national norm is enhanced if the funds go exclusively toward elevating the levels of services in the poorest jurisdictions. Equalization when used this way, means a distribution of Federal grant monies to the poorest jurisdictions with the greatest need in order to approach some reasonable nationwide program level.

Thus, equalization aids may mean a number of different things. They can mean equal grants to all the States; they can mean equal Federal offerings per unit of need; they can mean grants designed to bring about more equal program levels in the States. Few of the present grant programs provide for a uniform amount in each State either as the exclusive way of distributing funds or as partial provisions governing the distribution of funds. A number provide for a uniform Federal grant per unit of need, but perhaps the largest dollar amount of expenditures now goes for Federal grant-in-aid programs which seek to make program operations in the States more uniform. They do this either: (a) by a large uniform Federal share of the costs, as in the case of interstate highway grant program; (b) by a larger Federal share of the cost of minimum payments, as in the case of public assistance; or (c) by some more specific equalizing feature

which takes account of differences in need and also differences in fiscal resources. There are no Federal aid programs which are fiscal grants in the sense of grants of Federal funds to the poorer jurisdictions for the support of general government. Nor are there grants which go exclusively to the poorest jurisdictions for the support of a specific program.

For present purposes, equalization is defined as a provision in a grant program, either in the allocation or matching, or both, which gives some statutory recognition to underlying differences in the States' relative capacities to raise funds from their own resources for financing a joint Federal-State program, in order to achieve more uniform program standards throughout the nation.

In recognition of existing differences in fiscal capacity, equalizing provisions have been introduced into the grant programs so that a larger proportion of funds goes to States which have the greatest need for public services and the least capacity to provide for them. The newer Federal grant formulas seek to achieve the same purposes as the earlier allotments on the basis of population and dollar-for-dollar matching grants, but do so with adjustments to take account of the differences among the States in their abilities to raise matching funds. States with low per capita incomes, for example, are required in some programs to raise \$1 for each \$2 of Federal funds they receive and wealthier States are required to raise \$2 from their own tax resources for each \$1 of Federal funds.

When the matching is varied inversely with the fiscal capacity of the States, allotments also must be altered to achieve a uniform level of public services under the scope of the cooperative program. If, for example, Delaware and Mississippi each received a \$10 per capita allotment, but Delaware was required to raise \$2 for each Federal dollar and Mississippi \$1 for each \$2 of Federal monies, the per capita level of support under the cooperative program from combined Federal, and State and local sources would be \$30 per capita in Delaware and \$15 per capita in Mississippi. Accordingly, to counter-balance the variable matching shares and at the same time achieve a uniform minimum level of support within the scope of the aided program, the allotments also have to be adjusted so that more Federal money goes to Mississippi per capita than to Delaware. In other words, to achieve uniformly a \$30 per capita level of support from combined Federal, State and local sources, the allotment to Mississippi which it is required to match on the basis of one State and local dollar for each two Federal dollars must be \$20. Allotments must be adjusted so that Delaware receives funds in the amount of \$10 per capita while Mississippi receives \$20.

More specifically, the concept of equalizing provisions in grant-in-aid formulas used in this report has three interwoven objectives:

- A uniform public service level throughout the Nation as a minimum or foundation program;
- A uniform fiscal effort on the part of each State to support such a minimum program;
- An equal (or other designated) sharing with the States in the cost of the program for the country as a whole, on an average dollar-for-dollar (or other) basis.

There are a number of different ways of incorporating a measure of fiscal capacity in an allocation formula which will, when combined with the required matching, yield a uniform minimum program in each of the States. Few of the existing programs have matching and allocation provisions which in fact are so linked as to achieve each of the three interwoven objectives. Part of the explanation as to why existing formulas depart from the kinds of adjustments in the allocation and matching which would achieve the three interwoven objectives lies in the complexities of dovetailing allocation provisions with matching requirements. In part, however, the formulas fall short for other reasons. It is clear in some instances that required State (and local) cost sharing falls so far below the actual levels of program support by these governments that the matching requirement is in a sense inoperative. The differences in Federal allocations are far more important than the matching provisions in these grants, and it is through the allocation provisions that a measure of equalization is achieved. In other instances, there is no allotment and the variable matching shares are the means to achieve equalization. Furthermore, other considerations which are not directly related to the way in which a specific program operates, but rather the way in which the matching shares of one program are related to the matching shares required in another, often enter into the determination of matching ratios. To achieve greater uniformity in the matching required by a State for related programs the matching shares are determined in a uniform way even though, as a consequence, the tax effort required by the State to finance one program may differ from the tax effort required by other States. The objectives of equalizing provisions in the grant programs as outlined earlier are not fully met, but the over-all purpose of introducing greater equalization is achieved.

Equalizing provisions in grants-in-aid are intended to modify the traditional allotment and matching provisions in recognition of the differences among the States in their capacity to raise funds for cooperative Federal and State and local programs. The intent is to make more uniform the levels of program support at the minimum considered essential in the national interest without requiring the poorer States to make a greater tax effort than their wealthier neighbors. But this way of looking at equalization is often confused with other objectives.

Equalization and Narrowing of Income Differentials

There is the notion, for example, that grants-in-aid that are equalizing are intended to narrow the income variations among the States. The basic idea is that by raising taxes in the wealthier States and distributing grants in the poorer States, income differences among them are narrowed and "equalized." Patently, if all the Federal taxes spent for grants were raised in the wealthier States and if all the grant funds went to the poorer States the maximum redistribution of income through grants could be obtained.

/ Redistribution of income among the States is not among the objectives of the equalization provisions in existing Federal grant-in-aid programs. To the extent that redistribution occurs, it comes about as a by-product of Federal grant-in-aid operations. It is a consequence of the way in which needs for cooperative Federal, State, and local programs are distributed among the States and the way in which the Federal tax system, with provisions applying uniformly across the country, operates in areas with different economic resources. All told, grants-in-aid are the equivalent of 1.7% of the personal income of the residents of all the States--a percentage which sets the limits of any redistributive effect. Moreover, the taxes drawn upon to finance the grants come from the residents of all the States and the grants are distributed by and large among all of them in accord with the needs for the aided public programs. Allotments to all the States are made under grant programs in order that the offer of the Federal grant might gain compliance with standards and plan requirements considered essential to the achievement of the national purpose. The methods used to determine the funds going to the States restrict any income redistributive effects of the grant programs.

Federal grants-in-aid, moreover, are only a small part of Federal expenditures made in the States. An obvious question is:

How does the State-by-State distribution of Federal grants compare with the distribution of all Federal expenditures for which Federal taxes are imposed?

Table 11 compares the estimated amount of total Federal expenditures in the several States with the amount of Federal aid payments to State and local governments. The relative magnitudes of the two sets of figures make very clear that total Federal outlays are far more important in determining the levels of income in the States than the grants made to governmental jurisdictions. While the States with incomes above the United States average receive only about 40 percent of Federal grants, they account for almost 55 percent of all Federal expenditures. The relative size of grants and total Federal expenditures, and their regional distributions suggest that the equalizing effects of the grant programs are small in comparison with the effect of total Federal expenditure flows.

There is little question but that the National Government's spending decisions have an impact on the income levels in the States. From one perspective, the National Government's operations may be viewed as having the purpose of raising the level of economic well-being in all sections of the country, and in the course of economic expansion, achieving greater equality in levels of living among the States. While decisions on spending are made in terms of the specific program requirements and locational aspects are determined in accord with these requirements and not by regional economic needs, with only a very small part of the national budget devoted specifically to economic development in specific regions of the nation, the Federal Government's decisions have a substantial influence on the relative growth and prosperity of the regions.

The National Government's operations, patently, are an integral part of the economic life of the nation. Historically, the National Government's decisions have altered the geographical distribution of manpower, industry location, and the organization of our economy, from which the existing income patterns among the States have developed. Present Federal budget levels greatly enhance the importance of national decisions on the economy. But the National Government's activities which contribute to the present interstate income patterns include far more than budgetary spending and revenue raising. The full range of economic effects, immediate and long run, of Federal management of the monetary and credit system is hardly reflected in dollar outlays; Federal regulatory activities of interstate commerce, similarly, pervade the economic life of the nation

TABLE 11. - PER CAPITA FEDERAL GOVERNMENT PAYMENTS: TOTAL EXPENDITURES AND AIDS TO STATES AND LOCALITIES, ANNUAL AVERAGES FOR FISCAL YEARS 1959-61

Rank	State (ranked from high to low total payments)	Per capita Federal payments		Rank	State (ranked from high to low total payments)	Per capita Federal payments	
		Total in State ^{1/}	Directly to State & local governments			Total in State ^{1/}	Directly to State & local governments
1	Alaska	2,629	192	26	New York	448	28
2	Dist. of Columbia	1,547	79	27	Florida	446	33
3	Hawaii	1,087	36	28	Nebraska	435	40
4	Maryland	738	27	29	Georgia	416	44
5	Virginia	704	30	30	Illinois	412	32
6	Washington	702	44	31	Missouri	412	47
7	California	639	37	32	North Dakota	406	70
8	Kansas	618	44	33	South Carolina	403	37
9	Rhode Island	617	37	34	Kentucky	392	44
10	Nevada	609	81	35	Idaho	387	66
11	Wyoming	607	146	36	Alabama	378	46
12	New Mexico	606	79	37	Ohio	370	32
13	Massachusetts	594	33	38	Vermont	361	59
14	Colorado	567	56	39	Pennsylvania	360	27
15	New Hampshire	556	46	40	Indiana	351	26
16	Connecticut	540	28	41	Oregon	346	59
17	Montana	507	76	42	North Carolina	336	32
18	Maine	505	43	43	Mississippi	327	52
19	Arizona	495	54	44	Arkansas	321	53
20	New Jersey	488	19	45	Louisiana	315	62
21	Delaware	484	34	46	Iowa	307	39
22	Utah	479	61	47	Michigan	306	28
23	Oklahoma	476	70	48	Minnesota	304	39
24	South Dakota	469	63	49	Tennessee	302	44
25	Texas	454	39	50	Wisconsin	302	27
				51	West Virginia	281	47

^{1/} Estimated aggregate Federal payments to persons residing in the individual States or for activities carried on in each State.

Source: The Library of Congress, Legislative Reference Service, Federal Revenues and Expenditures in the Several States, Averages for the Fiscal Years 1959-1961, by I. M. Labovitz (Washington, D. C., September 19, 1962).

and the States. Even a partial listing of some of these national activities which have little budgetary importance suggests the considerable impact on regional growth, for example, of tariff, transportation, public land, wage, and other policies.

{Income differences among the States have been narrowing. Present relative growth rates among the regions suggest some further narrowing of income differentials.} What has been characterized as one of the great revolutions, namely, that the rich have been getting richer and the poor have been moving up in the income scale, has its counterpart in regional income patterns. The rich States have been growing but the poor States have been moving up the scale at a faster pace. (In 1929 the per capita income of the highest income State was 4.3 times that of the lowest. Differences widened during the Depression but began to narrow markedly during World War II. By 1950 the per capita income of the highest income State was 2.9 times that of the lowest and in 1962 the ratio was 2.6.

A recent study of the sources of economic growth in the United States indicates that growth rates of total gross national product for the period 1929-57 ranged from 2 percent in New England and 2.1 percent in the Mideast to 4.0 percent in the Southwest and 4.4 percent in the Far West. Regional growth rates per capita,

	Per capita personal income as a percent of the national average in 1929	Growth rate of real gross pro- duct per capita 1929 - 1957
Mideast	138	1.2
Far West	129	1.3
New England	125	1.3
Great Lakes	114	1.7
Rocky Mountain	85	1.9
Plains	81	2.1
Southwest	67	2.6
Southeast	52	2.7
United States	100	1.7

Source: Edward F. Denison, "The Sources of Economic Growth in the United States and the Alternatives Before Us," Supplementary Paper No. 13 published by Committee for Economic Development, January 1962, p. 10.

however, are very different. The rate of increase in gross product per capita in the Far West was 1.3 percent for the period 1929-57, a figure below the national average. The highest growth rates were achieved in the Southeast and Southwest, regions that in 1929 were among the least industrialized in the country. In fact, the ranking of the regions by rate of growth in gross product per capita from 1929 to 1957 is the exact opposite of their ranking by per capita personal income in 1929 as the above table shows.

Equalization and Uniform Tax Burdens

Equalization of incomes among the States is one way of looking at this problem. Another is equalization of tax burdens or of taxing effort. The use of the Federal tax system to finance programs of joint concern of Federal and State and local governments in a sense automatically produces a degree of equalization. The taxes imposed nationally, under uniform taxing statutes, assure that at least part of the costs of the aided function will be financed in a uniform way. This effect is enhanced by the application of progressive Federal income tax rates on the unequal income structures in the State. The use of the Federal revenue structure to finance grants-in-aid tends to produce some equalization effect by the operation of uniform national tax statutes on the uneven income distributions within the State, so that there is some equalization of tax burdens in terms of differences in ability to pay.

There are wide geographic differences in Federal revenue burdens. For the years 1959-1961 it has been estimated that the Federal revenues borne in the State of Mississippi amounted to \$218 as compared with \$959 per capita in Delaware. Stated differently, the figure for Mississippi was 56 percent below the U. S. average and for Delaware 94 percent above the U. S. average. ^{1/}

The unequal capacity of the States and localities to finance their share of cooperative National, State and local programs, however, creates differential tax burdens and differences in taxing effort unless explicit provision is made within the grant-in-aid programs to take account of these differences. Mississippi, for

^{1/} The Library of Congress, Legislative Reference Service, Federal Revenues and Expenditures in the Several States, Averages for the Fiscal Years 1959-1961, by I. M. Labovitz (Washington, D.C., September 19, 1962), pp. 50 and 51.

example, requires a much larger taxing effort to raise \$10 per capita of additional revenue than Delaware, New York, or California. Tax effort defined for this purpose is the ratio of the taxes required to finance the State and local share of the cost of a program to the States' relative fiscal capacities. Moreover, differences in taxing burdens may be even greater than the ratio of State and local taxes to a fiscal capacity index. Differences among the States in the distributions of income of families residing there are far wider than the range of per capita income suggests. For example, in 1959, the last year for which census data are available, less than 15 percent of the families and unrelated individuals in Connecticut had incomes under \$2,000. The percentage for Arkansas was 41 percent and for Mississippi almost 46 percent. Families and individuals with incomes below some minimum necessary for adequate food and shelter are generally considered to be those who have little or no ability to pay taxes. Federal and State income tax statutes follow this philosophy in allowing personal exemptions and exemptions for dependents. State and local sales and property taxes, however, fall heavily in the aggregate on these low income groups, creating a differential burden not in accord with the prevailing notions of ability to pay. In part, this results from the limited access of States through their taxing statutes to very high incomes because of the mobility of people and the tax competition among the States. In summary, to the extent to which Federal funds go toward financing a cooperative Federal, State and local program there is some automatic equalization inherent in the grant program, both because of the uniform taxing statutes through which the Federal funds are collected and because of the heavy reliance of the Federal tax system on income and profits taxes.

But equality of taxing burdens in terms of the ability of the families in the States to finance governmental activities does not appear to be a feasible goal for the equalization provisions in grants-in-aid. While differences in income distribution are in fact very marked among the States, the constraints on State and local tax sources are such that low income families contribute not a lesser but a greater share of their income for public services. Furthermore, the types of information which would be required to implement a provision of equality of State and local tax burdens within a grant-in-aid framework are lacking, even if this were an accepted goal. Greater uniformity of taxing effort in contrast to uniformity of tax burdens has been accepted as an objective in equalizing provisions within grant programs.

Equalization and Uniform Public Services

There is still another notion of equalization which may be differentiated from either that of equalizing income or equalizing tax burdens or taxing efforts; namely, equalization of public service levels.

While grants for particular purposes aim at a more uniform level of minimum public services falling within the scope of the grant--for example, more uniform payments to recipients under the categorical public assistance programs, or more uniform availability throughout the nation of basic general public health services--it is not the intent of the grant program to release State and local funds for other public programs so that there may be greater uniformity over the range of public services, or even for a closely related public service such as general assistance payments to the needy. In no Federal grant program has release of State and local funds for non-grant functions, or for tax relief been considered as an acceptable objective. In fact, when serious question has been raised about the possible substitution of Federal funds for State or local monies for the aided category, moves have been made to prohibit such substitution by so-called floor provisions, or minimum effort requirements. This is simply another way of saying that the national objective in adopting the Federal grant in aid is to direct State and local funds into the specific aided channel in order to achieve that "push" required to gain services for crippled children, cancer control activities, or rural libraries, etc. The intent of the grant programs is to stimulate States and localities to act on these specific program measures and the success of the grant as a stimulus is evident in the growth of expenditures for the aided program--an increase often far in excess of that needed to meet the matching requirements. Needless to say, the States do not behave uniformly in response to the stimulus provided, and some States expand the program operations more than others, so that public service levels financed from State and local funds vary from jurisdiction to jurisdiction.

In contrast, national programs nationally administered tend to have a uniform application in all areas of the nation. Beneficiary groups in those programs in which there are direct payments to individuals tend to be uniformly defined, that is, a single set of eligibility tests is applied. The distinction in principle between a unitary system in which the National Government determines the package of public services that is available in all parts of the

land, and a federal system in which there are interstate differences in program and service levels is a distinction deeply rooted in American political thought. Problems of equalization of program services among groups and among geographic areas, it must be recognized, however, are not unique to a federal system of government. Unitary governments, too, must be concerned with the impact of national spending decisions on different regions and groups within the nation. Greater equality of educational opportunities as between urban and rural areas, as between suburban and central cities, for example, is as much a concern of a unitary system as it is of this federal system and ways are sought within a unitary system of government to determine the consequence of the central government's action for different geographic areas and to achieve equalization in the national interest. Changes in circumstances, economic, demographic, and social, make for shifting patterns of regional requirements for public services and alter the urgency for action for equalization both in a unitary and a federal system.

Provision of services by the National Government under a uniform set of provisions is one method of achieving greater equalization of program levels. Within the federal system the grant-in-aid device has been applied to assure somewhat greater uniformity in public services for those programs in which there is a very strong national concern. In one sense, Federal grants automatically involve some measure of program equalization because they are distributed on the basis of a need criterion such as caseload, area, and population, with the larger funds going to those places which have the greatest need. Per capita expenditures for broad classes of public services such as education, highways, and public welfare vary markedly among the States but the variations tend to be greatest for those costly public services in which there is relatively little Federal support.

Limitations in Equalizing Provisions

Complete uniformity in public service level is rarely the objective of Federal grant-in-aid programs. Perhaps the closest approximation to this objective is now sought by the Federal Government in the Interstate Highway Program through a 90 percent grant for the construction of the highway network.

What then is the role of equalization in Federal grants? As defined earlier, the equalization features in Federal grants under consideration here are those which take account of the differences in the financial needs of the States in their allocation and matching provisions so as to permit a more uniform level of public services

under the cooperative Federal-State-local program. The programs which contain such equalization provisions vary the Federal grant so as to give States with lower fiscal capacity the higher grant and vice versa. About one-third of the Federal grant programs have this type of explicit equalization factors built into them. These programs attempt to approximate a uniform tax burden for the combined Federal, State, and local taxes, which are necessary to support minimum levels of public service. As will be shown later, however, some equalizing grants work more successfully than others in this respect.

Variable matching grants which take account of the inability of the less affluent States to support a desired level of program service create more fiscal equalization per dollar of Federal effort than fixed-ratio grants. In the latter instance, equalization can occur, given the range of variation in State taxable capacity, only when the Federal Government pays the full program cost of the State or locally performed services. Variable Federal-State matching, in contrast, can be designed to approximate uniform (Federal, State and local) tax effort required to finance a basic program level, with an average Federal contribution (all States combined) of perhaps only 50 percent, or less of minimum program costs. Unless, then, the case for Federal control of a particular State or locally performed function is very strong, in which circumstance the alternative to a high, fixed proportion Federal share of program cost would be to take over the performance of the function, the advantage lies with variable matched grants--in terms of both costs to the Federal Government and strengthened State responsibility.

The case for equalization provisions in grants-in-aid is strong. Given the wide diversity among States in fiscal capacity, more uniform minimum program levels can best be obtained through equalizing grant provisions which recognize this diversity and seek, by altering the shares of Federal support, to compensate for the fiscal capacity differences. Both the Hoover Commission and Kestnbaum Commission studies of equalization aids concur with the findings here that equalization provisions should be incorporated in Federal grant programs. The long experience of the States with equalization aid gives further support to these findings.

The problem of ascertaining the role of equalization in Federal grants-in-aid to State and local governments and of developing applicable criteria with which to judge its merits necessarily involves some subjective considerations. The role of equalization can

perhaps be clarified in terms of the more urgent objectives for which Federal grant programs have been enacted:

1. to encourage planning and experimentation with ways of meeting public need;
2. to stimulate the rapid development of certain State and local functions;
3. to gain specified program standards in certain State and local functions;
4. to achieve minimum program levels throughout the nation;
5. to provide, through fiscal equalization, a degree of equality of public service availability; and
6. to lessen cyclical fluctuations in economic activity (Accelerated Public Works Program).

Not all of these objectives require equalization and in some instances equalization would tend to impair the achievement of the specific purpose. Increasingly, it is recognized that planning ahead for public services is essential to assure greater efficiency of operation and to avoid unnecessary gaps or undue duplication. Experimentation is also needed to test new approaches to meeting public service requirements.

A tooling up for planning does not require outlays of such a size as would tax the resources available in any State and at the same time a small matching State share such as that required under an equalization grant for the poorer States may not serve to assure the public consideration and debate in these States essential to achieving the objectives of the grant.

Industry has long recognized the profitability of testing new methods to reduce costs or provide a better product for the public. Experimentation by government, looking toward greater efficiency of operation and improved public services, is also essential. The National Government can stimulate such planning and experimentation by States or localities through grants-in-aid for planning or for demonstration, but the objective of the planning grant is to gain

such discussion and political consideration of the problem as to support long term action. The objective of the demonstration grant is to achieve action as rapidly as possible in those places where the political, social, and economic conditions are most favorable. Allocation of Federal demonstration funds to all jurisdictions, with special weighting for the poorer jurisdictions, moreover, may delay the effective use of the Federal grant offering or reduce the amounts available for jurisdictions most ready "to run with the ball." Grants designed to foster planning and experimentation (No. 1) and to stimulate prompt action (No. 2), at least in some places, would not appear to warrant equalization of an explicit kind. Similarly, equalization aid is not the best tool by which to gain compliance with specified standards of operation of public services (No. 3). In fact, for a given Federal outlay the maximum equalizing effect can be achieved by putting all the Federal grant funds in the poorer States. Nevertheless, to provide incentives for all the States to comply with program standards, grants must be offered to high income as well as low income States. The objectives of equalization, thus, in part conflict with the objectives of assuring nationwide adoption of program standards.

Equalization does seem to be preferred for grant programs designed to achieve at least a minimum support level and to gain a greater equality of public services throughout the nation (Nos. 4 and 5). Most of the major Federal grants-in-aid have as their objective the achievement of a minimum level of public services throughout the nation and seek to stimulate all States to act toward this objective. The objective of the grant is to help support State and local program operations so that minimum needs may be met despite the restraints of differential State and local tax capacity. Equalization, accordingly, is essential to the achievement of the objectives of the majority of the Federal grant programs.

The utilization of Federal grants-in-aid to lessen cyclical fluctuations in national income (No. 6) implies a modified version of equalization in which account is taken not only of the range of variation in fiscal capacity among States but the changes in capacity from period to period as is done in the case of the Accelerated Public Works Program.

Even for the typical grant-in-aid program, there are some qualifications on use of equalizing provisions, qualifications not of principle, but of fact, due to the special characteristics of the programs. Program needs, for example, may not be uniformly related to population. They, in fact, may be far greater in States with

high fiscal capacity than in States with low income. The relative burden of supporting these functions, in other words, may be roughly in proportion to income. In these instances, the traditional non-equalizing grant may serve better to provide rough equity in the distribution of Federal funds than an equalizing grant.

Similarly, regional fiscal capacity differences may be offset by regional differences in prices for specific classes of public services. Regional differences in service unit costs exist and there are regional price differences for the same or similar units of service. These regional differences supply a strong basis for the commonly held belief that equalization should not attempt to achieve a complete equivalence of tax effort for a particular grant program, and that as minimum service levels in terms of dollar expenditures are pushed up, the danger arises that grant recipients, chiefly in welfare programs, may be relatively better off in the low fiscal capacity States than some individuals residing in high cost of living States. However, very little information bearing on such regional price differences is now available.

To insure an active State or local government interest in the efficient performance of a federally aided function, these governments must have a meaningful financial stake in its operation. This requirement may mean that as an upper limit Federal grants should not exceed say, 75 percent of program cost. This limitation has meaning, not only for fixed-ratio matching, or percentage grants, but also for variable matching (equalization). Other considerations, to be taken up later, also make it advisable to limit the extent of fiscal equalization.

A more difficult problem arises from unequal Federal shares for different State and local functions, some of which may also be eligible for Federal aid. A State that might otherwise prefer to spend a given dollar amount on function "A," may instead decide in favor of function "B" because of the greater availability of Federal funds. Federal grants with equalization provisions designed to favor States with lower per capita incomes could be expected to work in this direction to a greater extent than fixed-ratio matching grants uniformly provided on a \$1 for \$1 basis. But, Congress by the very enactment of a grant program is expressing a preference for the grant in the sense of urging the States or local governments to give more attention to it. Unless the Federal Government is to incur the complete cost of a grant program, this problem cannot be eliminated. But it could be lessened by the use of block grants for closely related programs that would permit each State to apportion among these

programs as it sees fit, within limits, the total grant fund permitted it. It can be lessened, too, by more uniform matching requirements in categorical grant programs so that Federal grant incentives, within a State, to support one federally aided program rather than another, are reduced.

The Quest for Uniform Equalization Provisions

After the various factors affecting the merits of equalization have had their play, and a decision has been reached in favor of incorporating explicit equalization features into a particular Federal grant program, what form would these take? Need criteria will vary from program to program, and not much uniformity can be expected with respect to this aspect of equalization. More conformity in the use of the fiscal capacity factor in equalization provisions should be possible, though.

All 23 Federal grant programs now (as of the end of 1962) using an index of State fiscal capacity as a factor in the distribution of the aid funds base this index, in some fashion, on relative State per capita personal incomes. But here the similarity ends. About half of these programs employ a three-year average of State per capita incomes; the other half use a five-year average. Again, about half of the programs use the reciprocal of State per capita income as the weighting factor; the other half express the index in terms of relatives (that is, ratios of State to average national per capita income). For many of these grants, State per capita income is used as a weighting factor for only a portion of the grant distribution, the remainder being distributed solely on the basis of need. As indicated previously, only 12 of these 23 programs vary the Federal share of total program cost according to per capita income. Another nine use per capita income only as a weighting factor in the allocation of the Federal funds and require that States match these funds on a fixed ratio basis. The other two programs also use per capita income as a weighting factor in the allocation of their funds to a limited extent, but do not require State matching. Not infrequently, limitations are placed on the extent to which per capita income may modify the grant distribution. Used especially for variable matched grants, these limits typically specify that the Federal share may not be less than, say, one-third or more than two-thirds of total program cost. Finally, in a few instances, further restrictions are placed on the impact of State fiscal capacity considerations by stipulating dollar minimum allocations per State, and even in one instance, per sub-category of grant per State.

Part of this variety in existing programs probably stems from differences in the relative merits of fiscal equalization for the particular programs. Another reason for the diversity arises from political pressures, particularly those instances in which the grant program specifies minimum dollar amounts per State. And, undoubtedly some diversity arises from the complexity of equalization formulas and misunderstandings about their operation. The major issue of uniformity centers on the unequal Federal matching shares--shares which vary from federally aided program to federally aided program within a State, and the possible repercussions of these different matching shares on State and local budgetary decisions. Coordination and greater uniformity are especially urgent where programs are closely interrelated and the public services provided go to the same classes of beneficiaries, if not to the same families within a State.

Relationships between State Per Capita Incomes and Per Capita Grants

Prior to World War II, Federal grants went in largest proportion to the wealthier States. Per capita grants were directly rather than inversely related to State per capita income. With the introduction of equalizing aids, the general picture has been altered. There appears now to be an inverse relationship between per capita income and the distribution of the Federal grant funds. A comparison between 1961 State per capita incomes and the fiscal 1962 Federal grant distribution for all of the \$7 billion grant funds covered in our study shows a negative relationship, although not a significant one. ^{1/}

Of course, a perfectly negative correlation could not have been expected, even were there no restriction on the influence of the fiscal equalization factor. For one thing, basing the relationship between per capita distribution of the grant funds and per capita income infers that population is the generalized index of need. This may be appropriate for some grant programs, but hardly for all.

There are two other factors contributing to the relatively low inverse correspondence between State per capita incomes and per

^{1/} The coefficient of correlation is $-.041$. The correlation for that portion of the Federal grant funds which were disbursed on an equalized basis (\$1.3 billion) was $-.389$!

capita equalized grant funds received. The equalized portion of the public assistance grants occurs only in the second "deck." That is, for the initial part of these grants, the Federal payment is based on open-end, fixed-ratio matching by the States. Nearly all of the States participate fully in this part of the grant but there is a very noticeable drop in the degree of participation for the equalized part of the grants. If these equalized public assistance grant funds are segregated from the other equalized grant funds, the inverse relationship between the amount of the grants and per capita incomes is improved. ^{1/} Another factor keeping down the inverse relationship between per capita grant distributions and per capita income is the difference between grant offerings under construction grants, and grant expenditures when viewed within a limited period. For any one year there is not likely to be any close resemblance between the expenditures under these equalized grant programs and per capita incomes. ^{2/}

The relationship between grants and income resources of the States may be viewed from another perspective. At present the total Federal grant package requires the poorer States to devote a larger share of their fiscal capacity than wealthier States to meeting the required matching provisions. The grants, however, do contribute substantially to a greater uniformity of tax effort than would be the case without these aids. Table 12, for example, shows State and local tax collections per \$1,000 of personal income in the 12 States with the highest per capita income and also the comparable figures for the 12 lowest income States, together with the increase in tax effort which would be required if Federal grant funds were replaced by State and local taxes. Were the States to maintain existing levels of expenditures in the absence of Federal aids, tax effort of the poorer States would have to rise in most States by 30 to 40 percent, while tax effort in most of the high per capita income States would have to go up only 15 to 20 percent.

^{1/} The negative correlation rises to $-.601$. The correlation between the equalized public assistance grant funds and State per capita incomes was only $-.213$!

^{2/} If these construction grants are excluded, the correlation between the distributed equalized funds and State per capita incomes climbs to $-.786$; similarly if a longer time span is used for the construction program, the inverse correlation is also significant.

TABLE 14. - EFFECT OF REPLACING FEDERAL AID WITH STATE AND LOCAL TAXES
12 HIGHEST AND 12 LOWEST INCOME STATES, 1962

States (ranked from highest to lowest 1962 per capita income)	Tax collections per \$1,000 personal income	Tax collections plus Federal aid per \$1,000 personal income	Index of additional tax effort if Federal aid were replaced by taxes (actual tax collections per \$1,000 income = 100)
U. S. average	\$ 94.44	\$112.31	119
12 HIGHEST PER CAPITA INCOME STATES			
Nevada	86.98	112.66	130
Delaware	77.53	88.11	114
Connecticut	84.12	95.91	114
New York	106.06	115.56	109
New Jersey	82.72	92.03	111
California	105.15	125.48	119
Illinois	84.59	96.96	115
Massachusetts	98.25	112.26	114
Maryland	83.38	97.10	116
Alaska	79.12	149.09	188
Washington	101.74	123.57	121
Michigan	98.37	113.33	115
12 LOWEST PER CAPITA INCOME STATES			
Oklahoma	97.81	132.65	136
West Virginia	95.48	122.46	128
New Mexico	100.27	141.83	141
Louisiana	115.22	152.66	132
Georgia	86.29	113.45	131
North Carolina	90.25	110.07	122
Kentucky	87.81	115.80	132
Tennessee	85.19	111.74	131
Alabama	83.01	117.49	142
Arkansas	93.91	130.71	139
South Carolina	88.65	112.43	127
Mississippi	109.62	146.10	133

Source: U. S. Bureau of the Census, Governmental Finances in 1962, October 1963.

PART II

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS AND RECOMMENDATIONS

This is a report on the role of equalization in the distribution of Federal grants-in-aid to State and local governments. Equalization provisions, as used in this report, refer to those features of grant programs which, either in the apportionment among the States or in the requirements for matching with State funds, give recognition to differences in the States' relative capacities to finance from their own sources joint Federal-State programs.

The purpose of the equalization is to achieve a reasonable minimum level of program service throughout the nation, provided each of the States together with its localities undertakes to make a comparable tax effort for the aided program. In the interplay of political forces, equalization sometimes survives in grant distributions even after the particular program has achieved its objective, i.e., when State and local funds alone would suffice to finance a minimum service level. These situations apparently reflect a decision by the Congress to infuse an amount of Federal funds into an established program on a continuing basis in recognition of an important element of national interest in the particular activity and taking account of the relatively high tax effort its support represents on the part of less affluent State and local governments. Illustrations of such continuing support replacing earlier "stimulation" are found, for example, in grants for agricultural extension, agricultural research, categorical public health services and the older categories of vocational education.

Equalization in the distribution of Federal grant funds, however, is not without its critics. It has been contested ever since the Social Security Act of 1935 included some general language recognizing interstate variations in fiscal capacity and the need to adjust for them. An inventory of the arguments against equalization includes each of the following:

(1) In a federal system, uniformity of public services is neither desirable nor feasible. State and local governments have the power and the responsibility to provide most domestic governmental services, and it is their obligation to provide these services to the extent their citizens desire and are willing to finance them.

(2) Equalization in Federal grants tends to perpetuate uneconomic use of resources by reducing the incentive to relocate them. When a Federal grant program provides the inhabitants of an economically depressed area with a high level of public assistance, it tends to remove incentives to pick up roots in search of a livelihood elsewhere.

(3) Equalization raises the share of Federal funds so high in some States that it impairs the recipient governments' interest in efficiency and economy.

(4) Urban areas are short-changed by equalization provisions. While their personal incomes are relatively high, many of the kinds of public services and facilities they must provide are particularly costly. They, therefore, need relatively more rather than less financial aid.

(5) Taxpayers in the high income States pay relatively more for the support of the Federal Government than those in the low income States and equalization in Federal grant programs compounds the tax inequity.

(6) Average per capita personal income in a State is not a wholly adequate measure of its relative capacity to raise funds for public programs.

(7) The gap between low and high income States is narrowing and therefore the need for equalization is disappearing.

(8) Equalizing features in Federal grants complicate the grant formulas, impair public understanding and acceptance of grants, and contribute to a lack of system in Federal aid.

Our evaluation of these arguments is reflected in the analysis detailed in foregoing pages. On balance, the analysis weighs in favor of equalization but under specified circumstances. This was also the judgment of the (Kestnbaum) Commission on Intergovernmental Relations in its 1955 report to the President and Congress. After examining grant programs in detail, it concluded in favor of equalization "wherever reasonably necessary for the achievement of specific program objectives." Finally, it seems to be the temper of the country, as mirrored in the Congress, to go a considerable distance in recognizing differences in State fiscal capacity in structuring grant-in-aid programs; since 1946 and especially during the past few years equalization factors have been given increasing recognition in Congressional enactments.

About one-third of the Federal grant-in-aid programs which were operational before fiscal year 1963 contain what may be termed explicit fiscal equalization provisions: the distribution of their monies and the proportionate Federal-State sharing of program costs is governed, to some extent, by a recognition of the differences in the States' relative fiscal capabilities to support these programs.

In terms of historical perspective, these explicit equalization provisions are of comparatively recent origin. A few were introduced in the middle 1930's, but most were incorporated into grant programs since World War II, reflecting an increasing Congressional concern with variations in the relative fiscal capabilities of State and local governments. In other words, they not only seek to distribute the Federal funds so that more is allotted to the States with the largest need, but also to assure that the States with the greatest need are not required to make a disproportionate tax effort in order to finance their share of program costs.

One measure of the explicit equalization present in the current Federal grant system is the relationship between the State-by-State distribution of the amount of these grants and the relative fiscal capabilities of the States. Logically an inverse relationship is implied: grants should increase as relative State fiscal ability decreases, and vice versa. Statisticians term such a relationship a negative correlation. (A perfect negative relationship, neither desired nor expected, would produce a coefficient of - 1.00.)

Another measure is the variation among the States in their taxing effort. Existing tax effort differences may be contrasted with the situation which would exist if States were to finance their public program levels without Federal aids. Grants represent a larger share of the revenues in the poorer States and without such support the tax effort of the poorer States would have to be even higher than it is today. The present grant programs collectively do achieve some degree of uniformity in taxing loads among the States; without such aids the poorer jurisdictions would have to make an even greater proportionate effort.

In the past, despite the relatively lower level of public services they provide, the poorer States' tax effort has been substantially above the tax effort of the wealthier jurisdictions. However, with the increase in Federal aids to the States, the continued rise in the share of Federal aid for public assistance, and

the enlarged number of grants with equalization aids, levels of public programs in the poorer States have been improving without a proportionate increase in the tax effort required to finance them. In other words, the trends in comparative State tax efforts are not inconsistent with the equalization objectives of Federal aid programs.

An examination of the relationship between the distribution of all Federal grants among State and local governments and State personal incomes reveals that it is barely inverse. Although the relationship is somewhat more inverse than it was in the immediate postwar period, when the States with relatively high incomes were actually receiving higher per capita grants than those with low incomes, the over-all equalization effect of the grant provisions is not yet significant. The relationship calculated tentatively on the basis of the estimated yield of a representative tax system confirms this.

It was noted above that about one-third of the grant programs contain explicit equalization provisions. The amount distributed to State and local governments under those equalization provisions accounted for 18.6 percent of grant distributions in 1962. Even in this group, the degree of inverseness in the relationship between each State's share and its relative per capita income is very moderate. In short, the weight of explicit equalization factors in grant distributions is not large. These measures, to be sure, exclude the automatic equalization effect of grant distributions which flows from the apportionment of grants on the basis of need and from the character of the Federal taxes levied to finance them, both of which have been contributing to the progressive decline in the gap between low and high income States.

The point of departure for this inquiry is an assumption that the institution of the Federal grant system itself is not at issue. The theory of the grant-in-aid system leaves primary responsibility for most civil functions of government with the States, and to the extent each State determines, with its local governments. Since the adequacy of the job done by each State in the critical public functions affects every other State and thus the Nation, the inability of any State - because of fiscal limitations - to do an adequate job is cause for national concern. The National Government expresses this concern by supplementing the States' revenue resources with Federal grants. It follows that the greater a State's relative deficiency in required fiscal resources to provide services at levels essential for the national welfare and strength, the greater its relative need for national aid.

1. The Commission concludes that the national policy considerations which require Federal grant programs require also that, with important qualifications, the distribution of Federal grants among the States take account of the relative inequalities in the fiscal capacities of the States (together with their local governments) in such a way as to facilitate the achievement of a more uniform level of minimum program standards in all States.

While our philosophy of government recognizes a national concern with the adequacy of State and local performance in services affecting the national strength and welfare, it focuses that concern to insure that the services provided do not fall short of the minimum level prescribed by national policy objectives. It does not seek interstate uniformity either in the total levels of governmental services or in the level of taxes. Such interstate uniformity would be inconsistent with the concept of a federal system. We are not only reconciled to such interstate differences but defend each State's right to set its own expenditure program levels and to minimize its dependence on Federal aid. Inequalities in program levels among the States, even when dictated by unequal fiscal resources and not by free choice alone, tend to be treasured as the hallmark of local self-determination, provided only that such differences are not incompatible in an important way with essential national objectives as determined by the Congress. The distinction in principle between a unitary system in which the National Government determines the level of public services in all parts of the land and finances it from the proceeds of nationwide taxes and this federal system, in which interstate differences in program and service levels and in tax levels are accepted and prized--is a distinction Americans want very much to preserve.

2. The Commission concludes that the equalizing aim of Federal grant distributions should be limited to the functions and services specifically related to and involved in national objectives and only to the minimum service levels consistent with these national objectives.

The presumption of a "strong national interest" in the adequate performance of a given State (and/or local) function and substantial interstate differences in fiscal capabilities do not alone warrant the inclusion of equalization provisions in all Federal grant programs. Equalization has no relevance for the purposes of some grant programs and has more relevance for some than for others. We have examined the individual Federal grant programs to identify the conditions under which equalization provisions are either not

essential for meeting national program objectives or would actually impair their effective realization. These are:

(1) In situations, mainly planning and demonstration grants, where the Federal Government is primarily interested in getting the program underway as fast as possible. The Urban Mass Transportation Demonstration Grant is an example.

(2) A closely allied purpose, not warranting equalization, is a grant in which a stimulus to rapid action is intended. The objective is to provide an incentive for the State or locality to undertake within a brief period of time a program which otherwise would tend to lag and thereby retard other programs. An example is Urban Planning Assistance Grants as they can affect the Urban Renewal Program.

(3) There are also a few programs whose purpose is chiefly emergency in nature and which are distributed to only a limited number of jurisdictions. Disaster Relief and Federal assistance in the drainage of anthracite mines are examples.

(4) Thirteen Federal grant programs contain no provision specifying State (or local) matching as a condition for receiving Federal aid. Some of these grants are intended to cover full program cost, thereby achieving the program equalization desired by program standards and the national financing provided to achieve these standards. The national interest in the adequate performance of these Federally-financed but State (and locally) performed functions is so strong that they have become, in effect, "nationalized." School aid to Federally impacted areas can be viewed in this light. The National Government's payment of the full cost of administration in the Unemployment Compensation Administration Grant, involving over \$400 million a year is another. The interstate part of the Federal highway grant system is closely related. It now (fiscal year 1964) amounts to \$2.6 billion and covers 90 percent of the program cost (90.5 percent where the State also participates in the Control of Outdoor Advertising Program).

(5) In at least two Federal grants-in-aid, Urban Renewal and Public Housing, the States' relative program needs on a per capita basis tend to vary in rough proportion to their relative fiscal capacity. They tend to be concentrated in the high income industrial States. In cases of this kind, the inclusion of an equalization factor in the distribution of the Federal funds does not appear to be required.

The five categories of programs described in the foregoing paragraphs do not, in our view, require explicit equalization. It should be noted, too, that grant programs that involve State and local matching of small sums of money have little fiscal impact. In any event measures of comparative fiscal capacity are not yet sufficiently precise to support the relatively small dollar differences introduced by equalization into the distribution of small Federal appropriations among the fifty States. States will participate in these programs, if they consider them worthwhile, with or without equalization. The cumulative fiscal impact of the matching requirements of a group of related small programs, such as the various health control programs, however, is relevant to the case for equalization. In such circumstances, if equalization is considered desirable because of the cumulative effect, it should be applied uniformly to the related programs.

3. The Commission concludes that explicit equalization provisions are inappropriate to several categories of grants, including (a) planning and demonstration grants, (b) stimulation grants, (c) grants to meet localized emergencies, and (d) grants which cover substantially all of the program costs. Apart from these exceptions, Federal grant distributions should reflect differences in the States' relative fiscal capacities to support the particular program or services at the required minimum level. This conclusion is subject to the overriding qualification that where program need is proportionate to relative State fiscal capacity, the objectives of an equalization grant can be met without use of an explicit equalizing provision.

In the balance of Federal grant programs--representing roughly over half the number of grants and half the dollars spent--equalization has a role to perform. It avoids placing an excessive financial strain on the less affluent States. This is especially relevant for program areas in which low income States are likely to have relatively high needs. The use of equalization in the distribution of Federal grant monies, moreover, enables the National Government to achieve its grant objectives at minimum cost. It can relate the rate of its contribution to the amount of inducement the differently situated States need to provide a particular service at the desired level.

The equalization provisions of some Federal grant programs however require reconsideration and revision.

First, there seems to be little logic in requiring all States, regardless of their relative fiscal capacities, to match Federal grant funds in the same proportion. Yet, two-thirds of the Federal grant programs here examined have such a requirement for all or a

part of the funds they distribute. This appears unduly generous to the more affluent States which probably would continue to provide these programs even with less Federal aid. At the same time it requires an unduly large tax effort on the part of the less affluent States to take full advantage of the Federal grant offerings. Variable matching, related to fiscal capacity, would remove these disadvantages.

Second, the Federal grant programs which have explicit fiscal equalization features built into them are largely limited to the social welfare area. There is no basis for believing that fiscal capacity considerations are relevant only to this group of government services.

Third, for those Federal grant programs that have explicit fiscal equalization factors, the means by which equalization is achieved varies excessively. Some of this variety is understandably the product of piecemeal enactments spread over a long period, during which the Congressional attitude toward equalization and the understanding how it can be effectuated best, have themselves undergone change. The existing differences, however, are often confusing; the formulas unnecessarily complex. In some notable instances, the provisions fail to achieve the intended objective because of the manner in which they are structured or because of the perverse influence of some of the grants' other provisions.

Fourth, although program need is a factor in the distribution of at least part of the funds for all Federal grants, the indexes of need in some instances are not closely related to the specific program content. General population aggregates often serve as a rough measure of service unit need, presumably because a readily acceptable, more specific measure of need was not available when the provision was enacted or last revised. The distribution of part of some of the grants in equal (dollar amount) shares to each State appears to occur in some instances where better measures reflecting interstate differences in minimum program costs ought to be available. To the degree that presently used bases fail to reflect State program needs, attempts at fiscal equalization are hampered and the implied minimum program support level achieved is more apparent than real; and

Fifth, no explicit cognizance is taken of interstate differences in service unit costs or prices for the same or similar level of services, probably because appropriate State-by-State price indexes for public services have not yet been developed.

The objective of including equalization factors, both need and fiscal, in Federal grant programs is to insure minimum service levels throughout the nation at roughly comparable State and local tax loads. A few Federal programs with an equalization objective seek to attain it by placing the equalization factor in the grant allocation provision and then specifying a uniform fixed ratio or percentage of Federal to State program expenditures. When the measure of service unit need is weighted by fiscal capacity indexes, the grant offering to lower per capita income States is increased relative to the grants to high income States. Such low capacity States, however, should not be required to match the more generous Federal offerings at as high a ratio as the more affluent States. The present arrangement in some grant programs works a hardship on these low income States for they can participate fully in these programs only at the cost of unduly heavy tax burdens. In consequence, the combined Federal-State expenditure level, per service unit in these States, is depressed. Under effective equalization, combined Federal-State program expenditures would provide a uniform minimum program service level in every State except for differences in cost. This would leave each State free to provide higher service levels out of its own resources. Presently, the arrangement of weighting the criteria of need with an index of fiscal capacity but without variable matching is used in eleven programs, and usually for only a part of their grant funds. ^{1/} The unequal leverage exerted by this type of equalizing provision introduces an artificial factor into the distribution of State and local funds among competing programs.

4. The Commission concludes that to the extent practicable equalization provisions, introduced through both allocation and matching requirements, should aim for a reasonable uniform level of minimum program performance in every State; that uniformity in the mechanics of the equalization provisions is preferred over variety; and that statutory specification is preferable to administrative discretion.

One necessary consequence of distributing Federal grants on condition of State/local matching is their tendency to divert funds from other programs and services financed wholly from State and local funds. The more favorable the matching terms, the more pronounced the incentive to divert funds from one program to another.

1/ This type of arrangement is used in two additional programs, enacted in 1963: Expansion and Improvement of Vocational Education; and Construction of Public Community Colleges and Technical Institutes.

Favorable matching is provided in several programs to encourage States to follow a preferred course, e.g., to introduce welfare services as part of public assistance administration. There is, however, another aspect of the problem to be considered, namely, the commitment made by the States and local governments to carry out a program and the efficiency with which they administer it. The Federal share of cost in the State should not be so high as to impair the States' responsibilities for carrying out a cooperative program. If the Federal Government finances all or a substantial share of costs, the States may be left without adequate incentive to control expenditures in the interest of economy and efficiency.

The Commission has considered the desirability of a maximum limitation on the share of program costs borne by the National Government with a view to preserving the State and local governments' interest in the efficient use of program funds. However, we have concluded that requirements vary too widely from program to program and from time to time to make such a limitation practicable and that such limitations can most effectively be prescribed by the Congress, case by case, as indicated by individual program needs. Similar considerations explain our conclusion against recommending a fixed percentage "floor" below which the share of program cost borne by the National Government should not be reduced.

Existing grant legislation contains some undesirable restrictions on the scope of equalization provisions. Minimum dollar allocations per State, and even in one notable instance (Hill-Burton Hospital Construction Program) per subcategory of grant, are sometimes used to restrict the scope of equalization. More importantly, four of the five public assistance and two of the three child welfare grants apply equalization provisions to only a part of the funds distributed under them.

5. The Commission believes that when the Congress determines that the national objectives sought by a grant-in-aid program require "equalization," (i.e., when it determines that the distribution of Federal funds among the States and the "matching" requirements shall take account of differences in the relative financial capabilities of the several States in terms of their own resources), the Congress should prescribe such "equalization" for all the funds distributed among the States for basic program support (excluding the categories identified in Recommendation No. 3). The objective of "equalization" is needlessly limited when only part of program support funds are distributed on an "equalized" basis, while other parts are distributed in equal dollar amounts, or in proportion to population, case-load, etc.

The development of criteria which adequately reflect program operations and needs is essential to effective equalization. No matter how appropriate the equalization factor, it cannot achieve its objective if grant funds continue to be allocated on a basis reflecting other than program need, as for example, equal dollar amounts per State. The use of general population as a rough approximation of program need is not uniformly appropriate, but is to be preferred to questionable measures of need through formulas which have undemonstrated validity. The willingness of the Congress to accept "a second best" criterion, however, should not be allowed to relax the pressure on the development of measures of need appropriate to each individual program.

Closely allied to the reappraisal of measures of program needs is the desirability of subjecting the equalization provisions to periodic review. Over time the specific objective of any grant program and the public attitude toward that objective may change. Moreover, as additional grants are enacted by Congress, some with equalization provisions, problems of program interrelations are intensified. Questions of consistency arise, particularly with respect to differential Federal support for interrelated programs. For closely related grants administered by the same agency, this problem is more readily resolved than for others. While some machinery exists within the Federal Government to coordinate grant-in-aid programs, it needs to be strengthened because the problems raised are complex and are being intensified by the categorical grant-in-aid approaches being followed by the Congress and the Administration.

6. The Commission recommends that departments and agencies charged with the administration of Federal grant programs be required by the President to review periodically (a) the adequacy of the need indexes employed in their respective grant programs and (b) the appropriateness of their equalization provisions and that this review be coordinated by the Bureau of the Budget. This requirement may be coordinated with the periodical congressional review of grants-in-aid recommended in an earlier report (No. A-8) of this Commission and embodied in legislation pending before the present Congress.

Acceptance of the principle of equalization in the distribution of Federal grants presupposes the availability of a dependable measure of the relative fiscal abilities of the recipient governmental units, the States and their local governments. The measure commonly used is the State's average per capita personal

income--its relationship to the national average. Personal income, however, has some limitations as an index of the relative capabilities of State and local governments to raise revenues. These limitations were explored at length in the Commission's staff report on Measures of State and Local Fiscal Capacity and Tax Effort. ^{1/} In that report several alternative indexes of fiscal capacity are developed, including one based on the yield of a representative tax system. These alternative indexes still remain to be evaluated and if found conceptually valid, will require marked improvements in the scope and quality of some of the underlying statistics to make them operational. Much needs to be done to determine the additional kinds of data necessary to refine the measures of State and local fiscal capacity and tax effort.

7. The Commission recommends that the President, through his Executive Office, provide for the development of plans and procedures to assemble the data required for improving measures of State relative fiscal capacity and tax effort for use, to the extent practicable, on a government-wide basis and to collect and tabulate such necessary data on a continuing basis.

While there are differences in State capacity to finance public programs of national concern, the range of variations among local governments in their capacity to support cooperatively financed public programs is even sharper. In some of the Federal aid programs direct grants are made to local governments. In others, States frequently have companion State aid programs under which the Federal funds or Federal funds augmented by State aids are distributed to local governments. Many of the considerations which point to the need for equalization in Federal grants to States are germane also for Federal grants to local governments and for redistribution of Federal funds by States to localities.

Differences in the economic status and fiscal abilities of local governments have been the subject of much investigation by States in recent years. Wide variations among localities have necessitated State aid which would take account of these differences and offset deficiencies in fiscal capacity essential for carrying out the State programs.

Federal grants to local governments have been made on a basis of uniform abilities of these local governments to carry out the Federal grant objectives. Partly, this uniformity in Federal provision

^{1/} To facilitate the objective of Recommendation No. 7 the Commission is reprinting this report (M-16), since the original edition has been exhausted.

has been necessary due to lack of an objective basis available nationally for all jurisdictions and modification of Federal participation in the light of variations in local abilities.

Only recently have data become available under governmental auspices by which to assess these interlocal governmental differences in taxable capacity. These data require careful evaluation to determine their practical applicability in Federal grant-in-aid programs.

8. The Commission concludes that the need is urgent to examine the Federal grant programs which distribute funds directly to local governments or support local projects, in order to assess (a) the extent to which variations in local fiscal capabilities should be recognized in their distribution; and (b) the feasibility of administering equalization provisions in such grants effectively and equitably, taking account of the availability of information on the comparative fiscal abilities of local governments and on their comparative needs for aided public services.

The determinations governing the redistribution of Federal aid monies within a State which now go to the State should necessarily rest with the State governments. However, in those instances in which the States undertake to carry out the program in cooperation with local governments, the distribution of monies within the States should be in accord with the principles of equalization, when the objectives of the Federal program can best be implemented in this way.

* * * * *

Both, our analysis of the role of equalization in Federal grants-in-aid and the recommendations we here made on the basis of that analysis, are in terms of the grant-in-aid instrument as we know it, use it, and accept it. We view the grant-in-aid as a flexible, albeit a limited purpose tool, which enables the National Government to lend encouragement and support to specific State and local programs of national concern, carefully preserving their continued administration at the State and local level.

Over the years the grant-in-aid has been forged into an instrument capable of performing many types of tasks--of serving and facilitating various kinds of national policy objectives. Its basic assignment, however, was and remains unchanged: to insure that, despite interstate variations in relative needs for a particular governmental program and despite variations in the financial resources available in the several States to provide for that program, the people in every State are provided with the basic minimum level of a particular service deemed by the Congress essential for an explicit national policy objective. How far, if at all, levels of service are raised above that national minimum is a decision faithfully preserved as the prerogative of each separate State legislature and local governing board.

Despite its circumscribed role, the grant-in-aid has served this governmental system well. During the decade from 1952 to 1962, when the States, cities, counties, school districts, etc., increased their expenditures for general governmental purposes by about 130 percent or \$26 billion, Federal grants and other payments to them increased from \$2.6 billion to \$7.9 billion. While the increased Federal aid financed only one-sixth of the increased requirements, leaving 84 percent to be financed out of State and local governments' own resources, assistance was provided at strategically important points. We deem it not unlikely that the role of the grant-in-aid will undergo some changes in the future. Several considerations point to this expectation.

One is the present level of governmental services. In 1962, per capita expenditures for public education were more than twice as large in some States than in others. Public welfare expenditures showed more than a five-fold range. In these and other functions, similar variations were observed between communities within individual States. These facts suggest that significant deficiencies in program levels may remain in at least some parts of the country.

The outlook is for the upward pressure on State and local spending to continue unabated. The contributing factors are familiar. We need mention only the growth, mobility, and urbanization of the population and the business community's need for well trained labor and good community facilities to serve both production needs and the desires of their workers for environmental amenities and improving services.

The growing urbanization of the country is concentrating increasingly larger proportions of the less privileged and less

prosperous components of the population in central cities. This is producing in some city centers an unhappy combination of disproportionately heavy service loads (school age children, unemployed, sick and aged), a special need for services linked to urban living, relatively high unit costs for governmental services, and disproportionately low local taxpaying capabilities.

Since the National Government's role in providing domestic government services is secondary, the pressure to raise expenditures is necessarily concentrated on the States and local governments. In the urban areas, where the disparities between central city and suburban needs and resources grow increasingly more conspicuous, the problem is aggravated by fractionated governmental jurisdiction.

In the meanwhile, the import of State and local government activities for both national well-being and the nation's international posture is increasing; the relationship between the quality of governmental services and national strength is becoming more generally understood and appreciated. More and more State and local government services traditionally believed to be of only local interest become progressively more germane to national economic and foreign policy objectives. All the while, the people's standard of living is increasing and in this process more and better governmental services--perhaps in excess of the fiscal capabilities of the less prosperous States and cities--are taken for granted and demanded because they have become essential ingredients of the expected pattern of living.

If these expenditure developments continue against the background of an expanding national economy, increases in State and local revenues will go a long way toward financing rising levels of expenditures, even under present tax rates. The outlook, however, is not unclouded.

Local governments carry half of the combined State and local tax load and they continue to rely almost exclusively on the property tax. It gives us pause that most local governments' only tax source and that State and local governments' single most important source of financing is a tax which distributes its burden among the people without too much regard for either their ability to pay taxes or the benefits they derive from governmental programs. This concern has not been diminished by the property tax's unexpectedly strong revenue performance in the postwar years. That development has not only increased the urgency for improving the quality of its administration

but for reappraising the compatibility of its burden distribution with national economic and social objectives as well.

At the State government level, the major revenue sources are consumer and income taxes, and they raise troublesome problems when they impinge on interstate commerce. Each increase in the number of firms operating across State lines aggravates the difficulty of apportioning sales and profits among the taxing States. Producing-exporting States have one concept of fair allocation; importing-consuming States have another. The taxation of multi-State business income at the national level alone would have much to recommend it on administrative grounds, but a federal form of organization seeks solutions through accommodation, not by fiscal revolution. The two pressing issues--allocation of income derived from interstate commerce and the taxation of interstate sales--have been pending for some time before a Congressional committee, a fact noteworthy in itself, because with very rare exceptions, the Congress has preferred to leave the resolution of jurisdictional differences between States to the States themselves and to the Supreme Court.

Note should be taken also of the interrelationship between State and local tax patterns and the nation's economic growth objectives. Variations in State and local tax rates are substantial. Property tax rates in some northern communities, for example, are five or more times heavier in terms of property values than in some southern jurisdictions and both compete for businesses serving the same markets. Should the pursuit of national economic objectives result in progressive reductions in Federal income tax rates while State and local property and consumer tax rates continue to increase, the tax burden pattern and its impact on economic activity would be importantly affected. Involved also is the restraining influence exercised on local and State taxing jurisdictions by the fear of competitive economic disadvantage. Sensitivity to interarea competition for business and industry can be expected to intensify as economic life grows more national and interrelated.

It is not unlikely that the objectives of national economic policy and of the States' economic development will indicate a need for slowing down property and consumer tax rate increases. This would bring national policy objectives into conflict with the financial obligations of State and local governments. They would not be able to provide all that is required of them. The group of States with relatively little industrial activity and low per capita incomes, in which the State and local tax effort is already substantially above the national average, may find it impossible to provide

governmental services at levels deemed essential to the national interest and to limit, at the same time, the weight of their consumer and property taxes to levels compatible with national economic growth objectives. As noted earlier, the disparities between locally available fiscal resources and the cost of essential community services, which have their origins in population concentrations, are most marked in urban centers. This kind of geographic concentration of fiscal deficiencies may make it necessary to consider financial grants restricted to the fiscally most disadvantaged jurisdictions, a form of the Federal grant quite alien to much of the thinking from which this study has evolved.

These are some of the more important questions germane to the future role of the Federal grant in our governmental system. They need to be posed even if we are not now prepared to answer them. We shall probably need to return to them. Pending their resolution, the prudent course is to improve the effectiveness of the Federal grant for the tasks now assigned it. This is the focus of our present recommendations.

PART III

DESCRIPTION AND STATISTICAL DATA, BY PROGRAM

EXPLANATORY NOTE

This section presents basic descriptive and statistical information on 60 Federal grant-in-aid programs administered by 10 departments and agencies in 1962. ^{1/} Descriptions are also included of the programs enacted in 1963. The information has been gathered with the cooperation of the administering agencies in connection with this study on The Role of Equalization in Federal Grants.

Because of the emphasis upon the equalization aspects, Federal grants-in-aid are defined for the purpose of this study as those programs involving cash payments to which State or local governments generally are eligible, the funds to be used for specified governmental functions subject to conditions spelled out in the statutes or by administrative regulations. Under this definition the following kinds of Federal payments are excluded:

- (1) Grants-in-kind (commodities and services);
- (2) Grants to territories and possessions;
- (3) Shared revenues;
- (4) Grants intended specifically for a particular government (such as the Federal contribution to the District of Columbia);
- (5) Fellowships, traineeships and other grants or subsidies to individuals rather than to governments or their agencies;

^{1/} The individual programs included for the purpose of this count are as classified by the U.S. Bureau of the Budget and the Treasury Department. Under that classification, each of the categorical public assistance grants (old-age assistance, aid to dependent children, aid to the blind, aid to the permanently and totally disabled, and medical assistance for the aged) is treated as a separate program, while the Federal aid highway program is counted as a unit even though it may be considered to consist of four separate grant programs (interstate system, primary, secondary, and urban extensions). Similarly, other grants that are listed as single programs by the Treasury Department might logically be considered as multiple programs. The actual count, therefore, is subject to expansion or contraction depending upon one's interpretation.

- (6) Payments under research contracts or grants which are awarded directly and on similar terms to all qualifying public and private institutions and organizations;
- (7) Payments for contractual services rendered by State and local governments or their agencies to the National Government; and
- (8) Loans and repayable advances.

The 60 Federal grant programs in effect at the end of 1962 provided \$7,014 million to the State and local governments during the fiscal year that ended June 30, 1962. Because of the kinds of omissions listed above, this amount falls almost \$900 million short of the \$7,895 million reported by the Treasury Department as payments to State and local governments in fiscal 1962. 1/ Table 13 shows how the Treasury figures were adjusted to arrive at the amount reported herein.

Table 14 lists the 60 grant programs, showing for each the date it was originally enacted and the amount paid to State and local governments in fiscal 1962. Of the 60 programs, 11 were enacted in 1961 and 1962, with little or no expenditure by June 30, 1962. About \$850 million will be distributed in the fiscal years 1963 and 1964 under the largest of these new programs, Public Works Acceleration.

The Department of Health, Education, and Welfare administered about half the total number of programs, disbursing \$3.1 billion in fiscal 1962 -- two-fifths of the Federal grants distributed to State and local governments. The second largest distributor of Federal aid was the Commerce Department which disbursed \$2.7 billion, practically the entire amount under the highway program administered by the Bureau of Public Roads. Amounts disbursed by the other agencies in fiscal 1962 totalling \$1.2 billion, were as follows (in thousands):

Department of Labor	\$438,520
Department of Agriculture	315,882
Housing and Home Finance Agency	315,205
Federal Aviation Agency	57,012
Department of Interior	27,267
Department of Defense	16,903
Office of Emergency Planning	14,382
Veterans Administration	8,448

1/ Annual report of the Secretary of the Treasury, 1962, Table 95, Part A.

TABLE 13 - RECONCILIATION BETWEEN TREASURY AND ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS COVERAGE ON FEDERAL
GRANTS-IN-AID, 1962
(in thousands)

Total per Treasury Table 95, Part A	\$ 7,895,007
Less amount to territories	114,521
Less amounts undistributed to States ^{1/}	51,923
Other deductions: ^{2/}	
Shared revenue	89,675
Distribution of commodities:	
School lunch program	67,144
Food stamp program	13,153
Removal of surplus agricultural commodities	121,898
Value of surplus agricultural commodities donated	226,591
Grants to private institutions:	
Special milk program	7,083
School lunch program	5,909
Hospital construction	99,790
American Printing House for the Blind	636
Direct Federal expenditure (Bureau of Public Roads--"forest highways and public land highways")	30,632
Specific grants to individual States:	
Alaska ^{3/}	9,761
District of Columbia ^{4/}	30,318
Hawaii ^{5/}	11,241
Other (California and Pennsylvania)	101
Other (includes adjustment for rounding)	958
Total per ACIR	<u>\$ 7,013,673</u>

See footnotes on next page

TABLE 13 - RECONCILIATION BETWEEN TREASURY AND ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS COVERAGE ON FEDERAL
GRANTS-IN-AID, 1962 (Concluded)

-
- 1/ Includes postage, retirement costs, and similar items for which a breakdown by States is not available.
 - 2/ Excluding amounts to territories and undistributed amounts.
 - 3/ Includes \$5,944 thousand transitional grants, and \$3,192 thousand for construction of mental health facilities.
 - 4/ Includes \$30 million Federal payment to D. C.
 - 5/ Consists of \$6,617 thousand, Center for Cultural and Technical Interchange between East and West (State Department), \$849 thousand for treatment of leprosy patients, and \$3,775 thousand land grant college aid for Hawaii (special grant).

Table 14. - Federal Grants-in-Aid to State and Local Governments,
By Administering Agency and Program, Fiscal Year 1962

(In thousands of dollars)

Agency	Year originally enacted	Expenditure
DEPARTMENT OF AGRICULTURE		
Agricultural Marketing Service:		
School Lunch Program	1946	\$ 88,891 <u>1/</u>
Special Milk Program	1954	81,384 <u>2/</u>
Cooperative Projects in Marketing	1946	3,275
Agricultural Research Service:		
Agricultural Experiment Stations	1887	33,340
Extension Service:		
Cooperative Agricultural Extension Work	1914	56,182
Forest Service:		
State and Private Forestry Cooperation	1911	13,272 <u>3/</u>
Assistance to States for Tree Planting	1956	401
Forest Insect and Disease Control	1940	353
Soil Conservation Service:		
Watershed Protection and Flood Prevention	1954	<u>38,784</u>
Department of Agriculture, total		315,882
DEPARTMENT OF COMMERCE		
Bureau of Public Roads:		
Control of Outdoor Advertising	1961	- -
Federal Aid Highways	1916	2,742,568
Area Redevelopment Administration:		
Area Redevelopment, Grants for Public Facilities	1961	118
Public Works Acceleration	1962	- -
Maritime Administration:		
State Marine Schools	1911	<u>541</u>
Department of Commerce, total		2,743,227

See footnotes at end of table.

Table 14. - Federal Grants-in-Aid to State and Local Governments,
By Administering Agency and Program, Fiscal Year 1962 (Cont'd)

(In thousands of dollars)

Agency	Year originally enacted	Expenditure
DEPARTMENT OF DEFENSE		
Office of Civil Defense:		
Civil Defense Personnel and Administration	1958	\$ 16,903
Civil Defense Supplies, Equipment, and Facilities	1951	
FEDERAL AVIATION AGENCY		
Airport Construction	1946	57,012
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE		
Welfare Administration:		
Old Age Assistance	1935	1,230,898
Aid to Families with Dependent Children	1935	831,263
Aid to the Blind	1935	46,197
Aid to Permanently and Totally Disabled	1950	195,549
Medical Assistance for the Aged	1960	118,855
Crippled Children's Services	1935	23,277
Maternal and Child Health Services	1935	23,143
Child Welfare Services	1935	18,141
Public Health Service:		
Hospital and Medical Facilities Construction	1946	60,856 ^{4/}
General Health	1935	14,584
Community Health Service Grants, Particularly for the Chronically Ill and Aged	1961	4,746
Tuberculosis Control	1944	3,829
Cancer Demonstration and Control	1948	3,366
Mental Health	1946	6,495
Heart Disease Control	1948	4,437
Venereal Disease Control	1938	2,530
Water Pollution Control	1956	4,317
Waste Treatment Works Construction	1956	41,607
Clinics for Domestic Agricultural Migratory Workers	1962	- -
Vaccination Assistance	1962	- -
Radiological Health State Program Development	1962	- -

See footnotes at end of table.

Table 14. - Federal Grants-in-Aid to State and Local Governments,
By Administering Agency and Program, Fiscal Year 1962 (Cont'd)

(In thousands of dollars)

Agency	Year originally enacted	Expenditure
Office of Education:		
Maintenance and Operation of Schools in Federally Affected Areas	1950	\$ 214,534
School Construction Assistance for Federally Affected Areas	1950	41,268
National Defense Education Act	1958	63,981 ^{5/}
Vocational Education	1917	40,427 ^{5/}
Land-Grant Colleges	1862	10,557 ^{6/}
Development of Library Services in Rural Areas	1956	8,010
Construction of Educational Television Broadcasting Facilities	1962	- -
Office of Vocational Rehabilitation:		
Support of Vocational Rehabilitation Services	1920	63,960
Initiating Projects for the Extension and Improvement of Vocational Rehabilitation Services	1954	
Department of Health, Education, and Welfare, total		3,076,827
HOUSING AND HOME FINANCE AGENCY		
Office of the Administrator:		
Mass Transportation Demonstration Projects	1961	75
Public Housing Administration:		
Low Rent Public Housing	1937	148,674
Urban Renewal Administration:		
Open Space Land	1961	- -
Urban Renewal	1949	160,056
Urban Planning Assistance	1954	6,400
Housing and Home Finance Agency, total		315,205

See footnotes at end of table.

Table 14. - Federal Grants-in-Aid to State and Local Governments,
By Administering Agency and Program, Fiscal Year 1962 (Cont'd)
(In thousands of dollars)

Agency	Year originally enacted	Expenditure
DEPARTMENT OF THE INTERIOR		
Bureau of Indian Affairs: Indian Education and Welfare	1934	\$ 7,571
Bureau of Sport Fisheries and Wildlife: Fish Restoration and Management Wildlife Restoration	1950 } 1937 }	19,696
Department of Interior, total		27,267
DEPARTMENT OF LABOR		
Bureau of Employment Security: Manpower Development and Training	1962	- -
Unemployment Compensation and Employment Service Administration	1933	438,520
VETERANS ADMINISTRATION		
State Homes for Disabled Soldiers and Sailors	1888	7,366
State Supervision of Schools and Training Establishments	1952	1,082
Veterans Administration, total		8,448
OFFICE OF EMERGENCY PLANNING		
Disaster Relief	1950	14,382
Total, all 60 programs		\$ 7,013,673

- 1/ Excludes \$67,144 thousand distribution of commodities, and \$5,909 thousand direct payments to private schools.
- 2/ Excludes \$7,083 thousand direct payments to private schools.
- 3/ Includes \$26 thousand for forest research contracts.
- 4/ Excludes \$99,790 thousand paid to private institutions.
- 5/ Grants of \$1,194 thousand for "area vocational education" under the National Defense Education Act are included under "Vocational Education."
- 6/ Excludes \$3,775 thousand, land grant college aid for Hawaii (special grant).

The various programs are arranged in table 15 according to the governmental functions they support. ^{1/} The functional classification in that table follows that of the Bureau of the Census as reported in its publications on governmental finances. In summary, Federal grants-in-aid, by function, were as follows in fiscal 1962 (in millions):

Total	\$ 7,014
Public welfare	2,448
Highways	2,743
Education	622
Health and hospitals	152
Housing and urban renewal	309
Natural resources	165
Air transportation	57
Employment security administration	439
Miscellaneous	79

Table 15 is followed by descriptive and statistical materials arranged by administering agency. The following information is provided for each grant-in-aid program:

1. In parentheses under the program title are:
 - a. Legal citation, with reference to the Annotated United States Code;
 - b. Date (year) of original enactment (O.E.); and
 - c. Date (year) of equalization provision (E.P.). This refers to the provision, if any, under which a fiscal capacity (per capita income) factor is included in the apportionment formula, matching requirements, or both.
2. Purpose -- A brief statement of the program's goals.
3. Amount of statutory authorization -- In most cases the substantive legislation contains a statement as to the amount that may be appropriated by Congress -- either annually or for a specified time period -- to carry out the purposes of the program. It should be borne in mind, however, that the amount authorized is intended as

^{1/} See page 101.

the maximum that can be spent but is subject to the regular annual appropriation procedure. Congress may in its discretion, of course, appropriate less than the sum authorized.

4. Apportionment formula -- Here is set forth in some detail the formula by which the annual appropriation is allotted among the States. Particular attention is given to the equalization aspects of the apportionment formula. For some programs, particularly in the case of construction projects, the amount disbursed to the States during any particular fiscal year may bear no direct relationship to the amount apportioned among the States according to the formula. Actual disbursements for construction projects depend upon construction progress made and the timing of the States' requests for funds. Differences between apportionments and disbursements may also occur in operating programs, for some disbursements made in one year may relate to obligations that were incurred against a previous year's apportionment.
5. Matching provisions -- When a grant program requires matching of Federal funds on the part of State and local governments (or other non-Federal sources), the required percentage is shown here. For easy reference, the word "State" includes local governments and other non-Federal sources, where applicable. In some instances the matching percentage varies inversely with a State's fiscal ability (variable matching).
6. Financial data -- For each program there is a tabulation showing the amount paid to each State in fiscal 1962, as reported in the Annual Report of the Secretary of the Treasury, each State's share of the National total, and, where there is a matching requirement, the amount the State or its local governments must provide from their own resources to fulfill the matching requirement. The latter is a computed figure in most instances, based upon the matching formula. Per capita amounts are calculated on the basis of the estimated population on July 1, 1962. The detail in these tables may not add to totals because of rounding.

SOURCES OF FINANCIAL DATA

There are two primary sources of data on Federal expenditure for grants-in-aid to State and local governments: the Federal Budget and the Annual Report of the Secretary of the Treasury.

Special Analysis H of the Budget for Fiscal Year 1964 contains actual expenditure data for 1962, showing the total for each grant-in-aid program, shared revenues, and loans and repayable advances. The same items, except for loans and repayable advances, are covered in the 1962 Annual Report of the Secretary of the Treasury, Table 95, Part A. The Budget reports national totals by program, while the Treasury report breaks down the program totals according to the States to which the payments are made. A reconciliation between the Treasury total of \$7,895 million for fiscal 1962 and the \$7,014 million used in this report is presented on page 91.

The U. S. Bureau of the Census, in its publication, Governmental Finances in 1962, presents two related totals ("Federal intergovernmental expenditure" and "State and local intergovernmental revenue") which are conceptually somewhat different from the definition of Federal grants-in-aid used herein. "Federal intergovernmental expenditure" as defined by the Bureau of the Census (\$7,735 million in fiscal 1962) consists mainly of grants-in-aid, but includes also shared revenues, payments in lieu of taxes, and certain payments for services performed on a reimbursement or cost-sharing basis (such as contract research tuition payments, and reimbursement for care of prisoners). The Census concept excludes grants-in-kind (distribution of commodities, technical assistance, etc.), as well as intergovernmental loans, and in that respect is consistent with the definition of grants-in-aid herein. "State and local intergovernmental revenue" is conceptually the same as "Federal intergovernmental expenditure," but the reported amount (\$7,857 million in fiscal 1962) differs slightly from the amount reported as Federal intergovernmental expenditure because a few States and many local governments have fiscal years that end on dates other than June 30 (the Federal fiscal year ending), and because some Federal payments made near the end of the Federal fiscal year are not recorded as received by the States and local governments until their next fiscal year.

Some of the Federal departments and agencies themselves publish information on the grants-in-aid they administer. The most

comprehensive of these publications is Grants-in-Aid and Other Financial Assistance Programs administered by the U. S. Department of Health, Education, and Welfare, published annually by that Department. The annual reports of most Federal departments and agencies administering grant programs include information on those programs.

Table 15. - Expenditure for Federal Grants-in-Aid to State and Local Governments,
by Function and Program, by States, 1962
(Dollar amounts except per capita and per \$1,000 of personal income, in thousands)

State	Total grants-in-aid				Public welfare				
	Amount	Percent distribution	Per capita ¹	Per \$1,000 of personal income ²	Total	Old age assistance	Aid to families with dependent children	Aid to the disabled	Aid to the blind
U. S. Total	7,013,673	100.0	37.74	16.94	2,448,269	1,230,898	831,263	195,549	46,197
Alabama	178,624	2.5	53.19	36.26	71,239	55,317	9,671	4,830	660
Alaska	31,716	0.5	128.93	50.34	1,951	739	1,087	-	55
Arizona	76,134	1.1	50.45	26.39	17,795	7,231	9,860	-	519
Arkansas	95,982	1.4	52.65	36.94	36,676	27,505	4,253	3,181	1,015
California	701,785	10.0	41.35	15.39	265,482	146,459	85,810	10,047	6,924
Colorado	99,074	1.4	51.95	22.98	41,813	29,101	9,145	3,152	143
Connecticut	85,296	1.2	32.84	11.27	22,237	8,551	11,224	1,454	164
Delaware	14,165	0.2	30.20	10.26	3,039	505	2,047	261	149
Dist. of Columbia	43,987	0.6	56.11	18.51	10,359	1,957	6,716	1,495	102
Florida	145,638	2.1	26.68	14.19	63,248	38,060	16,502	6,897	1,335
Georgia	183,368	2.6	44.72	27.90	69,869	41,977	14,145	11,405	1,699
Hawaii	27,025	0.4	39.00	17.49	5,072	718	3,205	528	55
Idaho	42,539	0.6	60.94	34.01	8,933	3,637	2,604	1,082	80
Illinois	343,374	4.9	33.85	12.53	122,976	42,421	64,019	12,978	1,669
Indiana	123,591	1.8	26.21	11.85	27,511	14,051	11,770	-	1,086
Iowa	92,221	1.3	33.21	15.62	33,444	21,490	10,171	469	793
Kansas	88,183	1.3	39.74	18.79	27,828	17,625	7,155	2,420	335
Kentucky	140,224	2.0	45.50	28.06	52,844	26,850	19,090	4,825	1,328
Louisiana	211,364	3.0	63.47	39.14	119,736	83,595	23,070	9,356	1,655
Maine	37,399	0.5	37.44	20.46	14,368	6,686	5,592	1,346	234
Maryland	106,329	1.5	33.32	13.49	22,894	5,071	12,981	3,363	218
Massachusetts	191,613	2.7	37.13	14.09	80,154	35,695	16,533	5,289	1,113
Michigan	244,301	3.5	30.57	13.53	76,522	32,436	30,184	3,143	889
Minnesota	130,940	1.9	37.68	17.56	42,907	29,170	11,045	1,463	612
Mississippi	103,729	1.5	46.14	38.11	38,634	25,272	7,422	4,197	1,381
Missouri	209,209	3.0	48.14	21.20	90,804	57,002	23,152	7,991	2,201
Montana	49,261	0.7	69.48	36.79	6,558	3,414	2,039	757	182
Nebraska	58,271	0.8	39.27	18.78	15,324	9,381	3,803	1,400	448
Nevada	26,634	0.4	79.50	29.66	2,936	1,480	1,275	-	109
New Hampshire	29,777	0.4	47.11	22.51	5,026	3,143	1,210	289	142
New Jersey	162,474	2.3	26.02	9.59	35,177	10,391	19,912	3,767	523
New Mexico	55,793	0.8	54.70	31.40	17,261	6,817	8,342	1,726	216
New York	507,007	7.2	29.13	10.45	212,397	33,333	100,203	18,739	1,876
North Carolina	151,058	2.2	31.93	19.94	61,344	21,874	24,590	11,303	2,945
North Dakota	35,088	0.5	54.65	35.09	8,947	4,677	2,078	744	59
Ohio	342,655	4.9	33.94	14.89	96,537	50,842	34,349	8,130	1,972
Oklahoma	161,153	2.3	65.84	36.16	89,380	60,920	19,741	6,495	1,051
Oregon	87,832	1.3	47.12	21.48	22,208	10,033	7,872	2,761	149
Pennsylvania	312,331	4.5	27.46	12.04	109,543	24,269	70,038	7,865	2,808
Rhode Island	33,506	0.5	38.73	17.17	12,523	4,358	5,991	1,759	72
South Carolina	83,204	1.2	34.16	24.12	22,933	11,949	5,450	3,527	768
South Dakota	55,907	0.8	77.54	43.20	9,572	5,574	2,984	675	91
Tennessee	156,565	2.2	43.08	26.98	45,443	22,240	16,352	4,959	1,119
Texas	357,583	5.1	35.35	18.33	140,268	116,734	15,486	3,856	3,152
Utah	49,998	0.7	51.70	27.44	10,861	4,097	4,422	1,721	93
Vermont	39,038	0.6	100.10	52.05	5,139	3,227	1,254	473	58
Virginia	144,999	2.1	34.71	18.73	22,915	7,464	10,482	3,809	671
Washington	132,156	1.9	43.96	19.12	45,467	26,160	14,148	3,695	341
West Virginia	83,335	1.2	47.00	26.66	44,981	7,313	29,754	3,089	404
Wisconsin	114,937	1.7	28.09	13.02	34,162	20,351	10,203	2,506	501
Wyoming	35,296	0.5	96.70	45.96	3,025	1,733	831	333	32

See footnotes at end of table.

Table 15. - Expenditure for Federal Grants-in-Aid to State and Local Governments,
by Function and Program, by States, 1961 (Cont'd)
(In thousands of dollars)

State	Public welfare (Cont'd)			Highways	Education			
	Medical assistance for the aged	Child welfare services	State homes for disabled soldiers and sailors	Federal aid highways	Total	Maintenance and operation of schools in federal-ly affected areas	School construction assistance for federal-ly affected areas	School lunches
U. S. Total	118,855	18,141	7,366	2,742,568	622,206	214,534	41,268	88,891 ^{2/}
Alabama	289	472	- -	64,585	15,660	5,369	1,579	2,682
Alaska	- -	70	- -	13,865	9,488	6,573	1,694	92
Arizona	- -	185	- -	36,792	10,794	4,714	831	737
Arkansas	438	284	- -	33,321	9,613	1,251	379	1,541
California	13,562	1,028	1,652	270,510	67,124	34,127	8,856	6,143
Colorado	- -	208	64	31,487	12,522	8,402	744	794
Connecticut	- -	183	661	34,161	7,418	2,121	1,187	926
Delaware	- -	77	- -	4,701	1,911	694	- -	129
Dist. of Columbia	- -	89	- -	19,169	1,336	- -	- -	215
Florida	- -	454	- -	42,613	16,212	6,200	726	2,522
Georgia	- -	534	109	61,121	17,385	5,189	1,012	2,988
Hawaii	451	115	- -	3,902	7,087	4,448	953	294
Idaho	1,389	95	46	23,328	3,477	1,656	364	444
Illinois	646	701	542	141,825	22,243	3,992	381	3,977
Indiana	- -	445	159	67,467	9,206	1,116	104	2,402
Iowa	- -	316	205	38,464	7,404	840	35	1,365
Kansas	- -	251	42	36,828	10,840	5,851	385	1,161
Kentucky	321	430	- -	58,793	8,614	1,369	- -	2,342
Louisiana	1,614	446	- -	63,268	8,396	936	47	2,501
Maine	360	150	- -	13,420	4,303	1,959	296	493
Maryland	964	297	- -	44,354	15,188	8,442	1,227	1,207
Massachusetts	20,426	404	694	61,349	18,744	6,898	1,783	2,079
Michigan	8,545	734	591	98,593	19,056	1,894	1,480	3,281
Minnesota	- -	381	236	58,327	8,537	476	217	1,567
Mississippi	- -	362	- -	35,409	8,748	1,473	689	2,403
Missouri	- -	411	47	79,292	11,978	2,630	465	2,049
Montana	- -	120	46	31,845	4,190	1,779	929	359
Nebraska	- -	184	108	29,238	6,263	2,778	617	627
Nevada	- -	72	- -	15,539	2,950	1,454	575	101
New Hampshire	111	100	31	17,268	2,747	1,242	95	313
New Jersey	- -	418	166	69,907	14,176	5,034	380	1,821
New Mexico	- -	160	- -	20,532	10,622	4,916	1,527	697
New York	57,232	1,011	3	141,664	34,922	6,048	463	5,834
North Carolina	- -	632	- -	42,798	17,188	2,644	962	3,598
North Dakota	1,187	130	72	16,479	3,762	824	535	378
Ohio	- -	819	425	175,401	22,709	5,217	523	3,844
Oklahoma	476	284	413	35,257	14,757	7,289	612	1,406
Oregon	1,187	206	- -	46,896	5,473	1,066	161	893
Pennsylvania	3,460	939	164	98,783	24,198	5,089	2	4,092
Rhode Island	- -	121	222	8,492	3,991	1,910	205	395
South Carolina	839	400	- -	33,985	10,807	3,597	735	2,221
South Dakota	- -	130	118	36,230	5,717	2,183	1,169	426
Tennessee	301	472	- -	67,740	11,809	2,355	66	2,588
Texas	- -	1,040	- -	128,660	29,742	13,235	2,661	5,466
Utah	371	157	- -	25,969	4,899	2,170	648	590
Vermont	- -	92	35	29,283	1,390	38	- -	237
Virginia	17	472	- -	75,949	24,011	14,590	1,051	2,324
Washington	526	285	312	54,505	15,417	8,766	852	1,287
West Virginia	4,142	279	- -	21,914	5,300	129	9	1,323
Wisconsin	- -	413	188	54,730	9,693	741	651	1,563
Wyoming	- -	83	13	26,559	2,185	820	397	176

See footnotes at end of table.

Table 15. - Expenditure for Federal Grants-in-Aid to State and Local Governments,
by Function and Program, by States, 1962 (Cont'd)
(In thousands of Dollars)

State	Education (Cont'd)								
	Special milk program	National defense education act	Vocational education	Vocational rehabili- tation services	Land grant colleges	Develop- ment of library services in rural areas	Indian edu- cation and welfare services	State super- vision of schools and training establish- ments (Vets)	State marine schools
U. S. Total	81,384 ^{4/}	63,981 ^{5/}	40,427 ^{7/}	63,960	10,557 ^{8/}	8,010	7,571	1,082	541
Alabama	1,127	910	991	2,560	205	185	- -	52	- -
Alaska	28	87	123	118	145	40	588	- -	- -
Arizona	447	589	220	560	166	73	2,457	- -	- -
Arkansas	622	2,792	737	1,953	176	140	- -	22	- -
California	8,136	3,299	2,245	3,334	453	250	- -	135	146
Colorado	750	343	393	734	175	85	88	14	- -
Connecticut	1,390	688	417	393	191	105	- -	9/	- -
Delaware	284	268	151	174	149	62	- -	- -	- -
Dist. of Columbia	490	218	130	283	- -	- -	- -	- -	- -
Florida	1,125	1,936	833	2,402	239	166	21	42	- -
Georgia	1,134	1,933	1,130	3,523	219 ^{8/}	213	- -	44	- -
Hawaii	137	360	235	452	153	55	- -	- -	- -
Idaho	205	-32 ^{6/}	253	230	153	74	130	- -	- -
Illinois	6,110	2,761	1,813	2,551	341	231	- -	86	- -
Indiana	2,157	1,079	1,077	611	233	406	- -	21	- -
Iowa	1,593	1,251	886	1,034	195	167	29	9	- -
Kansas	1,010	759	588	817	183	76	10	- -	- -
Kentucky	1,577	1,011	1,089	792	201	205	- -	28	- -
Louisiana	560	979	864	2,076	205	157	- -	71	- -
Maine	346	191	294	352	159	86	- -	- -	127
Maryland	1,643	1,091	492	710	202	174	- -	- -	- -
Massachusetts	3,241	2,045	791	1,382	243	101	- -	49	132
Michigan	4,465	4,263	1,481	1,637	296	245	- -	14	- -
Minnesota	2,078	1,164	944	1,264	208	173	364	82	- -
Mississippi	1,331	413	938	1,145	183	173	- -	- -	- -
Missouri	2,479	1,557 ^{6/}	1,080	1,280	226	178	- -	34	- -
Montana	151	-2	248	329	153	73	167	4	- -
Nebraska	432	494	439	440	168	103	165	- -	- -
Nevada	64	166	196	86	146	52	110	- -	- -
New Hampshire	279	285	167	143	152	65	- -	6	- -
New Jersey	2,155	2,294	850	1,279	261	102	- -	- -	- -
New Mexico	498	596	265	269	159	72	1,623	- -	- -
New York	9,097	5,117	2,583	4,888	474	280	- -	1	137
North Carolina	1,878	3,312	1,596	2,586	231	310	18	53	- -
North Dakota	276	568	305	400	153	66	257	- -	- -
Ohio	4,628	4,234	1,926	1,660	333	294	- -	50	- -
Oklahoma	921	1,374	697	1,560	186	135	544	33	- -
Oregon	558	1,355	436	699	175	106	24	- -	- -
Pennsylvania	3,572	2,581	2,229	5,534	366	670	- -	63	- -
Rhode Island	400	183	211	445	157	85	- -	- -	- -
South Carolina	621	1,025	790	1,370	187	250	- -	11	- -
South Dakota	413	61	294	306	154	81	630	- -	- -
Tennessee	1,886	1,478	1,160	1,829	211	207	- -	29	- -
Texas	2,907	803	1,936	2,016	331	331	- -	56	- -
Utah	242	425	201	292	158	62	101	- -	- -
Vermont	167	299	189	247	148	64	- -	1	- -
Virginia	1,512	1,542	1,042	1,503	219	213	- -	15	- -
Washington	1,296	1,253	651	879	197	129	97	10	- -
West Virginia	453	799	643	1,585	177	153	- -	29	- -
Wisconsin	2,345	1,731	1,022	1,132	219	180	92	16	- -
Wyoming	163	52	153	115	147	106	56	- -	- -

See footnotes at end of table.

Table 15. - Expenditure for Federal Grants-in-Aid to State and Local Governments,
by Function and Program, by States, 1962 (Cont'd)
(In thousands of dollars)

State	Health and hospitals									
	Total	Hospital and medical facili- ties con- struction	General health	Community health service grants particu- larly for the aged	Mental health	Crippled child- ren's services	Maternal and child health services	Heart disease control	Tubercu- losis control	Venereal disease control
U. S. Total	151,580	60,856 ^{10/}	14,584 ^{11/}	4,746	6,495	23,277	23,143	4,437	3,829	2,530
Alabama	4,792	2,261 ^{10/}	398	115	125	766	684	117	112	40
Alaska	547	93	41	-	52	149	174	4	17	1
Arizona	827	247	132	17	50	-	232	1	70	17
Arkansas	4,592	3,113	256	61	58	404	387	78	53	75
California	8,693	3,295	989	356	465	1,081	1,338	275	280	107
Colorado	2,425	1,221	163	52	66	305	423	69	46	2
Connecticut	1,145	-	134	38	73	286	396	61	34	11
Delaware	971	445	27	40	73	128	130	28	15	11
Dist. of Columbia	1,193	232	42	40	67	280	311	47	33	71
Florida	5,253	2,586	417	169	164	584	774	125	97	105
Georgia	8,266	5,404	433 ^{11/}	47	145	842	734	126	109	233
Hawaii	1,083	432	56	40	67	182	180	44	19	1
Idaho	925	250	91	40	67	163	191	51	14	6
Illinois	4,463	994	611	254	298	748	673	169	197	218
Indiana	3,100	1,244	348	52	144	572	374	113	65	-
Iowa	1,826	462	251	45	80	499	307	50	32	8
Kansas	2,033	938	196	80	73	287	260	59	28	15
Kentucky	4,844	2,883	302	89	112	527	549	99	94	40
Louisiana	3,879	1,906	337	43	118	570	481	111	90	67
Maine	657	53	100	23	66	155	178	16	20	-
Maryland	1,819	160	222	73	98	466	451	90	83	35
Massachusetts	2,125	186	349	90	149	452	416	120	133	-
Michigan	5,381	1,872	518	198	246	954	921	162	153	59
Minnesota	2,854	862	298	121	104	694	509	78	40	1
Mississippi	6,883	4,780	338	122	93	565	625	113	72	31
Missouri	3,454	1,495	351	153	141	442	523	87	82	43
Montana	803	200	82	22	67	193	142	30	18	7
Nebraska	847	245	148	20	67	121	140	13	23	12
Nevada	776	413	40	25	47	82	123	11	12	7
New Hampshire	526	83	57	-	65	124	109	19	13	-
New Jersey	2,239	376	370	144	184	277	355	122	99	67
New Mexico	1,592	718	117	40	67	218	255	57	29	35
New York	6,347	628	945	418	504	895	1,179	283	384	532
North Carolina	6,982	3,680	520	168	171	1,011	889	124	75	114
North Dakota	690	64	106	40	67	145	140	51	14	11
Ohio	5,340	1,468	661	262	304	911	1,005	197	153	9
Oklahoma	2,832	1,414	238	93	79	367	381	86	45	19
Oregon	1,030	201	148	22	66	239	212	35	30	6
Pennsylvania	5,393	578	823	340	370	1,131	1,091	226	271	117
Rhode Island	943	193	64	40	65	178	220	49	45	2
South Carolina	5,521	3,549	303	73	94	583	527	108	62	83
South Dakota	909	456	100	15	65	140	63	12	13	9
Tennessee	5,023	2,543	391	58	136	727	667	127	112	86
Texas	7,996	3,216	815	209	323	1,485	1,036	235	168	142
Utah	719	225	106	-	39	164	139	9	13	-
Vermont	509	-	60	33	75	126	126	14	17	-
Virginia	3,413	1,017	330	100	136	695	753	77	89	46
Washington	1,864	545	202	62	91	320	389	79	45	4
West Virginia	2,179	786	190	67	67	408	431	65	46	19
Wisconsin	2,443	647	310	105	128	513	417	103	49	-
Wyoming	608	193	54	33	24	126	129	14	10	-

See footnotes at end of table.

Table 15. - Expenditure for Federal Grants-in-Aid to State and Local Governments,
by Function and Program, by States, 1962 (Cont'd)
(In thousands of dollars)

State	Health and hospitals (Cont'd)		Housing and urban renewal			Natural resources				
	Cancer demon- stration and control	Water pollu- tion control	Total	Urban renewal	Low rent public housing	Total	Agricul- tural ex- periment stations	Cooper- ative agricul- tural ex- tension work	Coop- erative projects in mar- keting	State and private forestry coopera- tion
U. S. Total	3,366	4,317	308,730	160,056	148,674	165,303	33,340	56,182	3,275	14,026 ^{12/}
Alabama	77	97	9,213	2,920	6,293	4,385	960	2,086	55	325
Alaska	-	16	707	489	218	967	238	135	20	52
Arizona	25	36	412	-	412	2,247	426	392	13	-
Arkansas	44	63	1,056	242	814	4,153	774	1,683	37	402
California	239	268	19,760	13,156	6,604	6,832	1,011	1,501	156	1,234
Colorado	34	44	1,253	156	1,097	2,104	518	604	48	61
Connecticut	36	76	10,275	7,635	2,640	1,245	389	305	11	26
Delaware	26	48	1,180	635	545	746	295	149	28	20
Dist. of Columbia	32	38	9,014	5,849	3,165	-	-	-	-	-
Florida	125	107	3,011	-	3,011	2,537	510	705	84	791
Georgia	84	109	12,809	4,839	7,970	5,734	1,003	2,166	98	699
Hawaii	26	36	5,448	4,944	504	858	330	268	27	36
Idaho	26	26	22	-	22	1,586	415	436	12	301
Illinois	152	149	23,146	10,949	12,197	3,321	916	1,787	56	20
Indiana	77	111	3,038	2,006	1,032	3,690	856	1,493	123	53
Iowa	29	63	1,345	1,345	-	4,013	921	1,595	96	51
Kansas	43	54	3,244	3,244	-	3,010	651	1,144	119	11
Kentucky	61	88	4,007	1,111	2,896	4,265	955	2,077	112	281
Louisiana	67	89	4,300	-	4,300	3,425	675	1,351	100	503
Maine	9	37	207	159	48	1,501	412	394	99	398
Maryland	52	89	11,450	7,829	3,621	1,696	494	556	77	212
Massachusetts	95	135	7,381	1,542	5,839	1,450	480	437	63	141
Michigan	127	171	14,871	11,569	3,302	4,389	902	1,642	246	614
Minnesota	65	82	4,660	3,061	1,599	3,901	812	1,529	74	494
Mississippi	63	81	1,640	-	1,640	5,901	945	2,174	89	508
Missouri	85	52	9,256	4,980	4,276	4,121	861	1,851	158	307
Montana	18	24	219	-	219	2,045	433	520	28	172
Nebraska	30	28	358	-	358	2,315	592	931	30	14
Nevada	5	11	319	163	156	949	277	185	-	62
New Hampshire	25	33	955	548	407	1,028	316	216	9	147
New Jersey	100	145	17,120	6,597	10,523	1,443	481	428	71	181
New Mexico	26	30	46	-	46	1,872	379	453	51	63
New York	273	306	36,553	13,455	23,098	4,927	1,051	1,569	131	289
North Carolina	97	133	5,401	2,268	3,133	5,745	1,305	2,824	159	549
North Dakota	26	26	267	249	18	2,084	434	676	63	19
Ohio	162	208	13,824	9,644	4,180	3,915	1,034	2,044	61	143
Oklahoma	51	59	65	65	-	9,657	699	1,407	89	158
Oregon	25	46	1,180	918	262	3,453	578	631	88	745
Pennsylvania	206	240	29,466	19,284	10,182	4,784	1,145	2,058	32	374
Rhode Island	26	61	2,448	1,090	1,358	546	308	107	4	54
South Carolina	57	82	1,414	139	1,275	3,340	753	1,509	27	533
South Dakota	9	27	-	-	-	1,548	451	653	13	60
Tennessee	73	103	13,343	8,352	4,991	5,344	971	2,084	47	517
Texas	175	192	10,970	3,017	7,953	14,927	1,318	3,405	49	407
Utah	6	18	-	-	-	1,520	394	374	18	46
Vermont	32	26	-	-	-	806	313	263	22	95
Virginia	72	98	8,570	4,308	4,262	3,785	853	1,702	84	387
Washington	47	80	1,634	704	930	3,026	660	791	71	578
West Virginia	41	59	507	-	507	2,975	648	1,058	46	260
Wisconsin	74	97	1,369	596	773	3,919	850	1,529	68	616
Wyoming	7	18	-	-	-	1,266	347	305	10	16

See footnotes at end of table.

Table 15. - Expenditure for Federal Grants-in-Aid to State and Local Governments,
by Function and Program, by States, 1962 (Cont'd)
(In thousands of dollars)

State	Natural resources (Cont'd)		Air trans- portation	Employment security administration	Miscellaneous					
	Water- shed protec- tion and flood prevention	Wildlife restora- tion and fish res- toration and man- agement	Airport construc- tion	Unemployment compensation and employ- ment service ad- ministration	Total	Waste treat- ment works con- struc- tion	Civil defense	Disaster relief	Urban plan- ning assist- ance	Area rede- velop- ment assist- ance
U. S. Total	38,784	19,696	57,012	438,520	79,485	41,607	16,903	14,382	6,475 ^{13/}	118
Alabama	496	463	1,186	5,516	2,049	1,220	438	351	40	- -
Alaska	- -	522	2,164	1,885	144	74	38	- -	32	- -
Arizona	872	544	1,137	5,536	593	427	164	- -	2	- -
Arkansas	833	424	159	4,502	1,910	870	172	708 ^{6/}	78	82
California	2,100	830	6,088	53,054	4,245	1,736	1,976	-2	535	- -
Colorado	548	325	1,592	4,712	1,163	762	246	- -	155	- -
Connecticut	379	135	696	6,988	1,129	656	47	300	126	- -
Delaware	111	143	104	1,071	440	379	61	- -	- -	- -
Dist. of Columbia	- -	- -	- -	2,716	197	117	80	- -	- -	- -
Florida	162	285	1,474	8,623	2,666	1,022	414	1,133	97	- -
Georgia	1,360	408	471	5,823	1,888	1,264	329	212	83	- -
Hawaii	68	129	1,169	1,617	789	331	216	159	83	- -
Idaho	20	402	174	2,743	1,353	616	81	656	- -	- -
Illinois	182	360	2,396	20,242	2,761	1,624	240	620	277	- -
Indiana	675	490	960	6,805	1,814	1,101	107	573	33	- -
Iowa	947	403	1,003	3,908	816	572	136	- -	108	- -
Kansas	666	419	77	3,206	1,111	795	207	- -	109	- -
Kentucky	560	280	1,000	4,556	1,298	1,091	105	- -	102	- -
Louisiana	441	355	734	5,931	1,695	1,315	313	- -	67	- -
Maine	- -	198	132	2,108	703	167	437	- -	99	- -
Maryland	186	169	491	7,173	1,263	611	500	- -	152	- -
Massachusetts	198	131	1,754	15,645	3,009	1,004	1,548	40	417 ^{13/}	- -
Michigan	153	832	2,496	20,844	2,150	1,408	419	- -	323	- -
Minnesota	251	741	2,026	5,938	1,790	976	387	- -	427	- -
Mississippi	1,900	285	503	4,087	1,924	865	117	860	82	- -
Missouri	316	628	1,406	7,648	1,248	634	208	316	90	- -
Montana	191	701	914	2,187	500	434	59	- -	7	- -
Nebraska	431	317	588	2,418	918	341	388	175	14	- -
Nevada	163	262	617	1,887	662	484	39	130	9	- -
New Hampshire	242	98	241	1,705	280	175	77	- -	28	- -
New Jersey	141	141	703	16,714	4,995	1,008	434	3,233	320	- -
New Mexico	508	418	140	2,599	1,128	805	198	- -	125	- -
New York	1,031	856	4,127	62,482	3,586	1,587	1,946	- -	53	- -
North Carolina	474	434	1,038	8,259	2,301	1,170	501	501	129	- -
North Dakota	643	249	4	1,753	1,098	846	252	- -	- -	- -
Ohio	156	477	3,359	19,933	1,641	1,287	192	-55 ^{6/}	217	- -
Oklahoma	6,870	434	1,741	6,021	1,443	1,109	245	9/	89	- -
Oregon	939	472	405	6,032	1,152	773	180	- -	199	- -
Pennsylvania	547	628	4,004	31,846	4,315	2,503	854	349	609	- -
Rhode Island	- -	73	201	4,074	288	143	88	- -	57	- -
South Carolina	191	327	579	3,986	636	415	200	- -	21	- -
South Dakota	184	187	135	1,429	364	180	47	137	- -	- -
Tennessee	1,303	422	1,237	5,189	1,436	1,134	114	- -	152	36
Texas	8,642	1,106	1,947	17,852	5,218	1,264	810	3,011	133	- -
Utah	290	398	526	4,243	1,260	882	344	- -	34	- -
Vermont	- -	113	50	1,370	492	403	55	- -	34	- -
Virginia	394	365	859	4,568	930	643	171	- -	116	- -
Washington	534	392	741	8,249	1,255	792	192	-3 ^{6/}	274	- -
West Virginia	792	171	534	3,326	1,623	481	86	980	76	- -
Wisconsin	496	360	832	6,315	1,468	824	387	- -	257	- -
Wyoming	194	394	99	1,208	348	289	54	- -	5	- -

See footnotes at end of table.

Table 15. - Expenditure for Federal Grants-in-Aid to State and Local Governments,
by Function and Program, by States, 1962 (Concluded)

-
- 1/ Based on estimated population on July 1, 1962.
 - 2/ Based on estimate of personal income during calendar 1961 reported in U. S. Department of Commerce, Survey of Current Business, August 1962.
 - 3/ Excludes \$67,144 thousand distribution of commodities and \$5,909 thousand direct payments to private schools.
 - 4/ Excludes \$7,083 thousand direct payments to private schools.
 - 5/ Excludes \$1,194 thousand for "area vocational education" (Title VIII) which is reported under "Vocational education."
 - 6/ Excess of refunds over payments.
 - 7/ Includes \$1,194 thousand for "area vocational education" under the National Defense Education Act (Title VIII).
 - 8/ Excludes \$3,775 thousand special land grant college aid for Hawaii.
 - 9/ Less than \$500.
 - 10/ Excludes \$99,790 thousand paid to private institutions; includes \$1,034 thousand for the construction of health research facilities; and excludes \$3,192 thousand for construction of mental health facilities (Alaska).
 - 11/ Excludes \$849 thousand for treatment of leprosy patients (Hawaii).
 - 12/ Includes \$401 thousand assistance to States for tree planting; \$353 thousand forest insect and disease control; and \$26 thousand forest research contracts.
 - 13/ Includes \$75 thousand mass transportation demonstration grant (Michigan).

Source: Annual Report of the Secretary of the Treasury, 1962, table 92, part A.

DEPARTMENT OF AGRICULTURE

SCHOOL LUNCH PROGRAM
(42 USCA 1751-1760; O.E. 1946; E.P. 1946)

Purpose

To safeguard the health and well being of the Nation's children and to encourage the domestic consumption of nutritious agricultural commodities and other food, by assisting the States in providing an adequate supply of foods and other facilities for the establishment, maintenance, operations, and expansion of non-profit school lunch programs.

Amount of Statutory Authorization

Not fixed, but of amounts appropriated, \$10 million is set aside for purchase of food equipment, and another \$10 million for fiscal year 1963, and such sums as may be necessary in succeeding years, to provide special assistance to schools located in areas where poor economic conditions exist.

Apportionment Formula (statutory, effective FY 1963)

Grant funds are available to the States for public school purchases of food and food equipment, for special assistance of schools in areas where the children are unable to pay the full cost of lunches, and (in certain instances) to nonprofit private schools.

Not less than 75 percent of these funds must be apportioned to the States.

(1) The basis of allotment of these funds (except those to needy schools) is as follows:

(a) the "participation rate" for the State, as given by the number of lunches served in the preceding fiscal year by the participating schools.

(b) the "assistance need rate" for the State, as given by relative per capita incomes. For those States with per capita incomes equivalent to or greater than the U.S. average, the rate shall be 5, and for those States below the average, the rate may range up to a high of 9, depending upon the relationship between State per capita income and U.S. per capita income.

SCHOOL LUNCH PROGRAM (Cont'd)

Apportionment Formula (Cont'd)

The amount of apportionment for any State is obtained by multiplying these two factors and expressing the result as a proportion to the total for all States.

However, for fiscal 1963, three-quarters of the funds available for apportionment shall be allotted on the old basis (need as reflected by the number of school children, and fiscal capacity, as reflected by per capita income) and one-quarter on the new basis (as given above, and as determined by the Department of Agriculture). For fiscal 1964, one-half of the funds will continue to be allotted on the old basis; and for fiscal 1965, one-fourth of such funds will be allotted on the old basis.

Periodic advances of the apportioned funds are made to State agencies to enable them to reimburse participating schools for a part of the food costs of lunches served. Funds are paid directly to participating private schools when State laws forbid disbursement of Federal funds by State agencies to private schools.

(2) Funds for schools located in poor economic areas are allotted as follows:

(a) Part is distributed on the basis of the number of free or price-reduced lunches served.

(b) Of the remaining funds, at least 50% shall be distributed by giving weight to the combined factors of number of free or price-reduced lunches and the "assistance need rate."

Grant Commodities (food items) are also furnished to schools participating in the school lunch program by distributing to schools through State distribution agencies commodities purchased under Section 6 of the National School Lunch Act, and through donations of commodities acquired under surplus removal and price support program of the U. S. Department of Agriculture.

Matching Provisions

Federal, 25%; State, 75%, provided, that for any State with per capita income below the U. S. average, required State matching shall be decreased by the percentage which its per capita income falls below the average U. S. per capita income.

SCHOOL LUNCH PROGRAM (cont'd)

Financial Data, by States: 1962
(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching		
	Amount	Percent distribution	Per capita	Amount	Percent distribution	Per capita
U. S. Total	\$ 88,891 ^{1/}	100.0%	\$.48	\$ 234,779	100.0%	\$ 1.26
Alabama	2,682	3.0	.80	5,313	2.3	1.58
Alaska	92	0.1	.37	276	0.1	1.12
Arizona	737	0.8	.49	1,939	0.8	1.28
Arkansas	1,541	1.7	.85	2,826	1.2	1.55
California	6,143	6.9	.36	18,429	7.8	1.09
Colorado	794	0.9	.42	2,382	1.0	1.25
Connecticut	926	1.0	.36	2,778	1.2	1.07
Delaware	129	0.1	.28	390	0.2	.83
Dist. of Columbia	215	0.2	.27	645	0.3	.82
Florida	2,522	2.8	.46	6,594	2.8	1.21
Georgia	2,988	3.4	.73	6,487	2.8	1.58
Hawaii	294	0.3	.42	866	0.4	1.25
Idaho	444	0.5	.64	1,086	0.5	1.56
Illinois	3,977	4.5	.39	11,935	5.1	1.18
Indiana	2,402	2.7	.51	6,608	2.8	1.40
Iowa	1,365	1.5	.49	4,085	1.7	1.47
Kansas	1,161	1.3	.52	3,209	1.4	1.45
Kentucky	2,342	2.6	.76	4,874	2.1	1.58
Louisiana	2,501	2.8	.75	5,455	2.3	1.64
Maine	493	0.6	.49	1,245	0.5	1.25
Maryland	1,207	1.4	.38	3,650	1.6	1.14
Massachusetts	2,079	2.3	.40	6,237	2.7	1.21
Michigan	3,281	3.7	.41	9,886	4.2	1.24
Minnesota	1,567	1.8	.45	4,341	1.8	1.25
Mississippi	2,403	2.7	1.07	3,826	1.6	1.70
Missouri	2,049	2.3	.47	6,073	2.6	1.40
Montana	359	0.4	.51	958	0.4	1.35
Nebraska	627	0.7	.42	1,765	0.8	1.19
Nevada	101	0.1	.30	307	0.1	.92
New Hampshire	313	0.4	.50	883	0.4	1.40
New Jersey	1,821	2.0	.29	5,536	2.4	.89
New Mexico	697	0.8	.68	1,669	0.7	1.64
New York	5,834	6.6	.34	17,502	7.5	1.01
North Carolina	3,598	4.0	.76	7,527	3.2	1.59
North Dakota	378	0.4	.59	1,032	0.4	1.61
Ohio	3,844	4.3	.38	11,651	5.0	1.15
Oklahoma	1,406	1.6	.57	3,500	1.5	1.43
Oregon	893	1.0	.48	2,680	1.1	1.44
Pennsylvania	4,092	4.6	.36	12,190	5.2	1.07
Rhode Island	395	0.4	.46	1,173	0.5	1.36
South Carolina	2,221	2.5	.91	4,191	1.8	1.72
South Dakota	426	0.5	.59	1,094	0.5	1.52
Tennessee	2,588	2.9	.71	5,440	2.3	1.50
Texas	5,466	6.1	.54	14,348	6.1	1.42
Utah	590	0.7	.61	1,535	0.7	1.59
Vermont	237	0.3	.61	599	0.3	1.54
Virginia	2,324	2.6	.56	5,838	2.5	1.40
Washington	1,287	1.4	.43	3,844	1.6	1.28
West Virginia	1,323	1.5	.75	2,994	1.3	1.69
Wisconsin	1,563	1.8	.38	4,559	1.9	1.11
Wyoming	176	0.2	.48	529	0.2	1.45

^{1/} Excludes \$67,144 thousand distribution of commodities to States and \$5,909 thousand direct payments to private schools.

SPECIAL MILK PROGRAM
(7 USCA 1446; O.E. 1954; E.P. None)

Purpose

To increase the consumption of fluid milk by children in nonprofit schools of high school grade and under, nonprofit nursery schools, child-care centers, summer camps, and similar nonprofit institutions devoted to the care and training of children.

Amount of Statutory Authorization

\$105 million for fiscal 1962. Although the program is authorized through fiscal 1967, the amount authorized to be appropriated for fiscal years 1963-1967 has not been fixed.

Apportionment Formula

Assistance is provided, in the form of reimbursement payments, to eligible schools and child-care institutions to help them to inaugurate a milk service or to expand the existing service through reducing prices to children and establishing new times of service. Reimbursement payments to eligible schools and institutions range from 2 to 4 cents per half pint of milk served. In selected needy schools, they may be made for the full cost of the milk for children who are unable to pay. Federal funds for reimbursement payments are made to State agencies, and directly to private schools and other outlets where State laws prohibit disbursement of Federal funds by State agencies to such participants.

Matching Provisions

None, but the cost of milk in excess of the Federal reimbursement must be borne from sources within the State.

SPECIAL MILK PROGRAM (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 81,384 ^{1/}	100.0	\$.44	-	Missouri	2,479	3.0	.57	-
Alabama	1,127	1.4	.34	-	Montana	151	0.2	.21	-
Alaska	28	^{2/}	.11	-	Nebraska	432	0.5	.29	-
Arizona	447	0.5	.30	-	Nevada	64	0.1	.19	-
Arkansas	622	0.8	.34	-	New Hampshire	279	0.3	.44	-
California	8,136	10.0	.48	-	New Jersey	2,155	2.6	.35	-
Colorado	750	0.9	.39	-	New Mexico	498	0.6	.50	-
Connecticut	1,390	1.7	.54	-	New York	9,097	11.2	.52	-
Delaware	284	0.3	.61	-	North Carolina	1,878	2.3	.40	-
Dist. of Columbia	490	0.6	.62	-	North Dakota	276	0.3	.43	-
Florida	1,125	1.4	.21	-	Ohio	4,628	5.7	.46	-
Georgia	1,134	1.4	.28	-	Oklahoma	921	1.1	.38	-
Hawaii	137	0.2	.20	-	Oregon	558	0.7	.30	-
Idaho	205	0.3	.29	-	Pennsylvania	3,572	4.4	.31	-
Illinois	6,110	7.5	.60	-	Rhode Island	400	0.5	.46	-
Indiana	2,157	2.7	.46	-	South Carolina	621	0.8	.25	-
Iowa	1,593	2.0	.57	-	South Dakota	413	0.5	.57	-
Kansas	1,010	1.2	.46	-	Tennessee	1,886	2.3	.52	-
Kentucky	1,577	1.9	.51	-	Texas	2,907	3.6	.29	-
Louisiana	560	0.7	.17	-	Utah	242	0.3	.25	-
Maine	346	0.4	.35	-	Vermont	167	0.2	.43	-
Maryland	1,643	2.0	.51	-	Virginia	1,512	1.9	.36	-
Massachusetts	3,241	4.0	.63	-	Washington	1,296	1.6	.43	-
Michigan	4,465	5.5	.56	-	West Virginia	453	0.6	.26	-
Minnesota	2,078	2.6	.60	-	Wisconsin	2,345	2.9	.57	-
Mississippi	1,331	1.6	.59	-	Wyoming	163	0.2	.45	-

^{1/} Excludes \$7,083 thousand direct payments to private schools.

^{2/} Less than 0.05 percent.

COOPERATIVE PROJECTS IN MARKETING
(7 USCA 1621-1627; O.E. 1946; E.P. None)

Purpose

To promote State and territorial marketing agency programs designed to put into practical use in the marketing of farm products, improved methods and practices developed in the expanding marketing research program.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula

Federal funds are apportioned to the States, at the discretion of the Secretary of Agriculture, for three specific functions:

1. Marketing research - Allotted to States by projects on the basis of recommendations by the Experiment Stations Marketing Research Advisory Committee.
2. Marketing education - Allotted on the basis of approved project and contract proposals submitted by the States.
3. Marketing service work - Allotted on the basis of an evaluation of the relative urgency of the marketing service problem confronting the State, the probable effectiveness of the proposed plan for solving or alleviating the problem, the ability of the State to carry out the program proposed, and the availability of matching funds.

Matching Provisions

The States must make available, with the exception of funds paid for marketing educational work under regional marketing contracts, funds equal to at least 100% of the Federal allotment.

COOPERATIVE PROJECTS IN MARKETING (cont'd)

Financial Data, by States: 1962
(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 3,275	100.0	\$.02	\$ 3,158	Missouri	158	4.8	.04	158
Alabama	55	1.7	.02	55	Montana	28	0.9	.04	28
Alaska	20	0.6	.08	20	Nebraska	30	0.9	.02	30
Arizona	13	0.4	.01	13	Nevada	-	-	-	-
Arkansas	37	1.1	.02	37	New Hampshire	9	0.3	.01	9
California	156	4.8	.01	123	New Jersey	71	2.2	.01	71
Colorado	48	1.5	.03	48	New Mexico	51	1.6	.05	51
Connecticut	11	0.3	1/	11	New York	131	4.0	.01	131
Delaware	28	0.9	.06	28	North Carolina	159	4.9	.03	140
Dist. of Columbia	-	-	-	-	North Dakota	63	1.9	.10	63
Florida	84	2.6	.02	84	Ohio	61	1.9	.01	61
Georgia	98	3.0	.02	98	Oklahoma	89	2.7	.04	89
Hawaii	27	0.8	.04	27	Oregon	88	2.7	.05	88
Idaho	12	0.4	.02	12	Pennsylvania	32	1.0	1/	32
Illinois	56	1.7	.01	56	Rhode Island	4	0.1	1/	4
Indiana	123	3.8	.03	97	South Carolina	27	0.8	.01	27
Iowa	96	2.9	.03	96	South Dakota	13	0.4	.02	13
Kansas	119	3.6	.05	119	Tennessee	47	1.4	.01	47
Kentucky	112	3.4	.04	112	Texas	49	1.5	1/	49
Louisiana	100	3.1	.03	100	Utah	18	0.5	.02	18
Maine	99	3.0	.10	99	Vermont	22	0.7	.06	22
Maryland	77	2.4	.02	77	Virginia	84	2.6	.02	84
Massachusetts	63	1.9	.01	63	Washington	71	2.2	.02	71
Michigan	246	7.5	.03	207	West Virginia	46	1.4	.03	46
Minnesota	74	2.3	.02	74	Wisconsin	68	2.1	.02	68
Mississippi	89	2.7	.04	89	Wyoming	10	0.3	.03	10

1/ Less than 1/2 cent.

AGRICULTURAL EXPERIMENT STATIONS
(7 USCA 361a-361i; O.E. 1887; E.P. None)

Purpose

To promote, through agricultural research, including investigations and experiments, a permanent and efficient agricultural industry and improvements in the rural home and life.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

1. \$18,953,708 of the amount appropriated for fiscal 1962 was distributed according to the manner in which it was distributed in 1955, thus initially providing each State the same amount it received in 1955. At that time the apportionment formula was:

- a. \$ 4,590,000 -- \$90,000 to each State and Puerto Rico.
- b. \$ 2,863,708 -- principally on the basis of rural population
- c. \$11,500,000 -- as follows:
 - (1) 20% in equal amounts to each State and Puerto Rico
 - (2) 26% on basis of rural population
 - (3) 26% on basis of farm population
 - (4) 25% to States for research in which two or more State agricultural experiment stations are cooperating to solve problems of the agriculture of more than one State.
 - (5) 3% for Federal administration of the Act.

2. Amounts appropriated in excess of the 1955 level of \$18,953,708 are distributed as follows:

- a. 20% is allotted equally to each State and Puerto Rico.
- b. Not less than 52% is allotted to the States and Puerto Rico as follows:
 - (1) One-half in an amount proportionate to the relative rural population of each State to the total rural population of all States, and

AGRICULTURAL EXPERIMENT STATIONS (Cont'd)

Apportionment Formula (Cont'd)

- (2) One-half in an amount proportionate to the relative farm population of each State to the total farm population of all States.
- c. Not more than 25% is allotted to the States for cooperative research in which two or more State agricultural experiment stations are cooperating to solve problems of the agriculture of more than one State.
- d. 3% is available to the Secretary of Agriculture for the administration of the Act.

Matching Provisions

Excluding the basic grant of \$90,000 annually and Federal funds for cooperative research, 50-50 Federal-State matching is required.

AGRICULTURAL EXPERIMENT STATIONS (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 33,340	100.0	\$.18	\$ 22,078	Missouri	861	2.6	.20	636
Alabama	960	2.9	.29	697	Montana	433	1.3	.61	209
Alaska	238	0.7	.97	126	Nebraska	592	1.8	.40	354
Arizona	426	1.3	.28	191	Nevada	277	0.8	.83	125
Arkansas	774	2.3	.42	571	New Hampshire	316	0.9	.50	165
California	1,011	3.0	.06	657	New Jersey	481	1.4	.08	260
Colorado	518	1.6	.27	255	New Mexico	379	1.1	.37	208
Connecticut	389	1.2	.15	210	New York	1,051	3.2	.06	670
Delaware	295	0.9	.63	140	North Carolina	1,305	3.9	.22	995
Dist. of Columbia	-	-	-	-	North Dakota	434	1.3	.68	267
Florida	510	1.5	.09	354	Ohio	1,034	3.1	.10	790
Georgia	1,003	3.0	.24	731	Oklahoma	699	2.1	.29	472
Hawaii	330	1.0	.48	171	Oregon	578	1.7	.31	301
Idaho	415	1.2	.59	218	Pennsylvania	1,145	3.4	.10	873
Illinois	916	2.7	.09	685	Rhode Island	308	0.9	.36	134
Indiana	856	2.6	.18	589	South Carolina	753	2.3	.31	556
Iowa	921	2.8	.33	589	South Dakota	451	1.4	.63	265
Kansas	651	2.0	.29	408	Tennessee	971	2.9	.27	735
Kentucky	955	2.9	.31	725	Texas	1,318	4.0	.13	1,003
Louisiana	675	2.0	.20	492	Utah	394	1.2	.41	178
Maine	412	1.2	.41	227	Vermont	313	0.9	.80	176
Maryland	494	1.5	.15	294	Virginia	853	2.6	.20	638
Massachusetts	480	1.4	.09	268	Washington	660	2.0	.22	347
Michigan	902	2.7	.11	651	West Virginia	648	1.9	.37	461
Minnesota	812	2.4	.23	568	Wisconsin	850	2.6	.21	581
Mississippi	945	2.8	.42	710	Wyoming	347	1.0	.95	151

COOPERATIVE AGRICULTURAL EXTENSION WORK
(7 USCA 341-343, 344-348; O.E. 1914; E.P. None)

Purpose

To help people develop their abilities to attain greater efficiency in farming and homemaking by providing out-of-school applied education in agriculture and home economics and related subjects.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

(1) Each State receives the amount it received under formula distribution in fiscal year 1962.

Of approximately \$58 million distributed in fiscal 1962, each State received as a fixed base the amount it received under formula distribution in 1953 (the total distributed on the 1953 base was \$31.6 million, of which \$2.5 million was divided equally -- \$50,000 per State; \$28.6 million, part in proportion to farm population and part in proportion to rural population; and \$0.5 million on the basis of special need as determined by the Secretary of Agriculture) plus additional funds appropriated in excess of the 1953 base (of \$26 million additional funds, 4% (\$1.0 million) was allocated on the basis of special needs; 48% (\$12.5 million) was allocated in proportion to rural population; and 48% (\$12.5 million) was allocated in proportion to farm population).

(2) Of any additional funds in excess of the 1962 base amount made available by Congress for further development of cooperative extension work, 4% shall be set aside for administrative, technical, and other services, and the remainder shall be apportioned as follows:

- (a) 20% to the States on an equal shares basis;
- (b) 40% on the basis of rural population; and
- (c) 40% on the basis of farm population

Matching Provisions

The effect of the matching provisions applied to the 1953 base of \$31.6 million for fiscal 1962 was 65% Federal and 35%

COOPERATIVE AGRICULTURAL EXTENSION WORK (Cont'd)

Matching Provisions (Cont'd)

State; the funds appropriated for fiscal 1962 in excess of the 1953 base (\$26 million distributed) called for 50% Federal and 50% State. Any additional funds subsequently appropriated for further development of cooperative extension work would be subject to matching provisions in the appropriation acts.

COOPERATIVE AGRICULTURAL EXTENSION WORK (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distri- bution	Per capita			Amount	Percent distri- bution	Per capita	
U. S. Total	\$ 56,182	100.0	\$.30	\$ 42,108	Missouri	1,851	3.3	.43	1,395
Alabama	2,086	3.7	.62	1,549	Montana	520	0.9	.73	375
Alaska	135	0.2	.55	85	Nebraska	931	1.7	.63	652
Arizona	392	0.7	.26	301	Nevada	185	0.3	.55	117
Arkansas	1,683	3.0	.92	1,226	New Hampshire	216	0.4	.34	140
California	1,501	2.7	.09	1,210	New Jersey	428	0.8	.07	319
Colorado	604	1.1	.32	436	New Mexico	453	0.8	.44	339
Connecticut	305	0.5	.12	218	New York	1,569	2.8	.09	1,257
Delaware	149	0.3	.32	82	North Carolina	2,824	5.0	.60	2,178
Dist. of Columbia	-	-	-	-	North Dakota	676	1.2	1.05	469
Florida	705	1.3	.13	546	Ohio	2,044	3.6	.20	1,602
Georgia	2,166	3.9	.53	1,599	Oklahoma	1,407	2.5	.57	972
Hawaii	268	0.5	.39	154	Oregon	631	1.1	.34	488
Idaho	436	0.8	.62	310	Pennsylvania	2,058	3.7	.18	1,679
Illinois	1,787	3.2	.18	1,375	Rhode Island	107	0.2	.12	51
Indiana	1,493	2.7	.32	1,150	South Carolina	1,509	2.7	.62	1,128
Iowa	1,595	2.8	.57	1,183	South Dakota	653	1.2	.91	433
Kansas	1,144	2.0	.52	825	Tennessee	2,084	3.7	.57	1,576
Kentucky	2,077	3.7	.67	1,574	Texas	3,405	6.1	.34	2,497
Louisiana	1,351	2.4	.41	994	Utah	374	0.7	.39	273
Maine	394	0.7	.39	278	Vermont	263	0.5	.67	169
Maryland	556	1.0	.17	418	Virginia	1,702	3.0	.41	1,299
Massachusetts	437	0.8	.08	334	Washington	791	1.4	.26	618
Michigan	1,642	2.9	.21	1,279	West Virginia	1,058	1.9	.60	816
Minnesota	1,529	2.7	.44	1,150	Wisconsin	1,529	2.7	.37	1,161
Mississippi	2,174	3.9	.97	1,620	Wyoming	305	0.5	.84	210

STATE AND PRIVATE FORESTRY COOPERATION
(16 USCA 563-568d; O.E. 1911; E.P. None)

Purpose

To encourage private timber growing through assistance in preventing and suppressing fires, reforestation of denuded and poorly stocked areas, and good management of woodlands.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Federal funds are distributed to the States primarily on the basis of need as determined by periodic studies and by actual expenditures of State and local funds for the above purposes.

Matching Provisions

Federal, 50%; State (and private funds expended by or under control of the State), 50%.

STATE AND PRIVATE FORESTRY COOPERATION (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 14,026 ^{1/}	100.0	\$.08	\$ 14,026	Missouri	307	2.2	.07	307
Alabama	325	2.3	.10	325	Montana	172	1.2	.24	172
Alaska	52	0.4	.21	52	Nebraska	14	0.1	.01	14
Arizona	-	-	-	-	Nevada	62	0.4	.19	62
Arkansas	402	2.9	.22	402	New Hampshire	147	1.0	.23	147
California	1,234	8.8	.07	1,234	New Jersey	181	1.3	.03	181
Colorado	61	0.4	.03	61	New Mexico	63	0.4	.06	63
Connecticut	26	0.2	.01	26	New York	289	2.1	.02	289
Delaware	20	0.1	.04	20	North Carolina	549	3.9	.12	549
Dist. of Columbia	-	-	-	-	North Dakota	19	0.1	.03	19
Florida	791	5.6	.14	791	Ohio	143	1.0	.01	143
Georgia	699	5.0	.17	699	Oklahoma	158	1.1	.06	158
Hawaii	36	0.3	.05	36	Oregon	745	5.3	.40	745
Idaho	301	2.1	.43	301	Pennsylvania	374	2.7	.03	374
Illinois	20	0.1	2/	20	Rhode Island	54	0.4	.06	54
Indiana	53	0.4	.01	53	South Carolina	533	3.8	.22	533
Iowa	51	0.4	.02	51	South Dakota	60	0.4	.08	60
Kansas	11	0.1	2/	11	Tennessee	517	3.7	.14	517
Kentucky	281	2.0	.09	281	Texas	407	2.9	.04	407
Louisiana	503	3.6	.15	503	Utah	46	0.3	.05	46
Maine	398	2.8	.40	398	Vermont	95	0.7	.24	95
Maryland	212	1.5	.07	212	Virginia	387	2.8	.09	387
Massachusetts	141	1.0	.03	141	Washington	578	4.1	.19	578
Michigan	614	4.4	.08	614	West Virginia	260	1.9	.15	260
Minnesota	494	3.5	.14	494	Wisconsin	616	4.4	.15	616
Mississippi	508	3.6	.23	508	Wyoming	16	0.1	.04	16

^{1/} Includes \$401 thousand assistance to States for tree planting; \$353 thousand forest insect and disease control; and \$26 thousand for forest research contracts.

^{2/} Less than 1/2 cent.

ASSISTANCE TO STATES FOR TREE PLANTING
(16 USCA 568(e); O.E. 1956; E.P. None)

Purpose

To cooperate with the States in building up and maintaining a level of timber growing stocks adequate to meet the Nation's domestic needs for a dependable future supply of industrial wood.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Federal assistance, through technical advice and financial contribution, to carry out tree planting and reforestation work in accordance with plans submitted by the State and approved by the Secretary of Agriculture.

Matching Provisions -- Federal, 50%; State, 50%.

NOTE: Statistical data are included in tabulation for "State and Private Forestry Cooperation."

FOREST INSECT AND DISEASE CONTROL
(16 USCA 594-1-594-5; O.E. 1940^{1/}; E.P. None)

Purpose

To prevent, retard, control, suppress, or eradicate incipient, potential, or emergency outbreaks of destructive insects and diseases on, or threatening all forest lands irrespective of ownership.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Federal funds are allocated to the States for cooperative insect and disease protection on lands in State and private ownerships, according to the urgency for the protection in the cooperating State. These cooperative arrangements are formalized in advance by a cooperative agreement between the State and the Forest Service which defines the protection area and specifies the amount of Federal cost sharing. Cooperative arrangements for protection of private land are made through the State.

Matching Provisions

Forest Disease Control: Federal, 50%; State, 50%.

Forest Pest Control: No Federal funds shall be expended on non-Federal lands until such contributions toward the work as the Secretary of Agriculture may require have been made or agreed upon in the form of funds, services, materials, or otherwise.

NOTE: Statistical data are included in tabulation for "State and Private Forestry Cooperation."

1/ Forest pest control program was enacted in 1947.

WATERSHED PROTECTION AND FLOOD PREVENTION
(16 USCA 1001-8; 33 USCA 701-709; O.E. 1954; E.P. None)

Purpose

To give cost-sharing aid to local organizations in planning and carrying out watershed projects involving flood prevention, the agricultural phases of water management, and other purposes such as municipal and industrial water supply, fish and wildlife development. Federal funds are limited to watershed projects smaller than 250,000 acres that do not include structures having more than 5,000 acre-feet of flood-water detention capacity or more than 25,000 acre-feet of capacity for all purposes.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Funds for construction are apportioned to the local organizations on the basis of projects formally approved by the Soil Conservation Service. Application for these projects is made at the local level and must be accepted by the State before being considered for approval by the Soil Conservation Service.

Matching Provisions

The local organization must assume a share of the cost of installing works of improvement for irrigation, drainage, and other agricultural water management and for fish and wildlife development having public benefits. Cost sharing is determined by the Secretary of Agriculture as that which is equitable in consideration of national needs and assistance authorized for similar purposes under other Federal programs.

WATERSHED PROTECTION AND FLOOD PREVENTION (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 38,784	100.0	.21	\$ 9,696	Missouri	316	0.8	.07	79
Alabama	496	1.3	.15	124	Montana	191	0.5	.27	48
Alaska	-	-	-	-	Nebraska	431	1.1	.29	108
Arizona	872	2.2	.58	218	Nevada	163	0.4	.49	41
Arkansas	833	2.1	.46	208	New Hampshire	242	0.6	.38	60
California	2,100	5.4	.12	525	New Jersey	141	0.4	.02	35
Colorado	548	1.4	.29	137	New Mexico	508	1.3	.50	127
Connecticut	379	1.0	.15	95	New York	1,031	2.7	.06	258
Delaware	111	0.3	.24	28	North Carolina	474	1.2	.10	118
Dist. of Columbia	-	-	-	-	North Dakota	643	1.7	1.00	161
Florida	162	0.4	.03	41	Ohio	156	0.4	.01	39
Georgia	1,360	3.5	.33	340	Oklahoma	6,870	17.7	2.81	1,718
Hawaii	68	0.2	.10	17	Oregon	939	2.4	.50	235
Idaho	20	0.1	.03	5	Pennsylvania	547	1.4	.05	137
Illinois	182	0.5	.02	45	Rhode Island	-	-	-	-
Indiana	675	1.7	.14	169	South Carolina	191	0.5	.08	48
Iowa	947	2.4	.34	237	South Dakota	184	0.5	.26	46
Kansas	666	1.7	.30	167	Tennessee	1,303	3.4	.36	326
Kentucky	560	1.4	.18	140	Texas	8,642	22.3	.85	2,161
Louisiana	441	1.1	.13	110	Utah	290	0.7	.30	73
Maine	-	-	-	-	Vermont	-	-	-	-
Maryland	188	0.5	.06	47	Virginia	394	1.0	.09	99
Massachusetts	198	0.5	.04	49	Washington	534	1.4	.18	133
Michigan	153	0.4	.02	38	West Virginia	792	2.0	.45	198
Minnesota	251	0.6	.07	63	Wisconsin	496	1.3	.12	124
Mississippi	1,900	4.9	.85	475	Wyoming	194	0.5	.53	48

DEPARTMENT OF COMMERCE

CONTROL OF OUTDOOR ADVERTISING
(23 USCA 131; O.E. 1961; E.P. None)

Purpose

To encourage and assist the States to control the use of and to improve areas adjacent to the Interstate System by controlling the erection and maintenance of outdoor advertising signs, displays, and devices adjacent to that system.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

For agreements entered into between the Secretary of Commerce and any State prior to July 1, 1963, the Federal share payable on account of any project of the Interstate System (acquired after 1956) within that State shall be increased by one-half of one percent of the total cost (not including any additional cost incurred in carrying out the agreement).

Matching Provisions -- None

FEDERAL AID HIGHWAYS
(23 USCA 101-131; O.E. 1916 1/; E. P. None)

Purpose

For construction and improvement of the 41,000 national system of interstate and defense highways, the primary and secondary systems, and urban extensions of the primary and secondary systems.

Amount of Statutory Authorization

Primary, secondary, and urban extension programs: \$925 million annually through fiscal 1963; \$950 million for fiscal 1964; and \$975 million for fiscal 1965. Interstate system: annual authorizations range from \$2.2 billion for fiscal 1962 to \$3 billion for fiscal years 1968 through 1970; \$2.9 billion is authorized for fiscal 1971.

The Highway Revenue Act of 1956 created the Highway Trust Fund into which are deposited certain percentages of tax receipts on motor fuel, tires and tubes, tread rubber, trucks, buses, trailers and truck use, and from which transfers are made to finance Federal aid highway programs.

Apportionment Formula (statutory)

Of the total appropriation for primary, secondary, and urban extension construction grants:

(1) 45% of the Federal funds is allotted to the States for projects on the Federal-aid primary system, as follows:

- (a) one-third on area
- (b) one-third on population
- (c) one-third on mileage of rural delivery routes and star routes

(2) 30% for projects on the Federal-aid secondary highway system as follows:

- (a) one-third on area
- (b) one-third on rural population
- (c) one-third on mileage of rural delivery routes and star routes

FEDERAL AID HIGHWAYS (Cont'd)

Apportionment Formula (Cont'd)

(3) 25% for projects on extensions of these systems within urban areas, in proportion to population in municipalities and other urban places of five thousand or more.

At a minimum, each State shall receive at least one-half of one percent of each year's apportionment of Federal funds for the primary and for the secondary system grants.

Of the total appropriation for the Interstate System grants, for fiscal years 1960 through 1969:

(4) 100% is allotted on the basis of the estimated cost of completing the Interstate System in each State. (A revised cost estimate is to be made for use in the FY 1963-66 allocations, and another revision is also stipulated for use in the FY 1967-69 allocations.)

Matching Provisions

Primary, secondary, and urban extension projects: Federal, 50%; State, 50%, except that for those States having large public land areas (exclusive of national forests and national parks and monuments) which exceed 5% of their total land area, the Federal share shall be increased by a percentage of the remaining cost equal to the proportion of public lands to total State area.

Interstate highway projects: Federal, 90%; State, 10%, except that for those States having large public land areas, the Federal share may be increased up to 95%, depending upon the ratio of such public lands to total State area.

1/ Interstate highway program enacted in 1956.

FEDERAL AID HIGHWAYS (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching		
	Amount	Percent distribution	Per capita	Amount	Percent distribution	Per capita
U. S. Total	\$ 2,742,568	100.0%	\$ 14.76	\$ 971,260	100.0%	\$ 5.23
Alabama	64,585	2.4	19.23	24,296	2.5	7.24
Alaska	13,865	0.5	56.36	814	0.1	3.31
Arizona	36,792	1.3	24.38	4,799	0.5	3.18
Arkansas	33,321	1.2	18.28	17,364	1.8	9.52
California	270,510	9.9	15.94	57,083	5.9	3.36
Colorado	31,487	1.1	16.51	12,914	1.3	6.77
Connecticut	34,161	1.2	13.15	9,488	1.0	3.65
Delaware	4,701	0.2	10.02	854	0.1	1.82
Dist. of Columbia	19,169	0.7	24.45	6,148	0.6	7.84
Florida	42,613	1.6	7.81	15,638	1.6	2.86
Georgia	61,121	2.2	14.91	26,577	2.7	6.48
Hawaii	3,902	0.1	5.63	2,851	0.3	4.11
Idaho	23,328	0.9	33.42	5,953	0.6	8.53
Illinois	141,825	5.2	13.98	50,549	5.2	4.98
Indiana	67,467	2.5	14.31	29,891	3.1	6.34
Iowa	38,464	1.4	13.85	22,675	2.3	8.17
Kansas	36,828	1.3	16.60	19,271	2.0	8.68
Kentucky	58,793	2.1	19.08	18,164	1.9	5.89
Louisiana	63,268	2.3	19.00	20,295	2.1	6.09
Maine	13,420	0.5	13.43	6,642	0.7	6.65
Maryland	44,354	1.6	13.90	11,787	1.2	3.69
Massachusetts	61,349	2.2	11.89	24,972	2.6	4.84
Michigan	98,593	3.6	12.34	39,980	4.1	5.00
Minnesota	58,327	2.1	16.78	24,388	2.5	7.02
Mississippi	35,409	1.3	15.75	15,162	1.6	6.74
Missouri	79,292	2.9	18.24	30,196	3.1	6.95
Montana	31,845	1.2	44.92	11,198	1.2	15.79
Nebraska	29,238	1.1	19.70	15,950	1.6	10.75
Nevada	15,539	0.6	46.39	1,214	0.1	3.62
New Hampshire	17,268	0.6	27.32	4,967	0.5	7.86
New Jersey	69,907	2.5	11.19	17,911	1.8	2.87
New Mexico	20,532	0.7	20.13	5,474	0.6	5.37
New York	141,664	5.2	8.14	63,176	6.5	3.63
North Carolina	42,798	1.6	0.05	21,299	2.2	4.50
North Dakota	16,479	0.6	25.67	9,323	1.0	14.52
Ohio	175,401	6.4	17.37	55,783	5.7	5.52
Oklahoma	35,257	1.3	14.49	20,041	2.1	8.19
Oregon	46,896	1.7	25.16	10,486	1.1	5.63
Pennsylvania	98,783	3.6	8.68	39,060	4.0	3.43
Rhode Island	8,492	0.3	9.82	3,663	0.4	4.23
South Carolina	33,985	1.2	13.95	14,699	1.5	6.03
South Dakota	36,230	1.3	50.25	9,590	1.0	13.30
Tennessee	67,740	2.5	18.64	20,572	2.1	5.66
Texas	128,660	4.7	12.72	57,269	5.9	5.66
Utah	25,969	0.9	26.86	3,346	0.3	3.46
Vermont	29,283	1.1	75.08	7,490	0.8	19.21
Virginia	75,949	2.8	18.18	25,068	2.6	6.00
Washington	54,505	2.0	18.13	17,810	1.8	5.92
West Virginia	21,914	0.8	12.36	7,238	0.7	4.08
Wisconsin	54,730	2.0	13.37	24,438	2.5	5.97
Wyoming	26,559	1.0	72.76	5,436	0.6	14.89

AREA REDEVELOPMENT, GRANTS FOR PUBLIC FACILITIES
(42 USCA 2507; O.E. 1961; E.P. None)

Purpose

To provide financial assistance, upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization representing any redevelopment area or part thereof, for land acquisition or development for public facility usage, and the construction, rehabilitation, alteration, expansion, or improvement of public facilities.

Amount of Statutory Authorization -- Not to exceed \$75 million

Apportionment Formula (statutory)

The amount of any grant under this section for any qualifying project shall not exceed the difference between the funds which can be practicably obtained from other sources (including public facility loans under the Area Redevelopment Act), and the amount which is necessary to insure the completion thereof.

Matching Provisions -- See apportionment formula.

PUBLIC WORKS ACCELERATION
(42 USCA 2641-2643; O.E. 1962; E.P. 1962)

Purpose

To provide in areas designated by the Secretary of Labor as "areas of substantial unemployment" and designated by the Secretary of Commerce as "redevelopment areas," immediate useful work for the unemployed and underemployed in these communities and to help these communities, through improvement of their facilities, to become more conducive to industrial development and better places in which to live and work.

No Federal funds from this program may be made available for any planning or construction, directly or indirectly, of any school or other educational facility.

Amount of Statutory Authorization -- An aggregate of \$900 million.

Apportionment Formula (statutory guidelines)

Funds are allocated on the basis of applications for projects in the designated areas. At least \$300 million of the \$900 million authorized to be appropriated must be reserved for areas designated under section 5(b) of the Area Redevelopment Act (areas with the largest percentage of low income families and substantial and persistent unemployment or underemployment). Not more than 10 percent of the total amount allocated may go for public works projects in any one State.

Matching Provisions

Federal, 50-75%; State, 25-50%. The percentage of Federal sharing in the costs of a particular project depends upon two alternative criteria; as follows:

Federal share

Criteria

75%

-

'Areas with 3 times the national average
'unemployment rate for each of the past
'four years (1938, 1959, 1960, and 1961),
'
'
or
'
'Median family income under \$1,600.

PUBLIC WORKS ACCELERATION (Cont'd)

Matching Provisions (Cont'd)

Federal share

Criteria

66%	-	'Areas with 2 times the national average 'unemployment rate for each of the past 'four years (1958, 1959, 1960, and 1961), ' ' ' <u>or</u> 'Median family income \$1,600 or above, 'but less than \$1,700.
58%	-	'Areas with 2 times the national average 'unemployment rate for three of the past 'four years (1958, 1959, 1960, and 1961) ' ' <u>or</u> 'Median family income \$1,700 or above, but 'less than \$1,800.
50%	-	'All other designated Redevelopment Areas 'and areas classified by the Secretary of 'Labor as areas of substantial unemploy- 'ment for at least nine of the preceding 'twelve months.

STATE MARINE SCHOOLS
(46 USCA 1383-1384; O.E. 1911; E.P. None)

Purpose

Federal grants are made to reimburse the States of California, Maine, Massachusetts, New York, and Texas for expenses incurred in the maintenance and support of schools for the training of merchant marine officers.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

(1) Each school receives a basic grant of \$75,000 annually, on condition that it accept out-of-state students; otherwise the grant is \$25,000.

(2) In addition, each school may receive a grant of \$600 per academic year for each student to be used for his uniforms, books and subsistence (alternatively, these grants can be made direct to the students).

Matching Provisions -- Basic grant: Federal, 50%; State, 50%.

STATE MARINE SCHOOLS (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 541	100.0	1/	\$ 541	Missouri	-	-	-	-
Alabama	-	-	-	-	Montana	-	-	-	-
Alaska	-	-	-	-	Nebraska	-	-	-	-
Arizona	-	-	-	-	Nevada	-	-	-	-
Arkansas	-	-	-	-	New Hampshire	-	-	-	-
California	146	27.0	\$.01	146	New Jersey	-	-	-	-
Colorado	-	-	-	-	New Mexico	-	-	-	-
Connecticut	-	-	-	-	New York	137	25.3	.01	137
Delaware	-	-	-	-	North Carolina	-	-	-	-
Dist. of Columbia	-	-	-	-	North Dakota	-	-	-	-
Florida	-	-	-	-	Ohio	-	-	-	-
Georgia	-	-	-	-	Oklahoma	-	-	-	-
Hawaii	-	-	-	-	Oregon	-	-	-	-
Idaho	-	-	-	-	Pennsylvania	-	-	-	-
Illinois	-	-	-	-	Rhode Island	-	-	-	-
Indiana	-	-	-	-	South Carolina	-	-	-	-
Iowa	-	-	-	-	South Dakota	-	-	-	-
Kansas	-	-	-	-	Tennessee	-	-	-	-
Kentucky	-	-	-	-	Texas	-	-	-	-
Louisiana	-	-	-	-	Utah	-	-	-	-
Maine	127	23.5	.13	127	Vermont	-	-	-	-
Maryland	-	-	-	-	Virginia	-	-	-	-
Massachusetts	132	24.4	.03	132	Washington	-	-	-	-
Michigan	-	-	-	-	West Virginia	-	-	-	-
Minnesota	-	-	-	-	Wisconsin	-	-	-	-
Mississippi	-	-	-	-	Wyoming	-	-	-	-
1/ Less than 1/2 cent.									

DEPARTMENT OF DEFENSE

CIVIL DEFENSE
PERSONNEL AND ADMINISTRATION
(50 USCA 2286; O.E. 1958; E.P. None)

Purpose

To provide financial assistance to the States for necessary and essential State and local civil defense personnel and administrative expenses, on the basis of approved plans for the civil defense of the States.

Amount of Statutory Authorization -- \$25 million annually.

Apportionment Formula (statutory)

Federal funds are allocated to the States on the basis of:

- (a) the criticality of the target and support areas with respect to the development of the total civil defense readiness of the Nation;
- (b) the relative state of development of civil defense readiness of the Nation;
- (c) population;
- (d) such other factors as the Administrator shall prescribe.

Matching Provisions -- Federal, 50%; State, 50%.

CIVIL DEFENSE (Cont'd)
SUPPLIES, EQUIPMENT AND FACILITIES
(50 USCA 2281(i); O.E. 1951; E.P. None)

Purpose

Financial contributions are made to the States and their political subdivisions for selected types of civil defense equipment. Emphasis is placed on establishing adequate emergency warning and communication systems and for the purchase of medical supplies and equipment. No financial aid is provided for purchase of land.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Federal funds are apportioned to the States on the basis of urban population in the critical target areas.

Matching Provisions -- Federal, 50%; State, 50%.

CIVIL DEFENSE (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 16,903	100.0	\$.09	\$ 16,903	Missouri	208	1.2	.05	208
Alabama	438	2.6	.13	438	Montana	59	0.3	.08	59
Alaska	38	0.2	.15	38	Nebraska	388	2.3	.26	388
Arizona	164	1.0	.11	164	Nevada	39	0.2	.12	39
Arkansas	172	1.0	.09	172	New Hampshire	77	0.5	.12	77
California	1,976	11.7	.12	1,976	New Jersey	434	2.6	.07	434
Colorado	246	1.5	.13	246	New Mexico	198	1.2	.19	198
Connecticut	47	0.3	.02	47	New York	1,946	11.5	.11	1,946
Delaware	61	0.4	.13	61	North Carolina	501	3.0	.11	501
Dist. of Columbia	80	0.5	.10	80	North Dakota	252	1.5	.39	252
Florida	414	2.4	.08	414	Ohio	192	1.1	.02	192
Georgia	329	1.9	.08	329	Oklahoma	245	1.4	.10	245
Hawaii	216	1.3	.31	216	Oregon	180	1.1	.10	180
Idaho	81	0.5	.12	81	Pennsylvania	854	5.1	.08	854
Illinois	240	1.4	.02	240	Rhode Island	88	0.5	.10	88
Indiana	107	0.6	.02	107	South Carolina	200	1.2	.08	200
Iowa	136	0.8	.05	136	South Dakota	47	0.3	.07	47
Kansas	207	1.2	.09	207	Tennessee	114	0.7	.03	114
Kentucky	105	0.6	.03	105	Texas	810	4.8	.08	810
Louisiana	313	1.9	.09	313	Utah	344	2.0	.36	344
Maine	437	2.6	.44	437	Vermont	55	0.3	.14	55
Maryland	500	3.0	.16	500	Virginia	171	1.0	.04	171
Massachusetts	1,548	9.2	.30	1,548	Washington	192	1.1	.06	192
Michigan	419	2.5	.05	419	West Virginia	86	0.5	.05	86
Minnesota	387	2.3	.11	387	Wisconsin	387	2.3	.09	387
Mississippi	117	0.7	.05	117	Wyoming	54	0.3	.15	54

FEDERAL AVIATION AGENCY

AIRPORT CONSTRUCTION
(49 USCA 1101-1119; O.E. 1946; E.P. None)

Purpose

Grants are made to local sponsoring agencies to assist in the development and improvement of airports deemed necessary as a part of a national system of civil airports capable of meeting the present and anticipated needs of civil aviation.

Amount of Statutory Authorization -- \$75 million annually.

Apportionment Formula (statutory)

Of the Federal funds (\$66.5 million annually) designated for the general purposes of the Federal Airport Act:

- (1) 75 percent is allotted to the States as follows:
 - (a) one-half on the basis of population.
 - (b) one-half on the basis of (land-water) area.
- (2) 25 percent constitutes a discretionary fund. This fund may also be used for projects in national parks and recreation areas, national monuments, national forests (and special reservations for Government purposes).

\$7 million of the annual amounts authorized to be apportioned is made available to the States for developing airports, the primary purpose of which is to serve general aviation and to relieve traffic congestion at high density airports.

Of the (\$1.5 million) special funds appropriated annually for projects in Hawaii, Puerto Rico, and the Virgin Islands, 40 percent is allotted to Hawaii, 40 percent to Puerto Rico, and 20 percent to the Virgin Islands.

Matching Provisions

For the 13 States that contain unreserved public lands and non-taxable Indian lands exceeding 5 percent of their land and water

AIRPORT CONSTRUCTION (Cont'd)

Matching Provisions (Cont'd)

area, the Federal share may exceed 50% of total allowable project costs. (For fiscal 1962, these percentages ranged from 51.6 to 62.5 percent.

For the other 37 States, Federal, 50%; State, 50%. ^{1/}

^{1/} Except, that to the extent that project costs represent the cost of installation of high intensity lighting, of in-runway lighting, of runway distance markers, and of land acquisition for approach light systems, the Federal share shall be 75 percent.

AIRPORT CONSTRUCTION (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 57,012	100.0	\$.31	\$ 53,830 ^{1/}	Missouri	1,406	2.5	.32	1,406
Alabama	1,186	2.1	.35	1,186	Montana	914	1.6	1.29	807
Alaska	2,164	3.8	8.80	1,298	Nebraska	588	1.0	.40	588
Arizona	1,137	2.0	.75	708	Nevada	617	1.1	1.84	370
Arkansas	159	0.3	.09	159	New Hampshire	241	0.4	.38	241
California	6,088	10.7	.36	5,192	New Jersey	703	1.2	.11	703
Colorado	1,592	2.8	.83	1,394	New Mexico	140	0.2	.14	109
Connecticut	696	1.2	.27	696	New York	4,127	7.2	.24	4,127
Delaware	104	0.2	.22	104	North Carolina	1,038	1.8	.22	1,038
Dist. of Columbia	-	-	-	-	North Dakota	4	^{2/}	.01	4
Florida	1,474	2.6	.27	1,474	Ohio	3,359	5.9	.33	3,359
Georgia	471	0.8	.11	471	Oklahoma	1,741	3.1	.71	1,741
Hawaii	1,169	2.1	1.69	1,169	Oregon	405	0.7	.22	323
Idaho	174	0.3	.25	137	Pennsylvania	4,004	7.0	.35	4,004
Illinois	2,396	4.2	.24	2,396	Rhode Island	201	0.4	.23	201
Indiana	960	1.7	.20	960	South Carolina	579	1.0	.24	579
Iowa	1,003	1.8	.36	1,003	South Dakota	135	0.2	.19	122
Kansas	77	0.1	.03	77	Tennessee	1,237	2.2	.34	1,237
Kentucky	1,000	1.8	.32	1,000	Texas	1,947	3.4	.19	1,947
Louisiana	734	1.3	.22	734	Utah	526	0.9	.54	321
Maine	132	0.2	.13	132	Vermont	50	0.1	.13	50
Maryland	491	0.9	.15	491	Virginia	859	1.5	.21	859
Massachusetts	1,754	3.1	.34	1,754	Washington	741	1.3	.25	694
Michigan	2,496	4.4	.31	2,496	West Virginia	534	0.9	.30	534
Minnesota	2,026	3.6	.58	2,026	Wisconsin	832	1.5	.20	832
Mississippi	503	0.9	.22	503	Wyoming	99	0.2	.27	74

^{1/} Reflects basic matching provisions only; special arrangements as to the discretionary fund and installation of high intensity lighting are not taken into account.

^{2/} Less than 0.05 percent.

**DEPARTMENT OF HEALTH, EDUCATION,
AND WELFARE**

OLD AGE ASSISTANCE ^{1/}
(42 USCA 301-306, 1301; O.E. 1935; E.P. 1958)

Purpose

To pay part of the cost of providing a reasonable subsistence for needy persons 65 years of age or older.

Amount of Statutory Authorization -- Not fixed (open-end).

Apportionment Formula (statutory)

(1) Each State receives funds equal to 29/35 2/ of the first \$35 3/ of a maximum average monthly payment of \$70 4/ per recipient.

(The average monthly payment per recipient is the total of State payments directly to recipients and to the vendors of medical or remedial care, divided by the number of recipients during the month.)

(2) Of the next \$35 of such payments, each State receives a variable proportion based on its average per capita income (for the most recent three years), ranging from a minimum of 50% to a maximum of 65%.

(3) Each State receives additional funds for vendor medical payments which shall be the greater of:

- (a) 15 percent of such payments, up to \$15 per recipient, or
- (b) a variable proportion, based on the State's average per capita income (for the most recent three years), ranging from a minimum of 50% to a maximum of 80% of such vendor payments which are in excess of \$70 4/ per month, up to \$15 per recipient.

(4) Each State which makes the following services available also receives Federal funds equal to 75% of the costs: of providing preventive and rehabilitative services that are specified by the Secretary of Health, Education, and Welfare as (1) services that will help dependent persons to develop their capacities for self-care and self-support and to achieve greater family stability, and (2) services that may be provided, at their request, to persons likely to become

See footnotes on next page.

OLD AGE ASSISTANCE (cont'd)

Apportionment Formula (Cont'd)

dependent; and of staff training, including educational leave, and agency training sessions. Federal share of administrative costs is one-half.

Matching Provisions -- See apportionment formula.

-
- 1/ The Public Welfare Amendments of 1962 (P.L. 87-543) give the States the option of administering Old-Age Assistance, Aid to the Blind, Aid to the Disabled, and Medical Assistance for the Aged under a single State plan.
 - 2/ 4/5 through September 30, 1962.
 - 3/ \$30 through September 30, 1961; and \$31 through September 30, 1962.
 - 4/ \$65 through September 30, 1961; and \$66 through September 30, 1962.

OLD AGE ASSISTANCE (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching		
	Amount	Percent distribution	Per capita	Amount	Percent distribution	Per capita
U. S. Total	\$1,230,898	100.0%	\$ 6.62	\$ 625,606	100.0%	\$ 3.37
Alabama	55,317	4.5	16.47	21,440	3.4	6.38
Alaska	739	0.1	3.00	437	0.1	1.78
Arizona	7,231	0.6	4.79	3,242	0.5	2.15
Arkansas	27,505	2.2	15.09	9,964	1.6	5.47
California	146,459	11.9	8.63	94,615	15.1	5.58
Colorado	29,101	2.4	15.26	17,318	2.8	9.08
Connecticut	8,551	0.7	3.29	5,592	0.9	2.15
Delaware	505	1/	1.08	248	1/	0.53
Dist. of Columbia	1,957	0.2	2.50	1,272	0.2	1.62
Florida	38,060	3.1	6.97	16,691	2.7	3.06
Georgia	41,977	3.4	10.24	15,195	2.4	3.71
Hawaii	718	0.1	1.04	404	0.1	0.58
Idaho	3,637	0.3	5.21	1,511	0.2	2.16
Illinois	42,421	3.4	4.18	27,763	4.4	2.74
Indiana	14,051	1.1	2.98	8,236	1.3	1.75
Iowa	21,490	1.7	7.74	11,273	1.8	4.06
Kansas	17,625	1.4	7.94	9,473	1.5	4.27
Kentucky	26,850	2.2	8.71	10,020	1.6	3.25
Louisiana	83,595	6.8	25.10	33,811	5.4	10.15
Maine	6,686	0.5	6.69	2,758	0.4	2.76
Maryland	5,071	0.4	1.59	2,984	0.5	0.94
Massachusetts	35,695	2.9	6.92	23,429	3.7	4.54
Michigan	32,436	2.6	4.06	20,719	3.3	2.59
Minnesota	29,170	2.4	8.39	15,470	2.5	4.45
Mississippi	25,272	2.1	11.24	7,713	1.2	3.43
Missouri	57,002	4.6	13.12	28,960	4.6	6.66
Montana	3,414	0.3	4.82	1,770	0.3	2.50
Nebraska	9,381	0.8	6.32	5,059	0.8	3.41
Nevada	1,480	0.1	4.42	935	0.1	2.79
New Hampshire	3,143	0.3	4.97	1,771	0.3	2.80
New Jersey	10,391	0.8	1.66	6,906	1.1	1.11
New Mexico	6,817	0.6	6.68	2,889	0.5	2.83
New York	33,333	2.7	1.92	22,244	3.6	1.28
North Carolina	21,874	1.8	4.62	7,930	1.3	1.68
North Dakota	4,677	0.4	7.29	1,989	0.3	3.10
Ohio	50,842	4.1	5.04	32,657	5.2	3.23
Oklahoma	60,920	4.9	24.89	25,703	4.1	10.50
Oregon	10,033	0.8	5.38	6,259	1.0	3.36
Pennsylvania	24,269	2.0	2.13	14,740	2.4	1.30
Rhode Island	4,358	0.4	5.04	2,748	0.4	3.18
South Carolina	11,949	1.0	4.91	4,037	0.6	1.66
South Dakota	5,574	0.5	7.73	2,317	0.4	3.21
Tennessee	22,240	1.8	6.12	7,766	1.2	2.14
Texas	116,734	9.5	11.54	48,816	7.8	4.83
Utah	4,097	0.3	4.24	1,827	0.3	1.89
Vermont	3,227	0.3	8.27	1,358	0.2	3.48
Virginia	7,464	0.6	1.79	2,831	0.5	0.68
Washington	26,160	2.1	8.70	16,894	2.7	5.62
West Virginia	7,313	0.6	4.12	2,416	0.4	1.36
Wisconsin	20,351	1.7	4.97	12,118	1.9	2.96
Wyoming	1,733	0.1	4.75	1,088	0.2	2.98

1/ Less than 0.05 percent.

AID TO FAMILIES WITH DEPENDENT CHILDREN
(42 USCA 601-606, 1301; O.E. 1935; E.P. 1958)

Purpose

To furnish assistance to needy children meeting the specifications in the Federal act as to age, deprivation of parental support or care by reason of death, continued absence, or incapacity or unemployment of a parent, and living in the home of parent or certain relations, or under specified conditions, living in a foster home or private child care institution.

Amount of Statutory Authorization -- Not fixed (open end).

Apportionment Formula (statutory)

(1) Each State receives 14/17 of the first \$17 of a maximum average monthly payment of \$30 per recipient (for direct payments to recipients and to vendors for medical or remedial care).

(2) Of the next \$13 of such payments, each State receives a proportion which varies, depending upon average per capita income within the State, but not less than 50% nor more than 65%.

(3) Each State which makes the following services available also receives Federal funds equal to 75% of the cost: of providing preventive and rehabilitative services that are specified by the Secretary of Health, Education, and Welfare as (1) services that will help dependent persons to develop their capacities for self-care and self-support and to achieve greater family stability, and (2) services that may be provided, at their request, to persons likely to become dependent; and of staff training, including educational leave, and agency training sessions. Federal share of administrative costs is one-half.

Matching Provisions -- See apportionment formula.

AID TO FAMILIES WITH DEPENDENT CHILDREN (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching		
	Amount	Percent distribution	Per capita	Amount	Percent distribution	Per capita
U. S. Total	\$831,263	100.0%	\$4.47	\$ 377,181	100.0%	\$2.03
Alabama	9,671	1.2	2.88	2,494	0.7	.74
Alaska	1,087	0.1	4.42	522	0.1	2.12
Arizona	9,860	1.2	6.53	3,933	1.0	2.61
Arkansas	4,253	0.5	2.33	1,073	0.3	.59
California	85,810	10.3	5.06	48,068	12.7	2.83
Colorado	9,145	1.1	4.80	4,551	1.2	2.39
Connecticut	11,224	1.4	4.32	5,865	1.6	2.26
Delaware	2,047	0.2	4.36	767	0.2	1.64
Dist. of Columbia	6,716	0.8	8.57	3,389	0.9	4.32
Florida	16,502	2.0	3.02	4,285	1.1	.78
Georgia	14,145	1.7	3.45	4,571	1.2	1.11
Hawaii	3,205	0.4	4.62	1,573	0.4	2.27
Idaho	2,604	0.3	3.73	983	0.3	1.41
Illinois	64,019	7.7	6.31	33,050	8.8	3.26
Indiana	11,770	1.4	2.50	5,512	1.5	1.17
Iowa	10,171	1.2	3.66	4,437	1.2	1.60
Kansas	7,155	0.9	3.22	3,163	0.8	1.43
Kentucky	19,090	2.3	6.19	6,307	1.7	2.05
Louisiana	23,070	2.8	6.93	8,077	2.1	2.43
Maine	5,592	0.7	5.60	2,000	0.5	2.00
Maryland	12,981	1.6	4.07	6,543	1.7	2.05
Massachusetts	16,533	2.0	3.20	8,668	2.3	1.68
Michigan	30,184	3.6	3.78	14,946	4.0	1.87
Minnesota	11,045	1.3	3.18	4,943	1.3	1.42
Mississippi	7,422	0.9	3.30	2,101	0.6	.93
Missouri	23,152	2.8	5.33	9,115	2.4	2.10
Montana	2,039	0.2	2.88	940	0.2	1.33
Nebraska	3,803	0.5	2.56	1,675	0.4	1.13
Nevada	1,275	0.2	3.81	655	0.2	1.96
New Hampshire	1,210	0.1	1.91	544	0.1	.86
New Jersey	19,912	2.4	3.19	10,521	2.8	1.68
New Mexico	8,342	1.0	8.18	3,164	0.8	3.10
New York	100,203	12.1	5.76	53,935	14.3	3.10
North Carolina	24,590	3.0	5.20	7,536	2.0	1.59
North Dakota	2,078	0.2	3.24	822	0.2	1.28
Ohio	34,349	4.1	3.40	16,872	4.5	1.67
Oklahoma	19,741	2.4	8.06	7,107	1.9	2.90
Oregon	7,872	0.9	4.22	3,970	1.1	2.13
Pennsylvania	70,038	8.4	6.16	35,221	9.3	3.10
Rhode Island	5,991	0.7	6.93	3,321	0.9	3.84
South Carolina	5,450	0.7	2.24	1,403	0.4	.58
South Dakota	2,984	0.4	4.14	1,131	0.3	1.57
Tennessee	16,352	2.0	4.50	4,549	1.2	1.25
Texas	15,486	1.9	1.53	4,412	1.2	.44
Utah	4,422	0.5	4.57	1,767	0.5	1.83
Vermont	1,254	0.2	3.22	481	0.1	1.23
Virginia	10,482	1.3	2.51	3,583	0.9	.86
Washington	14,148	1.7	4.71	7,229	1.9	2.40
West Virginia	29,754	3.6	16.78	9,998	2.7	5.64
Wisconsin	10,203	1.2	2.49	4,975	1.3	1.22
Wyoming	831	0.1	2.28	434	0.1	1.19

AID TO THE BLIND ^{1/}
(42 USCA 1201-1205, 1301; O.E. 1935; E.P. 1958)

Purpose

To pay part of the cost of providing financial assistance to needy individuals who are blind.

Amount of Statutory Authorization -- Not fixed (open-end).

Apportionment Formula (statutory)

(1) Each State receives funds equal to 29/35 ^{2/} of the first \$35 ^{3/} of a maximum average monthly payment of \$70 ^{4/}.

(The average monthly payment per recipient is the total of State payments directly to recipients and to the vendors of medical or remedial care divided by the number of recipients during the month.)

(2) Of the next \$35 of such payments, each State receives a variable proportion based on its average per capita income (for the most recent three years), ranging from a minimum of 50% to a maximum of 65%.

(3) Each State which makes the following services available also receives Federal funds equal to 75% of the cost: of providing preventive and rehabilitative services that are specified by the Secretary of Health, Education, and Welfare as (1) services that will help dependent persons to develop their capacities for self-care and self-support and to achieve greater family stability, and (2) services that may be provided, at their request, to persons likely to become dependent; and of staff training, including educational leave, and agency training sessions. Federal share of administrative costs is one-half.

^{1/} See footnote ^{1/} under Old Age Assistance.

^{2/} 4/5 through September 30, 1962.

^{3/} \$30 through September 30, 1961; and \$31 through September 30, 1962.

^{4/} \$65 through September 30, 1961; and \$66 through September 30, 1962.

AID TO THE BLIND (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching		
	Amount	Percent distribution	Per capita	Amount	Percent distribution	Per capita
U. S. Total	\$ 46,197	100.0%	\$.25	\$ 24,357	100.0%	\$.13
Alabama	660	1.4	.20	229	0.9	.07
Alaska	55	0.1	.22	33	0.1	.13
Arizona	519	1.1	.34	251	1.0	.17
Arkansas	1,015	2.2	.56	392	1.6	.22
California	6,924	15.0	.41	4,322	17.7	.25
Colorado	143	0.3	.07	81	0.3	.04
Connecticut	164	0.4	.06	98	0.4	.04
Delaware	149	0.3	.32	91	0.4	.19
Dist. of Columbia	102	0.2	.13	60	0.2	.08
Florida	1,335	2.9	.24	629	2.6	.12
Georgia	1,699	3.7	.41	648	2.7	.16
Hawaii	55	0.1	.08	35	0.1	.05
Idaho	80	0.2	.11	34	0.1	.05
Illinois	1,669	3.6	.16	1,035	4.2	.10
Indiana	1,086	2.4	.23	647	2.7	.14
Iowa	793	1.7	.29	420	1.7	.15
Kansas	335	0.7	.15	171	0.7	.08
Kentucky	1,328	2.9	.43	539	2.2	.17
Louisiana	1,655	3.6	.50	694	2.8	.21
Maine	234	0.5	.23	96	0.4	.10
Maryland	218	0.5	.07	127	0.5	.04
Massachusetts	1,113	2.4	.22	667	2.7	.13
Michigan	889	1.9	.11	516	2.1	.06
Minnesota	612	1.3	.18	309	1.3	.09
Mississippi	1,381	3.0	.61	451	1.9	.20
Missouri	2,201	4.8	.51	1,188	4.9	.27
Montana	182	0.4	.26	101	0.4	.14
Nebraska	448	1.0	.30	231	0.9	.16
Nevada	109	0.2	.33	69	0.3	.21
New Hampshire	142	0.3	.22	73	0.3	.12
New Jersey	523	1.1	.08	479	2.0	.08
New Mexico	216	0.5	.21	91	0.4	.09
New York	1,876	4.1	.11	1,221	5.0	.07
North Carolina	2,945	6.4	.62	1,243	5.1	.26
North Dakota	59	0.1	.09	28	0.1	.04
Ohio	1,972	4.3	.20	1,223	5.0	.12
Oklahoma	1,051	2.3	.43	433	1.8	.18
Oregon	149	0.3	.08	85	0.3	.05
Pennsylvania	2,808	6.1	.25	2,171	8.9	.19
Rhode Island	72	0.2	.08	47	0.2	.05
South Carolina	768	1.7	.32	290	1.2	.12
South Dakota	91	0.2	.13	39	0.2	.05
Tennessee	1,119	2.4	.31	406	1.7	.11
Texas	3,152	6.8	.31	1,368	5.6	.14
Utah	93	0.2	.10	39	0.2	.04
Vermont	58	0.1	.15	25	0.1	.06
Virginia	671	1.5	.16	283	1.2	.07
Washington	341	0.7	.11	203	0.8	.07
West Virginia	404	0.9	.23	143	0.6	.08
Wisconsin	501	1.1	.12	285	1.2	.07
Wyoming	32	0.1	.09	18	0.1	.05

AID TO PERMANENTLY AND TOTALLY DISABLED 1/
(42 USCA 1351-1355, 1301; O.E. 1950; E.P. 1958)

Purpose

To pay part of the cost of financial assistance to needy individuals, 18 years of age or older, who are permanently and totally disabled.

Amount of Statutory Authorization -- Not fixed (open-end).

Apportionment Formula (statutory)

(1) Each State receives funds equal to 29/35 2/ of the first \$35 3/ of a maximum average monthly payment of \$70 4/ per recipient.

(The average monthly payment per recipient is the total of State payments directly to recipients and to the vendors of medical or remedial care divided by the number of recipients during the month.)

(2) Of the next \$35 of such payments, each State receives a variable proportion based on its average per capita income (for the most recent three years), ranging from a minimum of 50% to a maximum of 65%.

(3) Each State which makes the following services available also receives Federal funds equal to 75% of the cost: of providing preventive and rehabilitative services that are specified by the Secretary of Health, Education, and Welfare as (1) services that will help dependent persons to develop their capacities for self-care and self-support and to achieve greater family stability, and (2) services that may be provided, at their request, to persons likely to become dependent; and of staff training, including educational leave, and agency training sessions. Federal share of other non-assistance costs is one-half.

Matching Provisions -- See apportionment formula.

1/ See footnote 1/ under Old Age Assistance.

2/ 4/5 through September 30, 1962.

3/ \$30 through September 30, 1961; and \$31 through September 30, 1962.

4/ \$65 through September 30, 1961; and \$66 through September 30, 1962.

AID TO PERMANENTLY AND TOTALLY DISABLED (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching		
	Amount	Percent distribution	Per capita	Amount	Percent distribution	Per capita
U. S. Total	\$ 195,549	100.0%	\$ 1.05	\$ 101,440	100.0%	\$.55
Alabama	4,830	2.5	1.44	1,661	1.6	.49
Alaska	-	-	-	-	-	-
Arizona	-	-	-	-	-	-
Arkansas	3,181	1.6	1.74	1,169	1.2	.64
California	10,047	5.1	.59	6,453	6.4	.38
Colorado	3,152	1.6	1.65	1,795	1.8	.94
Connecticut	1,454	0.7	.56	896	0.9	.35
Delaware	261	0.1	.56	157	0.2	.33
Dist. of Columbia	1,495	0.8	1.91	886	0.9	1.13
Florida	6,897	3.5	1.26	3,414	3.4	0.63
Georgia	11,405	5.8	2.78	4,407	4.3	1.07
Hawaii	528	0.3	.76	301	0.3	.43
Idaho	1,082	0.6	1.55	452	0.4	.65
Illinois	12,978	6.6	1.28	7,944	7.8	.78
Indiana	-	-	-	-	-	-
Iowa	469	0.2	.17	244	0.2	.09
Kansas	2,420	1.2	1.09	1,243	1.2	.56
Kentucky	4,825	2.5	1.57	1,986	2.0	.64
Louisiana	9,356	4.8	2.81	4,042	4.0	1.21
Maine	1,346	0.7	1.35	577	0.6	.58
Maryland	3,363	1.7	1.05	1,969	1.9	.62
Massachusetts	5,289	2.7	1.02	3,724	3.7	.72
Michigan	3,143	1.6	.39	1,863	1.8	.23
Minnesota	1,463	0.7	.42	707	0.7	.20
Mississippi	4,197	2.1	1.87	1,413	1.4	.63
Missouri	7,991	4.1	1.84	4,282	4.2	.99
Montana	757	0.4	1.07	419	0.4	.59
Nebraska	1,400	0.7	.94	734	0.7	.49
Nevada	-	-	-	-	-	-
New Hampshire	289	0.1	.46	160	0.2	.25
New Jersey	3,767	1.9	.60	3,061	3.0	.49
New Mexico	1,726	0.9	1.69	760	0.7	.75
New York	18,739	9.6	1.08	11,939	11.8	.69
North Carolina	11,303	5.8	2.39	4,563	4.5	.96
North Dakota	744	0.4	1.16	341	0.3	.53
Ohio	8,130	4.2	.81	5,002	4.9	.50
Oklahoma	6,495	3.3	2.65	2,769	2.7	1.13
Oregon	2,761	1.4	1.48	1,599	1.6	.86
Pennsylvania	7,865	4.0	.69	4,633	4.6	.41
Rhode Island	1,759	0.9	2.03	1,148	1.1	1.33
South Carolina	3,527	1.8	1.45	1,310	1.3	.54
South Dakota	675	0.3	.94	291	0.3	.40
Tennessee	4,959	2.5	1.36	1,845	1.8	.51
Texas	3,856	2.0	.38	1,698	1.7	.17
Utah	1,721	0.9	1.78	745	0.7	.77
Vermont	473	0.2	1.21	203	0.2	.52
Virginia	3,809	1.9	.91	1,644	1.6	.39
Washington	3,695	1.9	1.23	2,210	2.2	.74
West Virginia	3,089	1.6	1.74	1,143	1.1	.64
Wisconsin	2,506	1.3	.61	1,443	1.4	.35
Wyoming	333	0.2	.91	195	0.2	.53

MEDICAL ASSISTANCE FOR THE AGED ^{1/}
(42 USCA 301-306; O.E. 1960; E.P. 1960)

Purpose

To provide a wide range of medical services to low income aged persons (65 years of age or older) who generally have sufficient income to meet their needs except for medical care.

Amount of Statutory Authorization -- Not fixed (open-end).

Apportionment Formula (statutory)

(1) Depending upon per capita State income, Federal grants vary from a minimum of 50 to a maximum of 80 percent of total expenditures for vendor medical payments.

(2) In addition if certain services prescribed by the Secretary are provided, Federal funds are available to cover 75 percent of the cost of providing certain preventive and rehabilitative services and staff training. Federal funds cover half of the other costs of State and local administration of the program.

Matching Provisions

See apportionment formula.

^{1/} See footnote ^{1/} under Old Age Assistance.

MEDICAL ASSISTANCE FOR THE AGED (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 118,855	100.0	\$.64	\$ 112,551	Missouri	-	-	-	-
Alabama	289	0.2	.09	101	Montana	-	-	-	-
Alaska	-	-	-	-	Nebraska	-	-	-	-
Arizona	-	-	-	-	Nevada	-	-	-	-
Arkansas	438	0.4	.24	151	New Hampshire	111	0.1	.18	82
California	13,562	11.4	.80	13,562	New Jersey	-	-	-	-
Colorado	-	-	-	-	New Mexico	-	-	-	-
Connecticut	-	-	-	-	New York	57,232	48.2	3.29	57,232
Delaware	-	-	-	-	North Carolina	-	-	-	-
Dist. of Columbia	-	-	-	-	North Dakota	1,187	1.0	1.85	504
Florida	-	-	-	-	Ohio	-	-	-	-
Georgia	-	-	-	-	Oklahoma	476	0.4	.20	246
Hawaii	451	0.4	.65	396	Oregon	1,187	1.0	.64	1,121
Idaho	1,389	1.2	1.99	747	Pennsylvania	3,460	2.9	.30	3,460
Illinois	646	0.5	.06	646	Rhode Island	-	-	-	-
Indiana	-	-	-	-	South Carolina	839	0.7	.34	290
Iowa	-	-	-	-	South Dakota	-	-	-	-
Kansas	-	-	-	-	Tennessee	301	0.3	.08	181
Kentucky	321	0.3	.10	153	Texas	-	-	-	-
Louisiana	1,614	1.4	.48	806	Utah	371	0.3	.38	217
Maine	360	0.3	.36	183	Vermont	-	-	-	-
Maryland	964	0.8	.30	964	Virginia	17	1/	2/	17
Massachusetts	20,426	17.2	3.96	20,441	Washington	526	0.4	.17	526
Michigan	8,545	7.2	1.07	8,545	West Virginia	4,142	3.5	2.34	1,980
Minnesota	-	-	-	-	Wisconsin	-	-	-	-
Mississippi	-	-	-	-	Wyoming	-	-	-	-

1/ Less than 0.05 percent.

2/ Less than 1/2 cent.

CRIPPLED CHILDREN'S SERVICES
(42 USCA 712; O.E. 1935; E.P. 1935)

Purpose

To enable each State to extend and improve (especially in rural areas and in areas suffering from economic distress), as far as practicable under the conditions in such State, services for locating crippled children and for providing medical, surgical, corrective and other services and care, and facilities for diagnosis, hospitalization, and aftercare, for children who are crippled or who are suffering from conditions which lead to crippling. A portion of the grant funds is available for special projects of regional or national significance which may contribute to the advancement of services for crippled children. Under a 1960 amendment, these project grants may be made to public or other nonprofit institutions of higher learning in the same way as they have been made to State agencies.

Amount of Statutory Authorization

\$25 million annually for fiscal years 1962 and 1963; \$30 million for fiscal 1964; \$35 million for fiscal 1965; \$40 million annually for fiscal years 1966 and 1967; \$45 million annually for fiscal years 1968 and 1969; and \$50 million annually thereafter. 1/

Apportionment Formula (statutory in part)

(1) Half of the funds are placed in "Fund A," from which each State receives a basic grant of \$70,000, plus a portion of the remainder based upon the number of children under age 21 (which is used as an index of the number of crippled children).

The other half of the grant is placed in "Fund B" and apportioned as follows:

(2) 25 percent or less is reserved for grants on a project basis to State official agencies, and to public or other nonprofit institutions of higher learning for special projects of regional or national significance which may contribute to the advancement of services for crippled children.

(3) 75 percent or more (depending upon the relative size of the reserve "Fund B") is apportioned by a formula which takes into consideration State program need and fiscal ability. 2/ Need is measured by the number of children under 21 in rural and urban areas of the State, giving double weight to rural children. Fiscal

CRIPPLED CHILDREN'S SERVICES (Cont'd)

Apportionment Formula (Cont'd)

capacity is indicated by State per capita income. 2/ The greater the proportion of rural to urban children in the State, and the lower its per capita income, the greater will be its allotted share of the Federal funds. At a minimum, no State receives less than \$35,000.

Matching Provisions

Fund A: Federal 50%; State, 50%.

Fund B: No matching.

1/ As amended by P.L. 88-156, October 24, 1963.

2/ By administrative determination; the statutes make no mention of fiscal capacity or per capita income.

CRIPPLED CHILDREN'S SERVICES (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 23,277	100.0	\$.13	\$ 11,764	Missouri	442	1.9	.10	303
Alabama	766	3.3	.23	243	Montana	193	0.8	.27	101
Alaska	149	0.6	.61	57	Nebraska	121	0.5	.08	73
Arizona	-	-	-	-	Nevada	82	0.4	.24	85
Arkansas	404	1.7	.22	163	New Hampshire	124	0.5	.20	97
California	1,081	4.6	.06	758	New Jersey	277	1.2	.04	313
Colorado	305	1.3	.16	170	New Mexico	218	0.9	.21	122
Connecticut	286	1.2	.11	117	New York	895	3.8	.05	783
Delaware	128	0.5	.27	93	North Carolina	1,011	4.3	.21	298
Dist. of Columbia	280	1.2	.36	104	North Dakota	145	0.6	.23	104
Florida	584	2.5	.11	296	Ohio	911	3.9	.09	538
Georgia	842	3.6	.21	277	Oklahoma	367	1.6	.15	179
Hawaii	182	0.8	.26	107	Oregon	239	1.0	.13	155
Idaho	163	0.7	.23	105	Pennsylvania	1,131	4.9	.10	588
Illinois	748	3.2	.07	530	Rhode Island	178	0.8	.21	101
Indiana	572	2.5	.12	299	South Carolina	583	2.5	.24	194
Iowa	499	2.1	.18	204	South Dakota	140	0.6	.19	97
Kansas	287	1.2	.13	173	Tennessee	727	3.1	.20	264
Kentucky	527	2.3	.17	233	Texas	1,485	6.4	.15	569
Louisiana	570	2.4	.17	260	Utah	164	0.7	.17	117
Maine	155	0.7	.16	91	Vermont	126	0.5	.32	88
Maryland	466	2.0	.15	218	Virginia	695	3.0	.17	271
Massachusetts	452	1.9	.09	295	Washington	320	1.4	.11	207
Michigan	954	4.1	.12	473	West Virginia	408	1.8	.23	172
Minnesota	694	3.0	.20	230	Wisconsin	513	2.2	.13	231
Mississippi	565	2.4	.25	132	Wyoming	126	0.5	.35	83

MATERNAL AND CHILD HEALTH SERVICES
(42 USCA 701-05; O.E. 1935; E.P. 1935)

Purpose

To enable each State to extend and improve, as far as practicable under conditions in each State, services for promoting the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress. In recent years, some funds have been earmarked for special projects for mentally retarded children. A portion of the grant funds is available to State Health agencies for special projects of regional or national significance which may contribute to the advancement of services for maternal and child health. 1/ Under a 1960 amendment, these project grants may also be made to public or other nonprofit institutions of higher learning.

Amount of Statutory Authorization

\$25 million annually for fiscal years 1962 and 1963; \$30 million for fiscal year 1964; \$35 million for fiscal year 1965; \$40 million annually for fiscal years 1966 and 1967; \$45 million annually for fiscal years 1968 and 1969; and \$50 million annually thereafter. 2/

Apportionment Formula (statutory in part)

(1) Half of the funds are placed in "Fund A," from which each State receives \$70,000, plus a portion of the remainder which is in the ratio of the number of live births in the State to total live births in the United States.

(2) Of the remainder, known as "Fund B," a specified amount (\$1 million, beginning for fiscal year 1957 and continuing) is set aside for special projects for mentally retarded children.

Of the remaining amount of "Fund B":

(3) Up to 25 percent is reserved for special projects of regional or national significance which may contribute to the advancement of maternal and child health, and payment is on a project basis.

(4) The remainder of "Fund B" is apportioned by a formula which takes into consideration State program need and fiscal ability. 3/ Need is measured by the number of (rural and urban) live births in the State, giving double weight to rural live births. Fiscal capacity is indicated by State per capita income. 3/ The greater the proportion of rural to urban live births in a State, and the

MATERNAL AND CHILD HEALTH SERVICES (Cont'd)

lower its per capita income, the greater will be its allotted share of the Federal funds. At a minimum, no State receives less than \$35,000.

Matching Provisions

Fund A: Federal, 50%; State, 50%.
Fund B: No matching.

-
- 1/ P.L. 88-156, October 24, 1963, expanded the special projects and research aspects of the program considerably. See description of the new programs on p.247, below.
 - 2/ As amended by P.L. 88-156, October 24, 1963.
 - 3/ By administrative determination; the statutes make no specific mention of fiscal capacity or per capita income.

MATERNAL AND CHILD HEALTH SERVICES (cont'd)

Financial Data, by States: 1962

(Dollar amounts; except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 23,143	100.0	\$.12	\$ 12,016	Missouri	523	2.3	.12	270
Alabama	684	3.0	.20	242	Montana	142	0.6	.20	98
Alaska	174	0.8	.71	79	Nebraska	140	0.6	.09	137
Arizona	232	1.0	.15	136	Nevada	123	0.5	.37	70
Arkansas	387	1.7	.21	155	New Hampshire	109	0.5	.17	84
California	1,338	5.8	.08	790	New Jersey	355	1.5	.06	345
Colorado	423	1.8	.22	136	New Mexico	255	1.1	.25	129
Connecticut	396	1.7	.15	141	New York	1,179	5.1	.07	839
Delaware	130	0.6	.28	95	North Carolina	889	3.8	.19	300
Dist. of Columbia	311	1.3	.40	112	North Dakota	140	0.6	.22	105
Florida	774	3.3	.14	302	Ohio	1,005	4.3	.10	541
Georgia	734	3.2	.18	277	Oklahoma	381	1.6	.16	163
Hawaii	180	0.8	.26	106	Oregon	212	0.9	.11	143
Idaho	191	0.8	.27	106	Pennsylvania	1,091	4.7	.10	590
Illinois	673	2.9	.07	554	Rhode Island	220	1.0	.25	103
Indiana	374	1.6	.08	301	South Carolina	527	2.3	.22	191
Iowa	307	1.3	.11	168	South Dakota	63	0.3	.09	46
Kansas	260	1.1	.12	177	Tennessee	667	2.9	.18	243
Kentucky	549	2.4	.18	227	Texas	1,036	4.5	.10	567
Louisiana	481	2.1	.14	236	Utah	139	0.6	.14	126
Maine	178	0.8	.18	118	Vermont	126	0.5	.32	90
Maryland	451	1.9	.14	227	Virginia	753	3.3	.18	270
Massachusetts	416	1.8	.08	290	Washington	389	1.7	.13	170
Michigan	921	4.0	.12	479	West Virginia	431	1.9	.24	162
Minnesota	509	2.2	.15	234	Wisconsin	417	1.8	.10	268
Mississippi	625	2.7	.28	186	Wyoming	129	0.6	.35	91

CHILD WELFARE SERVICES
(42 USCA 722; O.E. 1935; E.P. 1958)

Purpose

To assist State public welfare agencies to establish, extend, and strengthen child welfare services for the purpose of (1) preventing, or remedying, or assisting in the solution of problems which may result in the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care for children away from their homes in foster family homes or day-care or other child-care facilities. This grant also contains a provision authorizing payments to defray the cost of returning runaway children.

Amount of Statutory Authorization

\$30 million for fiscal year 1962-63, \$35 million for 1963-64, \$40 million each for 1964-65 and 1965-66, \$45 million for 1966-67 and 1967-68, and \$50 million a year thereafter.

Apportionment Formula (statutory)

(1) Basic allotment. Each State receives up to \$70,000 annually, but not less than \$50,000, depending upon the ratio of annual appropriations to the amount which is authorized to be appropriated.

(2) The remainder of the fund, with the exception of those funds earmarked for day-care described in (3), is allocated to each State according to the ratio that the State's population under 21, weighted by its "allotment percentage" bears to the sum of the corresponding weighted populations under 21 for all the States.

(3) Funds appropriated in excess of \$25 million a year, up to a maximum of \$10 million, are to be earmarked for day-care services, and allotted among the States on the basis of the population under age 21 and the States' allotment percentages, with a minimum allotment of \$10,000. 1/

CHILD WELFARE SERVICES (Cont'd)

Apportionment Formula (Cont'd)

A State's allotment percentage is defined as 100 percent less the State percentage. The latter is that percentage which bears the same ratio to 50 percent as the per capita income of the State bears to the per capita income of the United States. Upper and lower limits are fixed for the allotment percentage, at 70 and 30 percent.

Matching Provisions

Variable, Federal participation ranges from one-third to not more than two-thirds of the total program cost, based upon the allotment percentage. (See apportionment Formula).

1/ Effective for fiscal years beginning after June 30, 1962.

CHILD WELFARE SERVICES (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distri- bution	Per capita			Amount	Percent distri- bution	Per capita	
U. S. Total	\$ 18,141	100.0	\$.10	\$ 17,791	Missouri	411	2.3	.09	388
Alabama	472	2.6	.14	236	Montana	120	0.7	.17	106
Alaska	70	0.4	.28	101	Nebraska	184	1.0	.12	160
Arizona	185	1.0	.12	155	Nevada	72	0.4	.21	118
Arkansas	284	1.6	.16	142	New Hampshire	100	0.6	.16	84
California	1,028	5.7	.06	1,582	New Jersey	418	2.3	.07	647
Colorado	208	1.1	.11	197	New Mexico	160	0.9	.16	115
Connecticut	183	1.0	.07	361	New York	1,011	5.6	.06	1,693
Delaware	77	0.4	.16	155	North Carolina	632	3.5	.13	319
Dist. of Columbia	89	0.5	.11	178	North Dakota	130	0.7	.20	77
Florida	454	2.5	.08	380	Ohio	819	4.5	.08	981
Georgia	534	2.9	.13	292	Oklahoma	284	1.6	.12	196
Hawaii	115	0.6	.17	108	Oregon	206	1.1	.11	196
Idaho	95	0.5	.14	66	Pennsylvania	939	5.2	.08	1,015
Illinois	701	3.9	.07	1,089	Rhode Island	121	0.7	.14	118
Indiana	445	2.5	.09	427	South Carolina	400	2.2	.16	200
Iowa	316	1.7	.11	264	South Dakota	130	0.7	.18	78
Kansas	251	1.4	.11	215	Tennessee	472	2.6	.13	251
Kentucky	430	2.4	.14	231	Texas	1,040	5.7	.10	826
Louisiana	446	2.5	.13	262	Utah	157	0.9	.16	116
Maine	150	0.8	.15	103	Vermont	92	0.5	.24	63
Maryland	297	1.6	.09	349	Virginia	472	2.6	.11	341
Massachusetts	404	2.2	.08	522	Washington	285	1.6	.09	314
Michigan	734	4.0	.09	826	West Virginia	279	1.5	.16	175
Minnesota	381	2.1	.11	323	Wisconsin	413	2.3	.10	388
Mississippi	362	2.0	.16	181	Wyoming	83	0.5	.23	81

HOSPITAL AND MEDICAL FACILITIES CONSTRUCTION
(42 USCA 291-291z; O.E. 1946; E.P. 1946 1/)

Purpose

Originally, to survey needs and to assist the local sponsors in the several States in the construction of public and other non-profit hospitals. Subsequently, to assist the several States in the construction of diagnostic or treatment centers, hospitals for the chronically ill and impaired, rehabilitation facilities, and nursing homes. Since 1958, local sponsors of hospitals and medical facilities have the option of obtaining a 40-year loan, at low interest rates, in lieu of grants. Loan funds are paid from the State's grant allotment.

Amount of Statutory Authorization

\$220 million annually, of which \$150 million is for hospitals and public health centers, \$20 million for diagnostic or treatment centers, \$20 million for chronic disease hospitals, \$10 million for rehabilitation facilities, and \$20 million for nursing homes.

Apportionment Formula (statutory)

Funds are allotted to each State according to the ratio that the State's population, weighted by the square of its "allotment percentage," bears to the sum of the corresponding weighted populations for all the States.

A State's allotment percentage is defined as 100 percent less the State percentage. The latter is that percentage which bears the same ratio to 50 percent as the per capita income of the State bears to the per capita income of the United States. Upper and lower limits are fixed for the allotment percentage, at 75 and 33-1/3 percent.

Minimum allotments are provided:

- (a) for hospitals and public health center, \$200,000 per State;
- (b) for chronic disease hospitals, \$100,000;
- (c) for diagnostic or treatment centers, \$100,000;

HOSPITAL AND MEDICAL FACILITIES CONSTRUCTION (Cont'd)

Apportionment Formula (Cont'd)

(d) for rehabilitation facilities, \$50,000 and

(e) \$100,000 for nursing homes.

Matching Provisions

Variable; Federal participation ranges from one-third to not more than two-thirds of the total eligible project cost, based upon the allotment percentage. (See Apportionment Formula).

1/ Variable matching started in 1949.

HOSPITAL AND MEDICAL FACILITIES CONSTRUCTION (CONT'D)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Total grants	Grants to private institutions	Expenditure for grants to State and local governments			Required State and local matching		
			Amount	Percent distribution	Per capita	Amount	Percent distribution	Per capita
U. S. Total	\$160,646 ^{1/}	\$99,790	\$60,856 ^{1/}	100.0%	0.33	\$46,351	100.0%	0.25
Alabama	3,265 ^{2/}	1,004	2,261	3.7	0.67	1,082	2.3	0.32
Alaska	636 ^{2/}	543	932 ^{2/}	0.2	0.38	135	0.3	0.55
Arizona	1,540	1,293	247	0.4	0.16	207	0.4	0.14
Arkansas	4,031	918	3,113	5.1	1.71	1,275	2.8	0.70
California	7,169	3,874	3,295	5.4	0.19	5,072	10.9	0.30
Colorado	1,750	529	1,221	2.0	0.64	1,154	2.5	0.61
Connecticut	664	664	- -	- -	- -	- -	- -	- -
Delaware	639	194	445	0.7	0.95	890	1.9	1.90
Dist. of Columbia	605	373	232	0.4	0.30	464	1.0	0.59
Florida	5,473	2,887	2,586	4.2	0.47	2,167	4.7	0.40
Georgia	5,800	396	5,404	8.9	1.32	2,952	6.4	0.72
Hawaii	695	263	432	0.7	0.62	403	0.9	0.58
Idaho	998	748	250	0.4	0.36	174	0.4	0.25
Illinois	4,895	3,901	994	1.6	0.10	1,544	3.3	0.15
Indiana	3,160	1,916	1,244	2.0	0.26	1,194	2.6	0.25
Iowa	3,466	3,004	462	0.8	0.17	387	0.8	0.14
Kansas	2,574	1,636	938	1.5	0.42	802	1.7	0.36
Kentucky	4,117	1,234	2,883	4.7	0.94	1,549	3.3	0.50
Louisiana	2,271	365	1,906	3.1	0.57	1,122	2.4	0.34
Maine	1,103	1,050	53	0.1	0.05	37	0.1	0.04
Maryland	3,005	2,845	160	0.3	0.05	188	0.4	0.06
Massachusetts	3,180	2,994	186	0.3	0.04	240	0.5	0.05
Michigan	4,966	3,094	1,872	3.1	0.23	2,108	4.5	0.26
Minnesota	3,329	2,467	862	1.4	0.25	730	1.6	0.21
Mississippi	5,065	285	4,780	7.9	2.13	1,640	3.5	0.73
Missouri	4,315	2,820	1,495	2.5	0.34	1,409	3.0	0.32
Montana	801	601	200	0.3	0.28	178	0.4	0.25
Nebraska	1,277	1,032	245	0.4	0.17	213	0.5	0.14
Nevada	680	267	413	0.7	1.23	682	1.5	2.04
New Hampshire	1,254	1,171	83	0.1	0.13	70	0.2	0.11
New Jersey	2,834	2,458	376	0.6	0.06	581	1.3	0.09
New Mexico	1,514	796	718	1.2	0.70	514	1.1	0.50
New York	9,781	9,153	628	1.0	0.04	1,052	2.3	0.06
North Carolina	5,946	2,266	3,680	6.0	0.78	1,859	4.0	0.39
North Dakota	1,472	1,408	64	0.1	0.10	38	0.1	0.06
Ohio	5,745	4,277	1,468	2.4	0.15	1,759	3.8	0.17
Oklahoma	2,458	1,044	1,414	2.3	0.58	979	2.1	0.40
Oregon	1,685	1,484	201	0.3	0.11	191	0.4	0.10
Pennsylvania	8,484	7,906	578	0.9	0.05	624	1.3	0.05
Rhode Island	948	755	193	0.3	0.22	189	0.4	0.22
South Carolina	4,783	1,234	3,549	5.8	0.46	1,530	3.3	0.63
South Dakota	1,499	1,043	456	0.7	0.63	271	0.6	0.38
Tennessee	4,882	2,339	2,543	4.2	0.70	1,353	2.9	0.37
Texas	10,650	7,434	3,216	5.3	0.32	2,555	5.5	0.25
Utah	312	87	225	0.4	0.23	167	0.4	0.17
Vermont	417	417	- -	- -	- -	- -	- -	- -
Virginia	6,738	5,721	1,017	1.7	0.24	733	1.6	0.18
Washington	1,751	1,206	545	0.9	0.18	601	1.3	0.20
West Virginia	1,711	925	786	1.3	0.44	493	1.1	0.28
Wisconsin	4,035	3,388	647	1.1	0.16	608	1.3	0.15
Wyoming	274	81	193	0.3	0.53	190	0.4	0.52

^{1/} Includes \$1,034 thousand for the construction of health research facilities.

^{2/} Excludes \$3,192 thousand for construction of mental health facilities in Alaska.

GENERAL HEALTH
(42 USCA 246(c); O.E. 1935; E.P. 1935)

Purpose

To provide financial assistance and stimulation to the nationwide development and improvement of State and local public health services for the prevention and control of disease, disability, and premature death.

Amount of Statutory Authorization

\$50 million annually through fiscal 1966 for general health, mental health, chronically ill and aged, and related public health programs.

Apportionment Formula (statutory guidelines only)

Variations among the States regarding program need, as reflected by population, and differences among the States respecting their fiscal capacity, as reflected by per capita income, are given consideration in apportioning the Federal funds. By administrative determination:

(1) 95 percent of the funds is allotted to the States on the basis of population, weighted by the reciprocal of State per capita income.

(2) 5 percent of the funds is allotted on the basis of the extent of special (in contrast to general) health problems as measured by the reciprocal of population density (to give more weight to those States with sparse population).

Matching Provisions -- Federal, 50%; State, 50%.

GENERAL HEALTH (cont'd)

Financial Data, by States: 1962
(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per Capita	
U. S. Total	\$14,584 ^{1/}	100.0	\$.08	\$14,584	Missouri	351	2.4	.08	351
Alabama	398	2.7	.12	398	Montana	82	0.6	.12	82
Alaska	41	0.3	.17	41	Nebraska	148	1.0	.10	148
Arizona	132	0.9	.09	132	Nevada	40	0.3	.12	40
Arkansas	256	1.8	.14	256	New Hampshire	57	0.4	.09	57
California	989	6.8	.06	989	New Jersey	370	2.5	.06	370
Colorado	163	1.1	.09	163	New Mexico	117	0.8	.11	117
Connecticut	134	0.9	.05	134	New York	945	6.5	.05	945
Delaware	27	0.2	.06	27	North Carolina	520	3.6	.11	520
Dist. of Columbia	42	0.3	.05	42	North Dakota	106	0.7	.17	106
Florida	417	2.9	.08	417	Ohio	661	4.5	.07	661
Georgia	433	3.0	.11	433	Oklahoma	238	1.6	.10	238
Hawaii	56 ^{1/}	0.4	.08	56	Oregon	148	1.0	.08	148
Idaho	91	0.6	.13	91	Pennsylvania	823	5.6	.07	823
Illinois	611	4.2	.06	611	Rhode Island	64	0.4	.07	64
Indiana	348	2.4	.07	348	South Carolina	303	2.1	.12	303
Iowa	251	1.7	.09	251	South Dakota	100	0.7	.14	100
Kansas	196	1.3	.09	196	Tennessee	391	2.7	.11	391
Kentucky	302	2.1	.10	302	Texas	815	5.6	.08	815
Louisiana	337	2.3	.10	337	Utah	106	0.7	.11	106
Maine	100	0.7	.10	100	Vermont	60	0.4	.15	60
Maryland	222	1.5	.07	222	Virginia	330	2.3	.08	330
Massachusetts	349	2.4	.07	349	Washington	202	1.4	.07	202
Michigan	518	3.6	.06	518	West Virginia	190	1.3	.11	190
Minnesota	298	2.0	.09	298	Wisconsin	310	2.1	.08	310
Mississippi	338	2.3	.15	338	Wyoming	54	0.4	.15	54

^{1/} Excludes \$849 thousand for treatment of leprosy patients.

COMMUNITY HEALTH SERVICE GRANTS, PARTICULARLY FOR THE
CHRONICALLY ILL AND AGED

(42 USCA 246(c), 247a; O.E. 1961; E.P. 1961)

Purpose

Formula type - to assist States to increase the availability and improve the quality, of out-of-hospital health services for the chronically ill and aged.

Project type - to develop better methods of increasing the availability, decreasing the cost, or improving the quality of community health services, particularly for the chronically ill and aged.

Amount of Statutory Authorization

See "General Health." In addition, there is a \$10 million annual authorization through 1966 for project grants.

Apportionment Formula (discretionary)

Variations among the States regarding program need, as reflected by population, and differences among the States respecting their fiscal capacity, as reflected by per capita income, are given consideration in apportioning the Federal funds. By administrative determination:

(1) 40 percent of the funds is allotted to the States on the basis of population, weighted by the reciprocal of State per capita income.

(2) 60 percent of the funds is allotted to the States on the basis of the number of persons age 65 years or over, weighted by the reciprocal of State per capita income.

For fiscal 1962, the minimum allotment per State is \$40,000.

Project funds are available to any State or local public agency or any nonprofit private agency or organization upon approval of a grant application by the Surgeon General or his designee.

Matching Provisions

Formula type funds - Federal, 66-2/3%; State, 33-1/3%, through fiscal 1965, thereafter on a 50-50 basis.

Project funds-- No matching.

COMMUNITY HEALTH SERVICE GRANTS, PARTICULARLY FOR THE CHRONICALLY ILL AND AGED (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 4,746	100.0	\$.03	\$ 2,373	Missouri	153	3.2	.04	76
Alabama	115	2.4	.03	57	Montana	22	0.5	.03	11
Alaska	-	-	-	-	Nebraska	20	0.4	.01	10
Arizona	17	0.4	.01	8	Nevada	25	0.5	.07	13
Arkansas	61	1.3	.03	31	New Hampshire	-	-	-	-
California	356	7.5	.02	178	New Jersey	144	3.0	.02	72
Colorado	52	1.1	.03	26	New Mexico	40	0.8	.04	20
Connecticut	38	0.8	.01	19	New York	418	8.8	.02	209
Delaware	40	0.8	.09	20	North Carolina	168	3.5	.04	84
Dist. of Columbia	40	0.8	.05	20	North Dakota	40	0.8	.06	20
Florida	169	3.6	.03	84	Ohio	262	5.5	.03	131
Georgia	47	1.0	.01	24	Oklahoma	93	2.0	.04	46
Hawaii	40	0.8	.06	20	Oregon	22	0.5	.01	11
Idaho	40	0.8	.06	20	Pennsylvania	340	7.2	.03	170
Illinois	254	5.4	.03	127	Rhode Island	40	0.8	.05	20
Indiana	52	1.1	.01	26	South Carolina	73	1.5	.03	37
Iowa	45	0.9	.02	22	South Dakota	15	0.3	.02	8
Kansas	80	1.7	.04	40	Tennessee	58	1.2	.02	29
Kentucky	89	1.9	.03	45	Texas	209	4.4	.02	104
Louisiana	43	0.9	.01	22	Utah	-	-	-	-
Maine	23	0.5	.02	12	Vermont	33	0.7	.08	17
Maryland	73	1.5	.02	36	Virginia	100	2.1	.02	50
Massachusetts	90	1.9	.02	45	Washington	62	1.3	.02	31
Michigan	198	4.2	.02	99	West Virginia	67	1.4	.04	34
Minnesota	121	2.5	.03	61	Wisconsin	105	2.2	.03	53
Mississippi	122	2.6	.05	61	Wyoming	33	0.7	.09	17

TUBERCULOSIS CONTROL
(42 USCA 246(b); O.E. 1944; E.P. 1944)

Purpose

Originally, to assist States in establishing and maintaining adequate measures for the prevention, treatment, and control of tuberculosis. Since 1955, the purpose has been restricted to expenses for prevention and case-finding activities. The 1962 Appropriation Act (PL 87-290) first provided for \$500,000 for project grants.

Amount of Statutory Authorization -- Not fixed.

Apportionment Formula (statutory guidelines only)

Variations among the States regarding program need, as reflected by disease morbidity and population, and differences among the States respecting their fiscal capacity, as reflected by per capita incomes, are given consideration in apportioning the Federal funds. By administrative determination:

- (1) 20 percent of the funds is allotted to the States on the basis of population, weighted by the reciprocal of per capita income.
- (2) 80 percent of the funds is allotted on the basis of the extent of the tuberculosis problem as measured by morbidity of the disease, mortality, and evaluation of program needs.

Of this 80 percent:

- (a) 26 points are allotted for tuberculosis mortality (using a three-year average of deaths from the disease in each State);
- (b) 43 points are allotted for morbidity (again, using a three-year average); and
- (c) the remaining 11 points consist of a basic (\$7,500) grant to each State.

Matching Provisions

Formula type funds -- Federal, 50%; State, 50%.
Project type funds -- No matching.

TUBERCULOSIS CONTROL (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 3,829	100.0	\$.02	\$ 3,829	Missouri	82	2.1	.02	82
Alabama	112	2.9	.03	112	Montana	18	0.5	.03	18
Alaska	17	0.4	.07	17	Nebraska	23	0.6	.02	23
Arizona	70	1.8	.05	70	Nevada	12	0.3	.04	12
Arkansas	53	1.4	.03	53	New Hampshire	13	0.3	.02	13
California	280	7.3	.02	280	New Jersey	99	2.6	.02	99
Colorado	46	1.2	.02	46	New Mexico	29	0.8	.03	29
Connecticut	34	0.9	.01	34	New York	384	10.0	.02	384
Delaware	15	0.4	.03	15	North Carolina	75	2.0	.02	75
Dist. of Columbia	33	0.9	.04	33	North Dakota	14	0.4	.02	14
Florida	97	2.5	.02	97	Ohio	153	4.0	.02	153
Georgia	109	2.8	.03	109	Oklahoma	45	1.2	.02	45
Hawaii	19	0.5	.03	19	Oregon	30	0.8	.02	30
Idaho	14	0.4	.02	14	Pennsylvania	271	7.1	.02	271
Illinois	197	5.1	.02	197	Rhode Island	45	1.2	.05	45
Indiana	65	1.7	.01	65	South Carolina	62	1.6	.03	62
Iowa	32	0.8	.01	32	South Dakota	13	0.3	.02	13
Kansas	28	0.7	.01	28	Tennessee	112	2.9	.03	112
Kentucky	94	2.5	.03	94	Texas	168	4.4	.01	168
Louisiana	90	2.4	.03	90	Utah	13	0.3	.01	13
Maine	20	0.5	.02	20	Vermont	17	0.4	.04	17
Maryland	83	2.2	.03	83	Virginia	89	2.3	.02	89
Massachusetts	133	3.5	.03	133	Washington	45	1.2	.01	45
Michigan	153	4.0	.02	153	West Virginia	46	1.2	.03	46
Minnesota	40	1.0	.01	40	Wisconsin	49	1.3	.01	49
Mississippi	72	1.9	.03	72	Wyoming	10	0.3	.03	10

CANCER DEMONSTRATION AND CONTROL
(42 USCA 282(f); 1/ O.E. 1948; E.P. 1948)

Purpose

To assist official agencies, professional and voluntary societies and other interested groups in initiating and furthering community programs to reduce morbidity and mortality from cancer. Major attention is focused on strengthening services relating to cervical and lung cancer.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula

Variations among the States regarding program need, as reflected by population and cancer mortality, and differences among the States respecting their fiscal capacity, as reflected by per capita incomes, are given consideration in apportioning the Federal funds. By administrative determination:

(1) 60 percent of the fund is allotted to the States on the basis of population, weighted by the reciprocal of per capita income.

(2) 40 percent of the fund is allotted on the basis of the extent of the cancer problem as measured by:

(a) mortality from cancer (using a three-year average -- 35%.)

(b) the reciprocal of population density -- 5%.

Each State receives a minimum grant of \$25,000 or 25 cents per capita, whichever is less.

Matching Provisions

Formula type funds -- Federal, 50%; State, 50%.

Project (demonstration) funds -- No matching; but priority is given to applications in which the sponsoring agency finances at least 25 percent of the total costs.

1/ Authorizes cooperation with State health agencies; annual appropriation acts authorize grants.

CANCER DEMONSTRATION AND CONTROL (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 3,366	100.0	\$.02	\$ 3,366	Missouri	85	2.5	.02	85
Alabama	77	2.3	.02	77	Montana	18	0.5	.03	18
Alaska	-	-	-	-	Nebraska	30	0.9	.02	30
Arizona	25	0.7	.02	25	Nevada	5	0.1	.01	5
Arkansas	44	1.3	.02	44	New Hampshire	25	0.7	.04	25
California	239	7.1	.01	239	New Jersey	100	3.0	.02	100
Colorado	34	1.0	.02	34	New Mexico	26	0.8	.03	26
Connecticut	36	1.1	.01	36	New York	273	8.1	.02	273
Delaware	26	0.8	.06	26	North Carolina	97	2.9	.02	97
Dist. of Columbia	32	1.0	.04	32	North Dakota	26	0.8	.04	26
Florida	125	3.7	.02	125	Ohio	162	4.8	.02	162
Georgia	84	2.5	.02	84	Oklahoma	51	1.5	.02	51
Hawaii	26	0.8	.04	26	Oregon	25	0.7	.01	25
Idaho	26	0.8	.04	26	Pennsylvania	206	6.1	.02	206
Illinois	152	4.5	.01	152	Rhode Island	26	0.8	.03	26
Indiana	77	2.3	.02	77	South Carolina	57	1.7	.02	57
Iowa	29	0.9	.01	29	South Dakota	9	0.3	.01	9
Kansas	43	1.3	.02	43	Tennessee	73	2.2	.02	73
Kentucky	61	1.8	.02	61	Texas	175	5.2	.02	175
Louisiana	67	2.0	.02	67	Utah	6	0.2	.01	6
Maine	9	0.3	.01	9	Vermont	32	1.0	.08	32
Maryland	52	1.5	.02	52	Virginia	72	2.1	.02	72
Massachusetts	95	2.8	.02	95	Washington	47	1.4	.02	47
Michigan	127	3.8	.02	127	West Virginia	41	1.2	.02	41
Minnesota	65	1.9	.02	65	Wisconsin	74	2.2	.02	74
Mississippi	63	1.9	.03	63	Wyoming	7	0.2	.02	7

MENTAL HEALTH
(42 USCA 246(c); O.E. 1946; E.P. 1946)

Purpose

To assist the States in establishing, maintaining, and expanding community mental health services in an effort to improve the mental health of the people of the United States and to prevent and curtail the need for hospital care of the mentally ill.

Amount of Statutory Authorization -- See "General Health."

Apportionment Formula (statutory guidelines only)

Variations among the States regarding program need, as reflected by population, and differences among the States respecting their fiscal capacity, as reflected by per capita income, are given consideration in apportioning the Federal funds. By administrative determination:

(1) 30 percent of the funds is allotted to the State on the basis of population, weighted by the reciprocal of per capita income.

(2) 70 percent of the funds is allotted on the basis of the extent of the mental health problem which is considered to be in direct proportion to population.

Each State is assured a minimum grant, which is administratively determined at \$65,000 for 1962.

Matching Provisions -- Federal, 50%; State, 50%.

MENTAL HEALTH (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 6,495	100.0	\$.03	\$ 6,495	Missouri	141	2.2	.03	141
Alabama	125	1.9	.04	125	Montana	67	1.0	.09	67
Alaska	52	0.8	.21	52	Nebraska	67	1.0	.05	67
Arizona	50	0.8	.03	50	Nevada	47	0.7	.14	47
Arkansas	58	0.9	.03	58	New Hampshire	65	1.0	.10	65
California	465	7.2	.03	465	New Jersey	184	2.8	.03	184
Colorado	66	1.0	.03	66	New Mexico	67	1.0	.07	67
Connecticut	73	1.1	.03	73	New York	504	7.8	.03	504
Delaware	73	1.1	.16	73	North Carolina	171	2.6	.04	171
Dist. of Columbia	67	1.0	.09	67	North Dakota	67	1.0	.10	67
Florida	164	2.5	.03	164	Ohio	304	4.7	.03	304
Georgia	145	2.2	.04	145	Oklahoma	79	1.2	.03	79
Hawaii	67	1.0	.10	67	Oregon	66	1.0	.04	66
Idaho	67	1.0	.10	67	Pennsylvania	370	5.7	.03	370
Illinois	298	4.6	.03	298	Rhode Island	65	1.0	.08	65
Indiana	144	2.2	.03	144	South Carolina	94	1.4	.04	94
Iowa	80	1.2	.03	80	South Dakota	65	1.0	.09	65
Kansas	73	1.1	.03	73	Tennessee	136	2.1	.04	136
Kentucky	112	1.7	.04	112	Texas	323	5.0	.03	323
Louisiana	118	1.8	.04	118	Utah	39	0.6	.04	39
Maine	66	1.0	.07	66	Vermont	75	1.2	.19	75
Maryland	98	1.5	.03	98	Virginia	136	2.1	.03	136
Massachusetts	149	2.3	.03	149	Washington	91	1.4	.03	91
Michigan	246	3.8	.03	246	West Virginia	67	1.0	.04	67
Minnesota	104	1.6	.03	104	Wisconsin	128	2.0	.03	128
Mississippi	93	1.4	.04	93	Wyoming	24	0.4	.07	24

HEART DISEASE CONTROL
(42 USCA 246(e); O.E. 1948; E.P. 1948)

Purpose -- To further community programs for heart disease control.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory guidelines only)

Variations among the States regarding program need, as reflected by population, and differences among the States respecting their fiscal capacity, as reflected by per capita income, are given consideration in apportioning the Federal funds. By administrative determination:

(1) 37 percent of the funds for 1962 was allotted to the States on the basis of 35 cents per capita for the first 100,000 population. 1/

(2) The remaining funds (63 percent for 1962) were allotted on the basis of population over 100,000 weighted by the reciprocal of per capita income.

Matching Provisions -- Federal, 50%; State, 50%.

1/ Regulations provide for a basic grant not to exceed 50 cents per capita for the first 100,000 population.

HEART DISEASE CONTROL (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 4,437	100.0	\$.02	\$ 4,437	Missouri	87	2.0	.02	87
Alabama	117	2.6	.03	117	Montana	30	0.7	.04	30
Alaska	4	0.1	.02	4	Nebraska	13	0.3	.01	13
Arizona	1	1/	2/	1	Nevada	11	0.2	.03	11
Arkansas	78	1.8	.04	78	New Hampshire	19	0.4	.03	19
California	275	6.2	.02	275	New Jersey	122	2.7	.02	122
Colorado	69	1.6	.04	69	New Mexico	57	1.3	.06	57
Connecticut	61	1.4	.02	61	New York	283	6.4	.02	283
Delaware	28	0.6	.06	28	North Carolina	124	2.8	.03	124
Dist. of Columbia	47	1.1	.06	47	North Dakota	51	1.1	.08	51
Florida	125	2.8	.02	125	Ohio	197	4.4	.02	197
Georgia	126	2.8	.03	126	Oklahoma	86	1.9	.04	86
Hawaii	44	1.0	.06	44	Oregon	35	0.8	.02	35
Idaho	51	1.1	.07	51	Pennsylvania	226	5.1	.02	226
Illinois	169	3.8	.02	169	Rhode Island	49	1.1	.06	49
Indiana	113	2.5	.02	113	South Carolina	108	2.4	.04	108
Iowa	50	1.1	.02	50	South Dakota	12	0.3	.02	12
Kansas	59	1.3	.03	59	Tennessee	127	2.9	.03	127
Kentucky	99	2.2	.03	99	Texas	235	5.3	.02	235
Louisiana	111	2.5	.03	111	Utah	9	0.2	.01	9
Maine	16	0.4	.02	16	Vermont	14	0.3	.04	14
Maryland	90	2.0	.03	90	Virginia	77	1.7	.02	77
Massachusetts	120	2.7	.02	120	Washington	79	1.8	.03	79
Michigan	162	3.7	.02	162	West Virginia	65	1.5	.04	65
Minnesota	78	1.8	.02	78	Wisconsin	103	2.3	.03	103
Mississippi	113	2.5	.05	113	Wyoming	14	0.3	.04	14

1/ Less than 0.05 percent. 2/ Less than 1/2 cent.

VENEREAL DISEASE CONTROL
(42 USCA 246(a); O.E. 1938; E.P. 1938)

Purpose

Originally, to assist States in establishing and maintaining adequate measures for the prevention, treatment, and control of the venereal diseases. Since 1953, no funds have been appropriated for formula grants, and the emphasis has shifted to case-finding and out-patient services. Grants are currently available only for special projects, as authorized in annual appropriation acts.

Amount of Statutory Authorization -- Annual appropriations; no limit

Apportionment Formula

No formula grants since 1953. Special project grants are made to States and local jurisdictions on the basis of project applications describing the need, the objectives of the project, the geographical scope, and the personnel and funds available and required.

Matching Provisions -- None

VENEREAL DISEASE CONTROL (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per Capita	
U. S. Total	\$ 2,530	100.0	\$.01	-	Missouri	43	1.7	.01	-
Alabama	40	1.6	.01	-	Montana	7	0.3	.01	-
Alaska	1	1/100	2/100	-	Nebraska	12	0.5	.01	-
Arizona	17	0.7	.01	-	Nevada	7	0.3	.02	-
Arkansas	75	3.0	.04	-	New Hampshire	-	-	-	-
California	107	4.2	.01	-	New Jersey	67	2.6	.01	-
Colorado	2	0.1	2/100	-	New Mexico	35	1.4	.03	-
Connecticut	11	0.4	2/100	-	New York	532	21.0	.03	-
Delaware	11	0.4	.02	-	North Carolina	114	4.5	.02	-
Dist. of Columbia	71	2.8	.09	-	North Dakota	11	0.4	.02	-
Florida	105	4.2	.02	-	Ohio	9	0.4	2/100	-
Georgia	233	9.2	.06	-	Oklahoma	19	0.8	.01	-
Hawaii	1	1/100	2/100	-	Oregon	6	0.2	2/100	-
Idaho	6	0.2	.01	-	Pennsylvania	117	4.6	.01	-
Illinois	218	8.6	.02	-	Rhode Island	2	0.1	2/100	-
Indiana	-	-	-	-	South Carolina	83	3.3	.03	-
Iowa	8	0.3	2/100	-	South Dakota	9	0.4	.01	-
Kansas	15	0.6	.01	-	Tennessee	86	3.4	.02	-
Kentucky	40	1.6	.01	-	Texas	142	5.6	.01	-
Louisiana	67	2.6	.02	-	Utah	-	-	-	-
Maine	-	-	-	-	Vermont	-	-	-	-
Maryland	35	1.4	.01	-	Virginia	46	1.8	.01	-
Massachusetts	-	-	-	-	Washington	4	0.2	2/100	-
Michigan	59	2.3	.01	-	West Virginia	19	0.8	.01	-
Minnesota	1	1/100	2/100	-	Wisconsin	-	-	-	-
Mississippi	31	1.2	.01	-	Wyoming	-	-	-	-

1/ Less than 0.05 percent. 2/ Less than 1/2 cent.

WATER POLLUTION CONTROL
(33 USCA 466(d); O.E. 1956; E.P. 1956)

Purpose

To assist States and interstate agencies in meeting the costs of establishing and maintaining adequate measures for the prevention and control of water pollution.

Amount of Statutory Authorization -- \$5 million annually.

Apportionment Formula (statutory guidelines only)

Variations among the States regarding program need, as reflected by population and the number of industrial establishments discharging industrial wastes, and differences among States respecting their fiscal capacity, as reflected by per capita income, are given consideration in apportioning the Federal funds. By regulation:

To the States

- (1) A basic grant of \$12,000 is allotted.
- (2) Of the balance:
 - (a) 66-2/3 percent is allotted on the basis of population weighted by the reciprocal of per capita income.
 - (b) 33-1/3 percent is allotted on the basis of the extent of the problem as measured by population density (16-2/3%) and the number of industrial establishments discharging industrial wastes (16-2/3%).

To Interstate Agencies

- (1) 66-2/3 percent is allotted on the basis of population weighted by the reciprocal of per capita income.
- (2) 33-1/3 percent is allotted on the basis of the extent of the problem as measured by population density (16-2/3%) and the number of industrial establishments discharging industrial wastes (16-2/3%).

WATER POLLUTION CONTROL (Cont'd)

Matching Provisions

Variable; Federal participation ranges from one-third to not more than two-thirds of the program cost, based upon per capita income. The computation is the same as that used in computing the "allotment percentage" under the hospital construction program. (See "Hospital and Medical Facilities Construction").

WATER POLLUTION CONTROL (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distri- bution	Per capita			Amount	Percent distri- bution	Per capita	
U. S. Total	\$ 4,317	100.0	\$.02	\$ 4,494	Missouri	52	1.2	.01	49
Alabama	97	2.2	.03	48	Montana	24	0.6	.03	21
Alaska	16	0.4	.07	23	Nebraska	28	0.6	.02	24
Arizona	36	0.8	.02	30	Nevada	11	0.3	.03	19
Arkansas	63	1.5	.03	32	New Hampshire	33	0.8	.05	28
California	268	6.2	.02	412	New Jersey	145	3.4	.02	224
Colorado	44	1.0	.02	42	New Mexico	30	0.7	.03	22
Connecticut	76	1.8	.03	150	New York	306	7.1	.02	513
Delaware	48	1.1	.10	96	North Carolina	133	3.1	.03	67
Dist. of Columbia	38	0.9	.05	77	North Dakota	26	0.6	.04	16
Florida	107	2.5	.02	90	Ohio	208	4.8	.02	249
Georgia	109	2.5	.03	59	Oklahoma	59	1.4	.02	41
Hawaii	36	0.8	.05	33	Oregon	46	1.1	.02	44
Idaho	26	0.6	.04	18	Pennsylvania	240	5.6	.02	259
Illinois	149	3.5	.01	232	Rhode Island	61	1.4	.07	59
Indiana	111	2.6	.02	107	South Carolina	82	1.9	.03	41
Iowa	63	1.5	.02	53	South Dakota	27	0.6	.04	16
Kansas	54	1.3	.02	47	Tennessee	103	2.4	.03	55
Kentucky	88	2.0	.03	47	Texas	192	4.4	.02	152
Louisiana	89	2.1	.03	53	Utah	18	0.4	.02	13
Maine	37	0.9	.04	25	Vermont	26	0.6	.07	18
Maryland	89	2.1	.03	105	Virginia	98	2.3	.02	71
Massachusetts	135	3.1	.03	175	Washington	80	1.9	.03	89
Michigan	171	4.0	.02	193	West Virginia	59	1.4	.03	37
Minnesota	82	1.9	.02	70	Wisconsin	97	2.2	.02	91
Mississippi	81	1.9	.04	41	Wyoming	18	0.4	.05	18

WASTE TREATMENT WORKS CONSTRUCTION
(33 USCA 466(e); O.E. 1956; E.P. 1956)

Purpose

To assist the States and localities in the construction of waste treatment works, including intercepting and outfall sewers.

Amount of Statutory Authorization

\$80 million for fiscal 1962, \$90 million for fiscal 1963, and \$100 million annually for fiscal years 1964 through 1967.

Apportionment Formula (statutory)

(1) 50 percent on the basis of State population.

(2) 50 percent on the basis of State per capita income.

Within these allocations, no grant shall exceed 30% of cost for any project or \$600,000, whichever is smaller. For joint municipal projects these limitations are applied to each municipality's share of the cost, the total being limited to \$2.4 million.

Matching Provisions

States and local governments must agree to pay all costs of project over and above the Federal grant. See "Apportionment Formula."

WASTE TREATMENT WORKS CONSTRUCTION (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 41,607	100.0	\$.22	\$ 129,144	Missouri	634	1.5	.15	1,532
Alabama	1,220	2.9	.36	4,104	Montana	434	1.0	.61	1,243
Alaska	74	0.2	.30	176	Nebraska	341	0.8	.23	1,047
Arizona	427	1.0	.28	1,171	Nevada	484	1.2	1.44	1,137
Arkansas	870	2.1	.48	3,182	New Hampshire	175	0.4	.28	440
California	1,736	4.2	.10	5,441	New Jersey	1,008	2.4	.16	4,396
Colorado	762	1.8	.40	1,857	New Mexico	805	1.9	.79	3,164
Connecticut	656	1.6	.25	2,129	New York	1,587	3.8	.09	8,687
Delaware	379	0.9	.81	933	North Carolina	1,170	2.8	.25	4,121
Dist. of Columbia	117	0.3	.15	999	North Dakota	846	2.0	1.32	1,975
Florida	1,022	2.5	.19	2,779	Ohio	1,287	3.1	.13	4,575
Georgia	1,264	3.0	.31	3,657	Oklahoma	1,109	2.7	.45	2,215
Hawaii	331	0.8	.48	919	Oregon	773	1.9	.41	1,983
Idaho	616	1.5	.88	1,786	Pennsylvania	2,503	6.0	.22	8,941
Illinois	1,624	3.9	.16	3,799	Rhode Island	143	0.3	.17	333
Indiana	1,101	2.6	.23	2,804	South Carolina	415	1.0	.17	1,047
Iowa	572	1.4	.21	983	South Dakota	180	0.4	.25	420
Kansas	795	1.9	.36	2,360	Tennessee	1,134	2.7	.31	3,171
Kentucky	1,091	2.6	.35	3,201	Texas	1,264	3.0	.12	4,852
Louisiana	1,315	3.2	.39	3,153	Utah	882	2.1	.91	2,174
Maine	167	0.4	.17	395	Vermont	403	1.0	1.03	1,076
Maryland	611	1.5	.19	2,244	Virginia	643	1.5	.15	2,341
Massachusetts	1,004	2.4	.19	3,170	Washington	792	1.9	.26	3,140
Michigan	1,408	3.4	.18	4,180	West Virginia	481	1.2	.27	1,503
Minnesota	976	2.3	.28	2,483	Wisconsin	824	2.0	.20	2,283
Mississippi	865	2.1	.38	2,577	Wyoming	289	0.7	.79	816

CLINICS FOR DOMESTIC
AGRICULTURAL MIGRATORY WORKERS
(42 USCA 242(h); O.E. 1962)

Purpose

To assist public and other nonprofit agencies, institutions, and organizations to establish and operate family health service clinics for domestic agricultural migratory workers.

Amount of Statutory Authorization

\$3 million annually for fiscal years 1963, 1964, and 1965.

Apportionment Formula

Federal funds are allotted to the recipients at the discretion of the Surgeon General for paying part of the costs of:

(1) establishing and operating family health service clinics for migratory agricultural workers and their families; and for

(2) special projects to improve such services.

Federal funds are also available to enable the Surgeon General to encourage and cooperate in programs for the purpose of improving health services for or otherwise improving the health conditions of domestic agricultural migratory workers and their families.

Matching Provisions -- None

VACCINATION ASSISTANCE
(42 USCA 247(b); O.E. 1962)

Purpose

To assist States and communities to carry out intensive vaccination programs designed to protect their population, particularly preschool children, against poliomyelitis, diphtheria, whooping cough, and tetanus.

Amount of Statutory Authorization

\$14 million for fiscal 1963, and \$11 million annually for fiscal years 1964 and 1965.

Apportionment Formula

Payments are made to the States on the basis of costs, in such amounts as the Surgeon General finds necessary to carry out the purposes of the program.

Matching Provisions -- None

RADIOLOGICAL HEALTH STATE PROGRAM DEVELOPMENT
(42 USCA 246(c); O.E. 1962; E.P. 1962)

Purpose

To assist the States to develop their own capabilities in the field of radiological health, with particular emphasis being given to monitoring X-ray units, and to increased State surveillance of environmental radiation, including fallout.

Amount of Statutory Authorization -- See "General Health."

Apportionment Formula (statutory guidelines only)

Variations among the States regarding program need, as reflected by population and the number of radiation sources, and differences among States respecting their fiscal capacity, as reflected by per capita income, are given consideration in apportioning the Federal funds. By regulation:

(1) 65 percent is allotted on the basis of the number of radiation sources weighted by the reciprocal of per capita income.

(2) 35 percent is allotted on the basis of population weighted by the reciprocal of per capita income.

No State is to receive less than \$15,000 or 15 cents per capita, whichever is less.

Matching Provisions -- Federal, 50%; State, 50%.

MAINTENANCE AND OPERATION OF SCHOOLS
IN FEDERALLY AFFECTED AREAS
(20 USCA 236-240; O.E. 1950; E.P. None)

Purpose

To provide financial assistance for maintenance and operation of schools in areas where Federal acquisition of property has reduced local revenues and where local agencies provide education for children either residing on Federal property, or whose parents are employed on Federal property, or where there has been a major increase in school attendance due to Federal activities.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Federal funds are paid to eligible school districts on the basis of a formula which provides for payment on a per-pupil basis depending on the categories in which eligible pupils are counted:

- (a) If the pupil lives on Federal property with a parent employed on Federal property or has a parent on active duty in the uniformed services, the full rate is paid.
- (b) If the pupil resides on Federal property or resides with a parent employed on Federal property, or under certain conditions has a parent on active duty in the Armed Forces, one-half the rate is paid.

The Federal payment rate is geared to per-pupil contributions derived from local revenue sources during the preceding fiscal year in comparable school districts in the State. However, the local contribution rate may not be (a) less than one-half the State average per-pupil cost, or (b) less than one-half the average per-pupil public expenditure in the United States. This rate is based on per capita cost in the applicant's State.

To qualify for funds, a school district must have an average daily attendance of at least ten Federally-connected pupils who represent at least three percent of its total attendance.

Districts which have lost a substantial portion of their real property tax base due to acquisition of property by the Federal Government can receive special payments based upon estimates of what taxes would have been received from such property.

MAINTENANCE AND OPERATION OF SCHOOLS
IN FEDERALLY AFFECTED AREAS (Cont'd)

Apportionment Formula (Cont'd)

Special payments are also authorized for districts with sudden and substantial attendance increases due to Federal contract activities. Payments may be based on increased average daily attendance of pupils residing on and/or with a parent employed on Federal property in the year of application over average daily attendance of such pupils in the preceding year. Average daily attendance of such pupils must be at least 5 percent of the average daily attendance of non-Federal pupils in the preceding year, and reasonable tax effort and substantial financial burden must be shown.

Matching Provisions -- None

MAINTENANCE AND OPERATION OF SCHOOLS
IN FEDERALLY AFFECTED AREAS (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita		Amount	Percent distribution	Per capita	
U. S. Total	\$ 214,534	100.0	\$ 1.15	-	2,630	1.2	.61	-
Alabama	5,369	2.5	1.60	-	1,779	0.8	2.51	-
Alaska	6,573	3.1	26.72	-	2,778	1.3	1.87	-
Arizona	4,714	2.2	3.12	-	1,454	0.7	4.34	-
Arkansas	1,251	0.6	.69	-	1,242	0.6	1.97	-
California	34,127	15.9	2.01	-	5,034	2.3	.81	-
Colorado	8,402	3.9	4.41	-	4,916	2.3	4.82	-
Connecticut	2,121	1.0	.82	-	6,048	2.8	.35	-
Delaware	694	0.3	1.48	-	2,644	1.2	.56	-
Dist. of Columbia	-	-	-	-	824	0.4	1.28	-
Florida	6,200	2.9	1.14	-	5,217	2.4	.52	-
Georgia	5,189	2.4	1.27	-	7,289	3.4	2.98	-
Hawaii	4,448	2.1	6.42	-	1,066	0.5	.57	-
Idaho	1,656	0.8	2.37	-	5,089	2.4	.45	-
Illinois	3,992	1.9	.39	-	1,910	0.9	2.21	-
Indiana	1,116	0.5	.24	-	3,597	1.7	1.48	-
Iowa	840	0.4	.30	-	2,183	1.0	3.03	-
Kansas	5,851	2.7	2.64	-	2,355	1.1	.65	-
Kentucky	1,369	0.6	.44	-	13,235	6.2	1.31	-
Louisiana	936	0.4	.28	-	2,170	1.0	2.24	-
Maine	1,959	0.9	1.96	-	38	1/	.10	-
Maryland	8,442	3.9	2.65	-	14,590	6.8	3.49	-
Massachusetts	6,898	3.2	1.34	-	8,766	4.1	2.92	-
Michigan	1,894	0.9	.24	-	129	0.1	.07	-
Minnesota	476	0.2	.14	-	741	0.3	.18	-
Mississippi	1,473	0.7	.66	-	820	0.4	2.25	-

1/ Less than 0.05 percent

SCHOOL CONSTRUCTION ASSISTANCE FOR
FEDERALLY AFFECTED AREAS
(20 USCA 631-645; O.E. 1950; E.P. None)

Purpose

To assist in building schools in areas where Federal ownership of real property has reduced local tax sources and Federal activities have overburdened local schools.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Federal funds are paid to eligible school districts on the basis of per-pupil costs of constructing "minimum" school facilities (e.g., no single-purpose auditoriums or gymnasiums). For pupils in such school districts whose parents:

- (a) both work and live on Federal property, the allotment is paid at the rate of 95 percent of the State average per-pupil cost for constructing minimum facilities;
- (b) either live or work on Federal property, the allotment is paid at a 50 percent rate; and,
- (c) work on Federal defense contracts, the allotment rate is paid at a 45 percent rate of such costs.

To qualify in the first two categories, a school district's school membership must increase among federally-connected pupils during a two-year period, five percent of the total average daily membership at the beginning of the period. For the third category the increase must constitute at least ten percent and the Commissioner of Education must find an undue financial burden has been created.

Supplemental Federal payments can be made to cover non-Federal share of a project if the local district cannot meet its share and if there has been a substantial increase in Federal activities.

Assistance is also given to cover full cost of temporary facilities to accommodate pupils who have moved into an area with their parents, the latter being employed on Federal activities of temporary duration.

SCHOOL CONSTRUCTION ASSISTANCE FOR
FEDERALLY AFFECTED AREAS (Cont'd)

Apportionment Formula (Cont'd)

Also, Federal funds are granted to cover full cost of housing pupils in Federally affected areas which are unable to provide essential facilities.

Matching Provisions

None, but local funds must be used to make up the difference, if any, in the total cost of a project less the allowable Federal share.

SCHOOL CONSTRUCTION ASSISTANCE FOR
FEDERALLY AFFECTED AREAS (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 41,268	100.0	\$.22	-	Missouri	465	1.1	.11	-
Alabama	1,579	3.8	.47	-	Montana	929	2.3	1.31	-
Alaska	1,694	4.1	6.89	-	Nebraska	617	1.5	.42	-
Arizona	831	2.0	.55	-	Nevada	575	1.4	1.72	-
Arkansas	379	0.9	.21	-	New Hampshire	95	0.2	.15	-
California	8,856	21.5	.52	-	New Jersey	380	0.9	.06	-
Colorado	744	1.8	.39	-	New Mexico	1,527	3.7	1.50	-
Connecticut	1,187	2.9	.46	-	New York	463	1.1	.03	-
Delaware	-	-	-	-	North Carolina	962	2.3	.20	-
Dist. of Columbia	-	-	-	-	North Dakota	535	1.3	.83	-
Florida	726	1.8	.13	-	Ohio	523	1.3	.05	-
Georgia	1,012	2.5	.25	-	Oklahoma	612	1.5	.25	-
Hawaii	953	2.3	1.38	-	Oregon	161	0.4	.09	-
Idaho	364	0.9	.52	-	Pennsylvania	2	1/	.00	-
Illinois	381	0.9	.04	-	Rhode Island	205	0.5	.24	-
Indiana	104	0.3	.02	-	South Carolina	735	1.8	.30	-
Iowa	35	0.1	.01	-	South Dakota	1,169	2.8	1.62	-
Kansas	385	0.9	.17	-	Tennessee	66	0.2	.02	-
Kentucky	-	-	-	-	Texas	2,661	6.4	-	-
Louisiana	47	0.1	.01	-	Utah	658	1.6	.68	-
Maine	296	0.7	.30	-	Vermont	-	-	-	-
Maryland	1,227	3.0	.38	-	Virginia	1,051	2.5	.25	-
Massachusetts	1,783	4.3	.35	-	Washington	852	2.1	.28	-
Michigan	1,480	3.6	.19	-	West Virginia	9	1/	.01	-
Minnesota	217	0.5	.06	-	Wisconsin	651	1.6	.16	-
Mississippi	689	1.7	.31	-	Wyoming	397	1.0	1.09	-

1/ Less than 0.05 percent.

NATIONAL DEFENSE EDUCATION ACT
(20 USCA 441-444, 481-484, 589; O.E. 1958; E.P. 1958)

NOTE: The following portions of the National Defense Education Act, involving loans to students, and grants and contracts to institutions and individuals are omitted:

Student Loans (Title II)
Fellowships (Title IV)
Counseling and Guidance Training Institutes (Title V, Part B)
Language Development (Title VI)
Educational Media Research (Title VII)

The Area Vocational Education Program (Title VIII) is described under "Vocational Education."

I. Financial Assistance for Strengthening Science, Mathematics, and Modern Foreign Language Instruction.

Purpose

To assist local public school districts to purchase laboratory equipment and materials to improve teaching of science, mathematics and modern foreign languages. And, for expansion or improvement of supervisory or related services in such schools and for administrative expenses of the program.

Amount of Statutory Authorization

\$70 million annually through fiscal 1965 for acquisition of special equipment; and \$5 million annually through fiscal 1965 for supervision and administration.

Apportionment Formula (statutory)

1. Grants for acquisition of special equipment. After reserving 12% of the appropriated funds for loans to private schools, plus another 2% for grants to territories and possessions, the remaining 86% is allotted to each State on the basis of the school-age population and the State's "allotment ratio."

A State's allotment ratio is defined as 100 percent less the State ratio. The latter is that percentage which bears the same ratio to 50 percent as the income per school-age child in the State bears to the income per school-age child in the United States. Upper and lower limits are fixed for the allotment ratio at 66-2/3 and 33-1/3 percent.

NATIONAL DEFENSE EDUCATION ACT (Cont'd)

Apportionment Formula (Cont'd)

2. Grants for supervision and administration. After deducting from appropriations 2 percent for grants to territories and possessions, the Federal funds are allotted to the States on the basis of school-age population, but no State may receive less than \$20,000.

Matching Provisions

Federal, 50%; State, 50%.

II. Guidance, Counseling, and Testing: Identification and Encouragement of Able Students (State Programs).

Purpose

To assist State educational agencies in establishing and maintaining guidance, counseling and testing programs to encourage able students to complete secondary education and enter institutions of higher learning.

Amount of Statutory Authorization

\$15 million for fiscal 1963 and \$17.5 million each for fiscal 1964 and 1965. 1/

Apportionment Formula (statutory)

Federal funds are allocated to the States on the basis of school-age population. However, each State receives a minimum allotment of \$20,000 (\$50,000, beginning in fiscal 1964). 1/

Where the State educational agency is not authorized by law to conduct a testing program for private secondary school students, the Office of Education arranges for such tests, and reductions in a State's allotment are made to finance the tests.

Matching Provisions -- Federal, 50%; State, 50%.

III. Improvement of Statistical Services

Purpose

To assist States in improvement of (a) the adequacy and reliability of State and local educational statistics, and

NATIONAL DEFENSE EDUCATION ACT (Cont'd)

Purpose (Cont'd)

(b) the methods and techniques of collecting, processing and distributing educational data.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Payments made under this section are limited to either new programs or expansion of existing programs, on the basis of individual State requests. No State may receive more than \$50,000 in any one fiscal year.

Matching Provisions -- Federal, 50%; State, 50%.

1/ As amended by P.L. 88-210, December 18, 1963.

NATIONAL DEFENSE EDUCATION ACT (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per Capita	
U. S. Total	\$ 63,981 ^{1/}	100.0	\$.34	\$ 64,015	Missouri	1,557	2.4	.36	1,557
Alabama	910	1.4	.27	910	Montana	-2 ^{2/}	^{2/}	^{2/}	^{2/}
Alaska	87	0.1	.35	87	Nebraska	494	0.8	.33	494
Arizona	589	0.9	.39	589	Nevada	166	0.3	.50	166
Arkansas	2,792	4.4	1.53	2,792	New Hampshire	285	0.4	.45	285
California	3,299	5.2	.19	3,299	New Jersey	2,294	3.6	.37	2,294
Colorado	343	0.5	.18	343	New Mexico	596	0.9	.58	596
Connecticut	688	1.1	.26	688	New York	5,117	8.0	.29	5,117
Delaware	268	0.4	.57	268	North Carolina	3,312	5.2	.70	3,312
Dist. of Columbia	218	0.3	.27	218	North Dakota	568	0.9	.88	568
Florida	1,936	3.0	.35	1,936	Ohio	4,234	6.6	.42	4,234
Georgia	1,933	3.0	.47	1,933	Oklahoma	1,374	2.1	.61	1,374
Hawaii	360 ^{2/}	0.6	.52	360	Oregon	1,355	2.1	.73	1,355
Idaho	-32 ^{2/}	^{2/}	^{2/}	^{2/}	Pennsylvania	2,581	4.0	.23	2,581
Illinois	2,761	4.3	.27	2,761	Rhode Island	183	0.3	.21	183
Indiana	1,079	1.7	.22	1,079	South Carolina	1,025	1.6	.42	1,025
Iowa	1,251	2.0	.45	1,251	South Dakota	61	0.1	.08	61
Kansas	759	1.2	.34	759	Tennessee	1,478	2.3	.41	1,478
Kentucky	1,011	1.6	.33	1,011	Texas	803	1.3	.08	803
Louisiana	979	1.5	.29	979	Utah	425	0.7	.44	425
Maine	191	0.3	.19	191	Vermont	299	0.5	.77	299
Maryland	1,091	1.7	.34	1,091	Virginia	1,542	2.4	.37	1,542
Massachusetts	2,045	3.2	.40	2,045	Washington	1,253	2.0	.42	1,253
Michigan	4,263	6.7	.53	4,263	West Virginia	799	1.2	.45	799
Minnesota	1,164	1.8	.33	1,164	Wisconsin	1,731	2.7	.42	1,731
Mississippi	413	0.6	.18	413	Wyoming	52	0.1	.14	52

^{1/} Excludes \$1,194 thousand for "area vocational education" (Title VIII) which is reported under "Vocational education."

^{2/} Excess of refunds over payments.

VOCATIONAL EDUCATION^{1/}
(20 USCA 11-28; 42 USCA 2513; O.E. 1917; E.P. None)

I. Smith-Hughes Act

Purpose

To cooperate with the States in paying the salaries of teachers, supervisors, and directors of agricultural subjects, and teachers of trade, home economics, and industrial subjects, and in the teacher-training of these courses.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Federal funds are allotted to the States on the following basis:

- (1) Agricultural Courses - rural population
- (2) Courses in the trades, industry, and home economics - urban population
- (3) Teacher-training - total State population

Each State receives a minimum allotment of \$10,000 under each program.

Matching Provisions -- Federal, 50%; State, 50%.

II. George-Barden Act

Purpose

Title I: to further assist States in the development of programs under the Smith-Hughes Act, and in addition, to include in these programs the training of students and teachers in the fishing trades and distributive occupations.

Title II: to assist the States in providing for practical nurse training.

Title III (added by the National Defense Education Act, Title VIII, 1958): under the Area Vocational Education Program, to give training of less than college grade to develop skilled technicians in occupations requiring knowledge in fields necessary for the national defense.

^{1/} See new program for "Expansion and Improvement of Vocational Education," described on pp. 256-258, below.

VOCATIONAL EDUCATION (Cont'd)

Amount of Statutory Authorization

Title I: \$10 million annually for agricultural education, \$8 million annually each for trade (and industry) education and for home economics education, \$2.5 million annually for education in the distributive occupations, and \$0.375 million annually for education in the fishing trades.

Title II: \$5 million annually, through fiscal 1965.

Title III: \$15 million annually, through fiscal 1964.

Apportionment Formula (statutory)

Federal funds are allotted to the States on the following basis:

Title I

Agricultural education - farm population
Distributive occupational education - total State population
Trade and industry education - urban population
Home economics education - rural population
Fishing trade education - extent of the State fishing industry

Provided, that each State shall receive, at a minimum, \$15,000 for the distributive occupations and \$40,000 for each of the other programs.

Titles II and III

Each State's share of these Federal funds is proportionate to the share it receives under Title I.

Matching Provisions -- Federal, 50%; State, 50%.

III. Area Redevelopment Act

Purpose

To provide occupational training or retraining needs of unemployed and underemployed individuals in redevelopment areas (who can reasonably be expected to obtain employment as a result of the skill they will acquire in the training which is to be made available).

VOCATIONAL EDUCATION (Cont'd)

Amount of Statutory Authorization -- \$4.5 million annually

Apportionment Formula (statutory)

Federal funds are allotted to the State vocational education agency in the amounts necessary on the basis of approved local training or retraining projects.

In instances where the State agency is unable to provide the facilities and services needed, contracts may be made with public or private educational institutions.

Matching Provisions -- None

VOCATIONAL EDUCATION (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 40,427 ^{1/}	100.0	\$0.22	\$ 40,427	Missouri	1,080	2.7	.25	1,080
Alabama	991	2.5	.30	991	Montana	248	0.6	.35	248
Alaska	123	0.3	.50	123	Nebraska	439	1.1	.30	439
Arizona	220	0.5	.15	220	Nevada	196	0.5	.59	196
Arkansas	737	1.8	.40	737	New Hampshire	167	0.4	.26	167
California	2,245	5.6	.13	2,245	New Jersey	850	2.1	.14	850
Colorado	393	1.0	.21	393	New Mexico	265	0.7	.26	265
Connecticut	417	1.0	.16	417	New York	2,583	6.4	.15	2,583
Delaware	151	0.4	.32	151	North Carolina	1,596	3.9	.34	1,596
Dist. of Columbia	130	0.3	.17	130	North Dakota	305	0.8	.48	305
Florida	833	2.1	.15	833	Ohio	1,926	4.8	.19	1,926
Georgia	1,130	2.8	.28	1,130	Oklahoma	697	1.7	.28	697
Hawaii	235	0.6	.34	235	Oregon	436	1.1	.23	436
Idaho	253	0.6	.36	253	Pennsylvania	2,229	5.5	.20	2,229
Illinois	1,813	4.5	.18	1,813	Rhode Island	211	0.5	.24	211
Indiana	1,077	2.7	.23	1,077	South Carolina	790	2.0	.32	790
Iowa	886	2.2	.32	886	South Dakota	294	0.7	.41	294
Kansas	588	1.5	.26	588	Tennessee	1,160	2.9	.32	1,160
Kentucky	1,089	2.7	.35	1,089	Texas	1,936	4.8	.19	1,936
Louisiana	864	2.1	.26	864	Utah	201	0.5	.21	201
Maine	294	0.7	.29	294	Vermont	189	0.5	.48	189
Maryland	492	1.2	.15	492	Virginia	1,042	2.6	.25	1,042
Massachusetts	791	2.0	.15	791	Washington	651	1.6	.22	651
Michigan	1,481	3.7	.19	1,481	West Virginia	643	1.6	.36	643
Minnesota	944	2.3	.27	944	Wisconsin	1,022	2.5	.25	1,022
Mississippi	938	2.3	.42	938	Wyoming	153	0.4	.42	153

^{1/} Includes \$1,194 thousand for "area vocational education" under the National Defense Education Act (Title VIII).

LAND-GRANT-COLLEGES
(7 USCA 321-329; O.E. 1862; E.P. None)

Purpose

Originally, legislation insured development of at least one (agriculture and mechanical arts) college in each State to "promote the liberal and practical education of the industrial classes."

Subsequent legislation provided additional aid "for the more complete endowment and maintenance of colleges for the benefit of agriculture and the mechanical arts." Included in the legislation is a provision for the support of resident teaching in such colleges.

Amount of Statutory Authorization -- \$14.5 million annually.

Apportionment Formula (statutory)

(1) Basic allotments to each State (and Puerto Rico) are:

- (a) Morrill-Nelson Act -- \$50,000) or \$10.2 million aggregate.
- (b) Bankhead-Jones Act -- \$150,000)

(2) In addition, the Bankhead-Jones Act provides for another \$4.3 million annually to be allotted to the States (and Puerto Rico) on the basis of population.

Matching Provisions -- None

LAND-GRANT-COLLEGES (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 10,557	100.0	\$.06	-	Missouri	226	2.1	.05	-
Alabama	205	1.9	.06	-	Montana	153	1.4	.22	-
Alaska	145	1.4	.59	-	Nebraska	168	1.6	.11	-
Arizona	166	1.6	.11	-	Nevada	146	1.4	.44	-
Arkansas	176	1.7	.10	-	New Hampshire	152	1.4	.24	-
California	453	4.3	.03	-	New Jersey	261	2.5	.04	-
Colorado	175	1.7	.09	-	New Mexico	159	1.5	.16	-
Connecticut	191	1.8	.07	-	New York	474	4.5	.03	-
Delaware	149	1.4	.32	-	North Carolina	231	2.2	.05	-
Dist. of Columbia	-	-	-	-	North Dakota	153	1.4	.24	-
Florida	239	2.3	.04	-	Ohio	333	3.2	.03	-
Georgia	219	2.1	.05	-	Oklahoma	186	1.8	.08	-
Hawaii	153	1.4	.22	-	Oregon	175	1.7	.09	-
Idaho	153	1.4	.22	-	Pennsylvania	366	3.5	.03	-
Illinois	341	3.2	.03	-	Rhode Island	157	1.5	.18	-
Indiana	233	2.2	.05	-	South Carolina	187	1.8	.08	-
Iowa	195	1.8	.07	-	South Dakota	154	1.5	.21	-
Kansas	183	1.7	.08	-	Tennessee	211	2.0	.06	-
Kentucky	201	1.9	.07	-	Texas	331	3.1	.03	-
Louisiana	205	1.9	.06	-	Utah	158	1.5	.16	-
Maine	159	1.5	.16	-	Vermont	148	1.4	.38	-
Maryland	202	1.9	.06	-	Virginia	219	2.1	.05	-
Massachusetts	243	2.3	.05	-	Washington	197	1.9	.07	-
Michigan	296	2.8	.04	-	West Virginia	177	1.7	.10	-
Minnesota	208	2.0	.06	-	Wisconsin	219	2.1	.05	-
Mississippi	183	1.7	.08	-	Wyoming	147	1.4	.40	-

1/ Excludes \$3,775 thousand special land grant college aid for Hawaii

DEVELOPMENT OF LIBRARY SERVICES IN RURAL AREAS ^{1/}
(20 USCA 351-355; O.E. 1956; E.P. 1956)

Purpose

To stimulate State extension of public library services to rural areas lacking adequate services.

Amount of Statutory Authorization

\$7.5 million annually through fiscal 1966.

Apportionment Formula (statutory)

(1) Each State receives a basic allotment of \$40,000.

(2) The remainder of Federal funds is allocated to the States on the basis of rural population.

Matching Provisions

Variable; Federal participation ranges from 33 percent to not more than 66 percent of the program cost, based upon per capita income. The computation is the same as that used in computing the "allotment percentage" under the hospital construction program (see "Hospital and Medical Facilities Construction" under Public Health Service).

^{1/} This program was amended by P.L. 88-269, February 11, 1964, to extend its provisions to nonrural areas and to provide an additional authorization (\$20 million annually for fiscal years 1964, 1965, and 1966) for construction of public library facilities. The authorization for extension of library services was increased to \$25 million for fiscal 1964 and left open for Congressional determination for fiscal years 1965 and 1966. The basic allotment to each State is increased to \$100,000 for library services, and a basic allotment of \$80,000 is provided each State for public library construction. Remainders are allocated among the States on the basis of total population (rather than rural population).

DEVELOPMENT OF LIBRARY SERVICES IN RURAL AREAS (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 8,010	100.0	.04	\$ 7,404	Missouri	178	2.2	.04	166
Alabama	185	2.3	.06	95	Montana	73	0.9	.10	67
Alaska	40	0.5	.16	21	Nebraska	103	1.3	.07	77
Arizona	73	0.9	.05	54	Nevada	52	0.6	.16	81
Arkansas	140	1.7	.08	72	New Hampshire	65	0.8	.10	55
California	250	3.1	.01	416	New Jersey	102	1.3	.02	164
Colorado	85	1.1	.04	80	New Mexico	72	0.9	.07	48
Connecticut	105	1.3	.04	214	New York	280	3.5	.02	471
Delaware	62	0.8	.13	126	North Carolina	310	3.9	.07	160
Dist. of Columbia	-	-	-	-	North Dakota	66	0.8	.10	37
Florida	166	2.1	.03	135	Ohio	294	3.7	.03	369
Georgia	213	2.7	.05	119	Oklahoma	135	1.7	.06	91
Hawaii	55	0.7	.08	55	Oregon	106	1.3	.06	100
Idaho	74	0.9	.11	51	Pennsylvania	670	8.4	.06	715
Illinois	231	2.9	.02	354	Rhode Island	85	1.1	.10	87
Indiana	406	5.1	.09	411	South Carolina	250	3.1	.10	129
Iowa	167	2.1	.06	125	South Dakota	81	1.0	.11	43
Kansas	76	0.9	.03	60	Tennessee	207	2.6	.06	108
Kentucky	205	2.6	.07	106	Texas	331	4.1	.03	260
Louisiana	157	2.0	.05	94	Utah	62	0.8	.06	44
Maine	86	1.1	.09	61	Vermont	64	0.8	.16	45
Maryland	174	2.2	.05	198	Virginia	213	2.7	.05	152
Massachusetts	101	1.3	.02	133	Washington	129	1.6	.04	143
Michigan	245	3.1	.03	299	West Virginia	153	1.9	.09	90
Minnesota	173	2.2	.05	145	Wisconsin	180	2.2	.04	164
Mississippi	173	2.2	.08	89	Wyoming	106	1.3	.29	106

CONSTRUCTION OF EDUCATIONAL TELEVISION BROADCASTING FACILITIES
(47 USCA 390-397; O.E. 1962; E.P. None)

Purpose

To assist State educational agencies and nonprofit organizations in the construction (acquisition and installation of transmission apparatus necessary for television broadcasting, including apparatus which may incidentally be used for transmitting closed circuit television programs) of educational television broadcasting facilities.

Amount of Statutory Authorization

An aggregate of \$32 million for fiscal years 1963 through 1967.

Apportionment Formula (statutory)

Federal funds are allotted to the States on the basis of project costs as follows:

- (1) Up to 50 percent of the reasonable and necessary project cost; plus
- (2) 25 percent of the reasonable and necessary cost of any educational television broadcasting facilities owned by the applicant. 1/

Matching Provisions -- See apportionment formula.

1/ Provided, that not more than 15% of any project grant may be used for the acquisition and installation of microwave equipment, boosters, translators, and repeaters used to connect two or more broadcasting stations. No State shall receive in the aggregate grant monies exceeding \$1 million.

SUPPORT OF VOCATIONAL REHABILITATION SERVICES
(29 USCA 32, 41; O.E. 1920; E.P. 1954)

Purpose

To assist States in rehabilitating handicapped persons to enable them to return to gainful employment.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Funds are allotted to each State according to the ratio that the State's population, weighted by the square of its "allotment percentage" bears to the sum of the corresponding weighted populations for all the States.

A State's allotment percentage is defined as 100 percent less the State percentage. The latter is that percentage which bears the same ratio to 50 percent as the per capita income of the State bears to the per capita income of the United States. Upper and lower limits are fixed for the allotment percentage, at 75 and 33-1/3 percent.

Having determined the amount apportioned to each State under this formula, an adjustment is made to assure that no State receives less than its 1954 "base" allotment (when \$23 million was appropriated).

Matching Provisions

Variable; the Federal share, which ranges from 50 to no more than 70 percent of the program costs, is defined as 100 percent less that percentage which bears the same ratio to 40 percent as the per capita income of the State bears to the per capita income of the United States. Through fiscal 1962, this formula applied only to that portion of a State's allotment that is over and above its base allotment. The matching applied to the base allotment has the same as the 1954 matching requirement, but adjustments have been made since fiscal 1960 so that by fiscal 1963, the basic matching formula applies to the entire allotment.

INITIATING PROJECTS FOR THE EXTENSION AND IMPROVEMENT
OF VOCATIONAL REHABILITATION SERVICES

(29 USCA 33; O.E. 1954; E.P. None)

Purpose

To assist States in initiating projects for the extension and improvement of vocational rehabilitation services under the approved State plan.

Amount of Statutory Authorization -- Not fixed.

Apportionment Formula (statutory)

Federal funds are allotted to the States on the basis of population, but each State must receive a minimum allotment of \$5,000 or such other amount as Congress may specify in its annual appropriation. For fiscal 1963, this amount is \$15,000.

Matching Provisions

Federal, 75%; State, 25%. (Except, at the request of a State, a lesser Federal percentage may be applied).

VOCATIONAL REHABILITATION SERVICES (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching		
	Amount	Percent distribution	Per capita	Amount	Percent distribution	Per capita
U. S. Total	\$ 63,960	100.0%	\$.34	\$ 39,971	100.0%	\$.22
Alabama	2,560	4.0	.76	1,128	2.8	.34
Alaska	118	0.2	.48	86	0.2	.35
Arizona	560	0.9	.37	321	0.8	.21
Arkansas	1,953	3.1	1.07	857	2.1	.47
California	3,334	5.2	.20	2,935	7.3	.17
Colorado	734	1.1	.38	460	1.2	.24
Connecticut	393	0.6	.15	339	0.8	.13
Delaware	174	0.3	.37	150	0.4	.32
Dist. of Columbia	283	0.4	.36	230	0.6	.29
Florida	2,402	3.8	.44	1,386	3.5	.25
Georgia	3,523	5.5	.86	1,572	3.9	.38
Hawaii	452	0.7	.65	278	0.7	.40
Idaho	230	0.4	.33	115	0.3	.16
Illinois	2,551	4.0	.25	2,213	5.5	.22
Indiana	611	1.0	.13	385	1.0	.08
Iowa	1,034	1.6	.37	603	1.5	.22
Kansas	817	1.3	.37	470	1.2	.21
Kentucky	792	1.2	.26	344	0.9	.11
Louisiana	2,076	3.2	.62	908	2.3	.27
Maine	352	0.6	.35	172	0.4	.17
Maryland	710	1.1	.22	552	1.4	.17
Massachusetts	1,382	2.2	.27	1,107	2.8	.21
Michigan	1,637	2.6	.20	1,098	2.7	.14
Minnesota	1,264	2.0	.36	733	1.8	.21
Mississippi	1,145	1.8	.51	504	1.3	.22
Missouri	1,280	2.0	.29	792	2.0	.18
Montana	329	0.5	.46	190	0.5	.27
Nebraska	440	0.7	.30	255	0.6	.17
Nevada	86	0.1	.26	80	0.2	.24
New Hampshire	143	0.2	.23	82	0.2	.13
New Jersey	1,279	2.0	.20	1,121	2.8	.18
New Mexico	269	0.4	.26	138	0.3	.14
New York	4,888	7.6	.28	4,704	11.8	.27
North Carolina	2,586	4.0	.55	1,138	2.8	.24
North Dakota	400	0.6	.62	175	0.4	.27
Ohio	1,660	2.6	.16	1,203	3.0	.12
Oklahoma	1,560	2.4	.64	773	1.9	.32
Oregon	699	1.1	.37	445	1.1	.24
Pennsylvania	5,534	8.7	.49	3,871	9.7	.34
Rhode Island	445	0.7	.51	285	0.7	.33
South Carolina	1,370	2.1	.56	598	1.5	.25
South Dakota	306	0.5	.42	133	0.3	.18
Tennessee	1,829	2.9	.50	802	2.0	.22
Texas	2,016	3.2	.20	1,077	2.7	.11
Utah	292	0.4	.30	144	0.4	.15
Vermont	247	0.4	.63	122	0.3	.31
Virginia	1,503	2.3	.36	768	1.9	.18
Washington	879	1.4	.29	628	1.6	.21
West Virginia	1,585	2.5	.89	728	1.8	.41
Wisconsin	1,132	1.8	.28	703	1.8	.17
Wyoming	115	0.2	.32	70	0.2	.19

NOTE: Consists of amounts for support, extension, and improvement of vocational rehabilitation services.

HOUSING AND HOME FINANCE AGENCY

MASS TRANSPORTATION DEMONSTRATION PROJECTS
(42 USCA 1453(b); O.E. 1961; E.P. None)

Purpose

To assist local public agencies, through mass transportation demonstration projects, in carrying out urban transportation plans and research, designed to contribute to mass transportation improvement.

Amount of Statutory Authorization

An aggregate of \$25 million (included in the authorization for urban renewal.)

Apportionment Formula

Federal grant funds are allotted through contracts to local public agencies, but cannot exceed two-thirds of the project cost, and cannot be used for major capital improvements.

Matching Provisions -- See apportionment formula.

LOW-RENT PUBLIC HOUSING
(42 USCA 1410; O.E. 1937; E.P. None)

Purpose

To assist in financing low-rent housing projects, thereby enabling local public agencies to fix rents in accordance with the principle of ability of low-income families to pay, rather than the economic value of the rental unit.

Amount of Statutory Authorization

The Public Housing Commissioner is authorized to enter into contracts for annual contributions aggregating not more than \$336 million per year.

Apportionment Formula (statutory)

Annual contributions are made to local public housing agencies on the basis of contracts made with these agencies. The amount of the annual contribution (Federal funds) and the number of years it will be paid is fixed by the contract, which is initiated by the application of the public housing agencies for financial assistance on eligible projects.

Maximum annual contributions, in amounts sufficient to assure payment of the debt service requirements of the project, are specified in the contract. The amount of the fixed annual contribution cannot exceed a sum equal to the annual yield, at the applicable going Federal rate plus 2 percent, upon the development or acquisition cost of the project involved, and is for a maximum period of 40 years. However, the fixed contribution is subject to reduction by the amount of residual receipts of the project. After June 30, 1961, contracts for additional units for any one State may not exceed 15 percent of the aggregate amount not already guaranteed under contracts on that date.

Matching Provisions

The State and political subdivision in which the project is situated must exempt the property from taxation, but the project must make payments in lieu of taxes, generally at the rate of 10 percent of the shelter rents of the project, or such lesser amount as will result in a local contribution to the project through tax exemption of at least 20 percent of the Federal contribution. If the project is not tax exempt the locality must make an equivalent contribution in the form of cash or tax remission.

LOW RENT PUBLIC HOUSING (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grants ^{1/}			Required State and local ^{2/} matching	State	Federal grants ^{1/}			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 148,674	100.0	\$.80	\$ 37,169	Missouri	4,276	2.9	.98	1,069
Alabama	6,293	4.2	1.87	1,573	Montana	219	0.1	.31	55
Alaska	218	0.1	.89	54	Nebraska	358	0.2	.24	89
Arizona	412	0.3	.27	103	Nevada	156	0.1	.47	39
Arkansas	814	0.5	.45	203	New Hampshire	407	0.3	.64	102
California	6,604	4.4	.39	1,651	New Jersey	10,523	7.1	1.69	2,631
Colorado	1,097	0.7	.58	274	New Mexico	46	<u>3/</u>	.05	12
Connecticut	2,640	1.8	1.02	660	New York	23,098	15.5	1.33	5,774
Delaware	545	0.4	1.16	136	North Carolina	3,133	2.1	.66	783
Dist. of Columbia	3,165	2.1	4.04	791	North Dakota	18	<u>3/</u>	.03	4
Florida	3,011	2.0	.55	753	Ohio	4,180	2.8	.41	1,045
Georgia	7,970	5.4	1.94	1,993	Oklahoma	-	-	-	-
Hawaii	504	0.3	.73	126	Oregon	262	0.2	.14	66
Idaho	22	<u>3/</u>	.03	5	Pennsylvania	10,182	6.8	.90	2,546
Illinois	12,197	8.2	1.20	3,049	Rhode Island	1,358	0.9	1.57	339
Indiana	1,032	0.7	.22	258	South Carolina	1,275	0.9	.52	319
Iowa	-	-	-	-	South Dakota	-	-	-	-
Kansas	-	-	-	-	Tennessee	4,991	3.4	1.37	1,248
Kentucky	2,896	1.9	.94	724	Texas	7,953	5.3	.79	1,988
Louisiana	4,300	2.9	1.29	1,075	Utah	-	-	-	-
Maine	48	<u>3/</u>	.05	12	Vermont	-	-	-	-
Maryland	3,621	2.4	1.13	905	Virginia	4,262	2.9	1.02	1,065
Massachusetts	5,839	3.9	1.13	1,460	Washington	930	0.6	.31	232
Michigan	3,302	2.2	.41	825	West Virginia	507	0.3	.29	127
Minnesota	1,599	1.1	.46	400	Wisconsin	773	0.5	.19	193
Mississippi	1,640	1.1	.73	410	Wyoming	-	-	-	-

^{1/} Expenditure for "Annual Contributions."

^{2/} Primarily in the form of exemption of local housing authority projects from State and local property taxes.

^{3/} Less than $\frac{1}{2}$ of 1 percent.

OPEN SPACE LAND
(42 USCA 1500a; O.E. 1961; E.P. None)

Purpose

To assist State and local governments in taking prompt action to preserve open-space land which is essential to the proper long range development and welfare of the Nation's urban areas, in accordance with plans for the allocation of such land for open-space purposes.

Amount of Statutory Authorization -- An aggregate of \$50 million.

Apportionment Formula (statutory)

The Housing and Home Finance Administrator is authorized to enter into contracts to make grants to State and local public bodies for the purpose of assisting in the acquisition of open-space land, not to exceed 20 percent of the total cost, except this limitation may be increased to 30 percent for grants extended to public bodies which exercise responsibilities consistent with the purposes of this program for an urban area as a whole, or which exercise or participate in the exercise of such responsibilities for all or a substantial portion of an urban area pursuant to an interstate or other intergovernmental compact or agreement.

Matching Provisions -- See apportionment formula.

URBAN RENEWAL
(42 USCA 1450-1464; O.E. 1949; E.P. None)

Purpose

To provide financial and technical assistance to local public agencies, including States, counties, municipalities, or other public bodies, for the planning and carrying out of urban renewal projects involving the redevelopment and/or rehabilitation of slum, blighted, deteriorated and deteriorating neighborhoods.

In addition to advances and loans, four types of grants are available to local public agencies: capital grants, relocation grants, community renewal program grants, and grants for demonstration projects. Capital grants are made to cover a proportionate share of the net cost of urban renewal projects. Relocation grants are made to reimburse local agencies for the cost of payments to individuals, families, and businesses for moving costs and losses of property. Community renewal program grants are made to assist localities in meeting the costs incurred in the preparation of programs covering the full range of urban renewal actions required to meet local needs. Grants are also made to assist public bodies through demonstration projects, in developing, testing, and reporting new or improved methods of preventing and eliminating blight.

Amount of Statutory Authorization

Grants aggregating not more than \$4 billion are authorized, provided that of this amount, up to \$25 million may be used for mass transportation demonstration projects, and up to \$5 million may be used for urban renewal demonstration projects.

Apportionment Formula

Apportionment of the Federal funds is at the discretion of the Administrator subject to the statutory provision that "the amount of . . . financial assistance made available to any locality or local public agency upon submission and processing of proper application therefor shall not be otherwise restricted except on the basis of (1) urgency of need, and (2) feasibility as determined by the Administrator." However, such funds must be within the overall statutory authorization and a State limitation that not more than 12½% of the total grant funds for slum clearance and urban renewal can be expended in any one State. The Administrator, without regard to the 12½% limitation, may enter into contracts for capital

URBAN RENEWAL (Cont'd)

Apportionment Formula (Cont'd)

grants aggregating not to exceed \$100,000,000 with local public agencies in States where more than two-thirds of the maximum capital grants permitted in the State has been obligated.

Matching Provisions

Most urban renewal projects are financed under a formula in which the Federal Government pays two-thirds of net project cost. Projects approved for execution since the passage of the Housing Act of 1961 (June 30, 1961) in communities with population under 50,000 or in communities in designated Redevelopment Areas with population under 150,000 are eligible for Federal grants of three-quarters of net project cost on the same basis as other communities receive two-thirds grants. Any community may elect to absorb all the planning costs, the full administrative, overhead and legal costs incurred during both planning and execution and to receive a three-fourths grant of the balance of net project costs instead of the normal two-thirds grant.

Federal grants are limited to two-thirds of the costs incurred in the preparation of community renewal programs, and also to two-thirds of the cost of demonstration projects.

There are no matching requirements by the local public agency on relocation payments.

URBAN RENEWAL (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 160,056	100.0	\$.86	\$ 73,487	Missouri	4,980	3.1	1.15	2,345
Alabama	2,920	1.8	.87	1,442	Montana	-	-	-	-
Alaska	489	0.3	1.99	233	Nebraska	-	-	-	-
Arizona	-	-	-	-	Nevada	163	0.1	.49	82
Arkansas	242	0.2	.13	120	New Hampshire	548	0.3	.87	222
California	13,156	8.2	.78	6,344	New Jersey	6,597	4.1	1.05	2,965
Colorado	156	0.1	.08	74	New Mexico	-	-	-	-
Connecticut	7,635	4.8	2.94	3,479	New York	13,455	8.4	.77	6,393
Delaware	635	0.4	1.35	302	North Carolina	2,268	1.4	.48	1,114
Dist. of Columbia	5,849	3.7	7.46	2,826	North Dakota	249	0.2	.39	120
Florida	-	-	-	-	Ohio	9,644	6.0	.96	4,426
Georgia	4,839	3.0	1.18	2,384	Oklahoma	65	1/	.03	34
Hawaii	4,944	3.1	7.13	2,444	Oregon	918	0.6	.49	382
Idaho	-	-	-	-	Pennsylvania	19,284	12.0	1.70	9,150
Illinois	10,949	6.8	1.08	3,871	Rhode Island	1,090	0.7	1.26	523
Indiana	2,006	1.3	.43	967	South Carolina	139	0.1	.06	68
Iowa	1,345	0.8	.48	636	South Dakota	-	-	-	-
Kansas	3,244	2.0	1.46	1,556	Tennessee	8,352	5.2	2.30	4,006
Kentucky	1,111	0.7	.36	537	Texas	3,017	1.9	.30	1,496
Louisiana	-	-	-	-	Utah	-	-	-	-
Maine	159	0.1	.16	78	Vermont	-	-	-	-
Maryland	7,829	4.9	2.45	2,855	Virginia	4,308	2.7	1.03	2,149
Massachusetts	1,542	1.0	.30	739	Washington	704	0.4	.23	261
Michigan	11,569	7.2	1.45	5,600	West Virginia	-	-	-	-
Minnesota	3,061	1.9	.88	983	Wisconsin	596	0.4	.15	287
Mississippi	-	-	-	-	Wyoming	-	-	-	-

1/ Less than 1/2 of 1 percent.

NOTE: Comprises capital grants, relocation grants, demonstration grants, and grants for community renewal plans.

URBAN PLANNING ASSISTANCE
(40 USCA 461: O.E. 1954; E.P. None)

Purpose

Funds are provided to State, metropolitan, or regional planning agencies (and, in cases of certain redevelopment areas under the Area Redevelopment Act and in disaster areas, to municipalities and counties) to help finance comprehensive planning activities which include preparation of general physical plans for land use and provision of public facilities (including transportation facilities), programing of capital improvements, and preparation of long-range fiscal plans for metropolitan and other urban areas. These funds may not be used for the preparation of plans for specific public works.

Amount of Statutory Authorization -- An aggregate of \$75 million.

Apportionment Formula

Apportionment of the Federal funds is at the discretion of the Administrator.

Matching Provisions

Federal share, up to two-thirds of the estimated cost of the project, or three-fourths to cities, other municipalities, and counties situated within certain redevelopment areas.

URBAN PLANNING ASSISTANCE (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 6,475 ^{1/}	100.0	\$.03	\$ 4,458 ^{1/}	Missouri	90	1.4	.02	45
Alabama	40	0.6	.01	40	Montana	7	0.1	.01	7
Alaska	32	0.5	.13	30	Nebraska	14	0.2	.01	14
Arizona	2	^{2/}	^{3/}	2	Nevada	9	0.1	.03	5
Arkansas	78	1.2	.04	65	New Hampshire	28	0.4	.04	28
California	535	8.3	.03	362	New Jersey	320	4.9	.05	248
Colorado	155	2.4	.08	88	New Mexico	125	1.9	.12	110
Connecticut	126	1.9	.05	80	New York	53	0.8	^{3/}	53
Delaware	-	-	-	-	North Carolina	129	2.0	.03	87
Dist. of Columbia	-	-	-	-	North Dakota	-	-	-	-
Florida	97	1.5	.02	92	Ohio	217	3.4	.02	166
Georgia	83	1.3	.02	60	Oklahoma	89	1.4	.04	70
Hawaii	83	1.3	.12	46	Oregon	199	3.1	.11	140
Idaho	-	-	-	-	Pennsylvania	609	9.4	.05	359
Illinois	277	4.3	.03	172	Rhode Island	57	0.9	.07	27
Indiana	33	0.5	.01	18	South Carolina	21	0.3	.01	10
Iowa	108	1.7	.04	86	South Dakota	-	-	-	-
Kansas	109	1.7	.05	106	Tennessee	152	2.3	.04	131
Kentucky	102	1.6	.03	47	Texas	133	2.1	.01	77
Louisiana	67	1.0	.02	47	Utah	34	0.5	.04	17
Maine	99	1.5	.10	80	Vermont	34	0.5	.09	25
Maryland	152	2.3	.05	130	Virginia	116	1.8	.03	117
Massachusetts	417	6.4	.08	254	Washington	274	4.2	.09	147
Michigan	323 ^{1/}	5.0	.04	188 ^{1/}	West Virginia	76	1.2	.04	67
Minnesota	427	6.6	.12	256	Wisconsin	257	4.0	.06	184
Mississippi	82	1.3	.04	69	Wyoming	5	0.1	.01	5

^{1/} Includes mass transportation demonstration grant to Michigan: \$75 thousand Federal expenditure and \$38 thousand required State and local matching. ^{2/} Less than 0.05 percent. ^{3/} Less than 1/2 cent.

DEPARTMENT OF THE INTERIOR

INDIAN EDUCATION AND WELFARE SERVICES
(25 USCA 452; O.E. 1934; E.P. None)

Purpose

To provide financial assistance (1) to public schools enrolling Indian children under State and district contracts, and (2) to States providing agricultural extension services and social welfare, including relief of distress, to Indians on trust lands.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula

(1) Federal funds granted under the Resource Management appropriation are allotted to the States on the basis of extension services provided by State employees on Indian reservations.

(2) Federal funds granted under the Education and Welfare Services appropriation are allotted to the States at the discretion of the Secretary of the Interior on the basis of contracts with the States.

Matching Provisions -- None

INDIAN EDUCATION AND WELFARE SERVICES (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 7,571	100.0	\$.04	-	Missouri	-	-	-	-
Alabama	-	-	-	-	Montana	167	2.2	.24	-
Alaska	588	7.8	2.39	-	Nebraska	165	2.2	.11	-
Arizona	2,457	32.5	1.63	-	Nevada	110	1.5	.33	-
Arkansas	-	-	-	-	New Hampshire	-	-	-	-
California	-	-	-	-	New Jersey	-	-	-	-
Colorado	88	1.2	.05	-	New Mexico	1,623	21.4	1.59	-
Connecticut	-	-	-	-	New York	-	-	-	-
Delaware	-	-	-	-	North Carolina	18	0.2	1/	-
Dist. of Columbia	-	-	-	-	North Dakota	257	3.4	.40	-
Florida	21	0.3	1/	-	Ohio	-	-	-	-
Georgia	-	-	-	-	Oklahoma	544	7.2	.22	-
Hawaii	-	-	-	-	Oregon	24	0.3	.01	-
Idaho	130	1.7	.19	-	Pennsylvania	-	-	-	-
Illinois	-	-	-	-	Rhode Island	-	-	-	-
Indiana	-	-	-	-	South Carolina	-	-	-	-
Iowa	29	0.4	.01	-	South Dakota	630	8.3	.87	-
Kansas	10	0.1	1/	-	Tennessee	-	-	-	-
Kentucky	-	-	-	-	Texas	-	-	-	-
Louisiana	-	-	-	-	Utah	101	1.3	.10	-
Maine	-	-	-	-	Vermont	-	-	-	-
Maryland	-	-	-	-	Virginia	-	-	-	-
Massachusetts	-	-	-	-	Washington	97	1.3	.03	-
Michigan	-	-	-	-	West Virginia	-	-	-	-
Minnesota	364	4.8	.10	-	Wisconsin	92	1.2	.02	-
Mississippi	-	-	-	-	Wyoming	56	0.7	.15	-

1/ Less than 1/2 cent.

WILDLIFE RESTORATION
(16 USCA 669-669i; O.E. 1937; E.P. None)

Purpose

To establish wildlife restoration projects, construction necessary to make land or water areas available for such projects, and for wildlife management research necessary for efficient administration.

Amount of Statutory Authorization

Not fixed; annual appropriations from the proceeds of the Federal excise tax on firearms, shells and cartridges.

Apportionment Formula (statutory)

After setting aside as much as 8 percent of the annual appropriations for Federal administrative expenses of the program, the remainder is apportioned to the States as follows:

- (1) 50 percent of the Federal funds is allotted on an area basis.
- (2) 50 percent is allotted on the basis of the number of paid hunting license holders.

Under the apportionment formula, each State receives at least one-half of 1%, but not more than 5% of the total Federal funds.

Matching Provisions -- Federal, 75%; State, 25%.

FISH RESTORATION AND MANAGEMENT
(16 USCA 777-777k; O.E. 1950; E.P. None)

Purpose

To establish fish restoration and management projects; fish culture research; formulation of restocking plans; and, acquisition and improvement of areas adaptable as hatching, feeding, resting, or breeding places.

Amount of Statutory Authorization

Not fixed; annual appropriations are made from the proceeds of the Federal excise tax on fishing rods, creels, reels, and artificial lures, baits, and flies.

Apportionment Formula (statutory)

After setting aside as much as 8 percent of annual appropriations for Federal administrative (and necessary investigative) expenses of the program, the remainder is apportioned to the States as follows:

- (1) 40 percent of the Federal funds is allotted on an area basis.
- (2) 60 percent is allotted on the basis of the number of paid fishing license holders.

Under the apportionment formula, each State receives at least 1%, but not more than 5% of the total Federal funds.

Matching Provisions -- Federal, 75%; State, 25%.

WILDLIFE RESTORATION AND FISH RESTORATION AND MANAGEMENT (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 19,696	100.0	\$.11	\$ 6,565	Missouri	628	3.2	.14	209
Alabama	463	2.4	.14	154	Montana	701	3.6	.99	234
Alaska	522	2.7	2.12	174	Nebraska	317	1.6	.21	106
Arizona	544	2.8	.36	181	Nevada	262	1.3	.78	87
Arkansas	424	2.2	.23	141	New Hampshire	98	.05	.16	33
California	830	4.2	.05	277	New Jersey	141	0.7	.02	47
Colorado	325	1.7	.17	108	New Mexico	418	2.1	.41	139
Connecticut	135	0.7	.05	45	New York	856	4.3	.05	285
Delaware	143	0.7	.30	48	North Carolina	434	2.2	.09	145
Dist. of Columbia	-	-	-	-	North Dakota	249	1.3	.39	83
Florida	285	1.4	.05	95	Ohio	477	2.4	.05	159
Georgia	408	2.1	.10	136	Oklahoma	434	2.2	.18	145
Hawaii	129	0.7	.19	43	Oregon	472	2.4	.23	157
Idaho	402	2.0	.58	134	Pennsylvania	628	3.2	.06	209
Illinois	360	1.8	.04	120	Rhode Island	73	0.4	.08	24
Indiana	490	2.5	.10	163	South Carolina	327	1.7	.13	109
Iowa	403	2.0	.15	134	South Dakota	187	0.9	.26	62
Kansas	419	2.1	.19	140	Tennessee	422	2.1	.12	141
Kentucky	280	1.4	.09	93	Texas	1,106	5.6	.11	369
Louisiana	355	1.8	.11	118	Utah	398	2.0	.41	133
Maine	198	1.0	.20	66	Vermont	113	0.6	.29	38
Maryland	169	0.9	.05	56	Virginia	365	1.9	.09	122
Massachusetts	131	0.7	.03	44	Washington	392	2.0	.13	131
Michigan	832	4.2	.10	277	West Virginia	171	0.9	.10	57
Minnesota	741	3.8	.21	247	Wisconsin	360	1.8	.09	120
Mississippi	285	1.4	.13	95	Wyoming	394	2.0	1.08	131

DEPARTMENT OF LABOR

MANPOWER DEVELOPMENT AND TRAINING
(42 USCA 2583, 2611 & 2614; O.E. 1962; E.P. None)

Purpose

To furnish financial assistance to the States to enable them (a) to provide weekly allowances to unemployed persons selected for training (so that they may acquire the skills needed in a modern economy), and (b) to provide facilities for such training.

Amount of Statutory Authorization

\$97 million for fiscal 1963, \$161 million for fiscal 1964, \$407 million for fiscal 1965, and \$281 million for fiscal 1966. 1/

Apportionment Formula (mainly statutory)

Of the \$64 million appropriated for fiscal 1963, \$44 million was allotted to the Department of Labor for allowance payments, and \$20 million to the Department of Health, Education, and Welfare for training facilities.

These funds are apportioned among the States on the basis of the following factors (each weighted equally with the others):

- (1) The number of persons in the labor force within a State relative to the U. S. total;
- (2) The ratio of insured unemployment to covered employment;
- (3) The number of families and individuals with net incomes of less than \$1,500 in a State in 1959 relative to the U. S. total (used as a measure of the lack of appropriate full-time employment);
- and
- (4) The amount of unemployment compensation benefits paid by a State, relative to the U. S. total.

Matching Provisions

Allowances and training for the unemployed: through fiscal year 1965, none; in fiscal 1966, Federal 66-2/3%, State 33-1/3%; afterwards, Federal, 50%, State, 50%. 1/

Training (only) for the underemployed: Federal, 50%, State, 50%, except that \$1 million for State administrative expenses requires no matching.

1/ As amended by P.L. 88-214, December 19, 1963.

UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION
(29 USCA 49-49n; 42 USCA 501-503, 1101(c)(1)(A); O.E. 1933 1/; E.P. None)

Purpose

To finance the administrative expenses incurred by the States in administering the employment service program and the programs for (a) State Unemployment Compensation, (b) Unemployment Compensation for Veterans, and (c) Unemployment Compensation for Federal Employees. Federal funds are also available for financing the administrative costs of the State headquarters office.

Amount of Statutory Authorization

\$415 million for fiscal 1962; payments are made from the 0.4 percent Federal unemployment tax in the unemployment trust fund.

Apportionment Formula (statutory)

(1) Unemployment Compensation Administration: Federal funds are apportioned to the States on the basis of:

- (a) population
- (b) the number of persons covered by State law
- (c) the cost of proper and efficient administration
- (d) other relevant factors

(2) Employment Service Administration: Funds are allotted to the States in amounts necessary for efficient administration.

Matching Provisions -- None

1/ Employment service; the unemployment compensation program was first enacted in 1935.

UNEMPLOYMENT COMPENSATION AND EMPLOYMENT SERVICE ADMINISTRATION (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distrib- ution	Per capita			Amount	Percent distrib- ution	Per Capita	
U. S. Total	\$ 438,520	100.0	\$ 2.36	-	Missouri	7,648	1.7	1.76	-
Alabama	5,516	1.3	1.64	-	Montana	2,187	0.5	3.08	-
Alaska	1,885	0.4	7.66	-	Nebraska	2,418	0.6	1.63	-
Arizona	5,536	1.3	3.67	-	Nevada	1,887	0.4	5.63	-
Arkansas	4,502	1.0	2.47	-	New Hampshire	1,705	0.4	2.70	-
California	53,054	12.1	3.13	-	New Jersey	16,714	3.8	2.68	-
Colorado	4,712	1.1	2.47	-	New Mexico	2,599	0.6	2.55	-
Connecticut	6,988	1.6	2.69	-	New York	62,482	14.2	3.59	-
Delaware	1,071	0.2	2.28	-	North Carolina	8,259	1.9	1.75	-
Dist. of Columbia	2,716	0.6	3.46	-	North Dakota	1,753	0.4	2.73	-
Florida	8,623	2.0	1.58	-	Ohio	19,933	4.5	1.97	-
Georgia	5,823	1.3	1.42	-	Oklahoma	6,021	1.4	2.46	-
Hawaii	1,617	0.4	2.33	-	Oregon	6,032	1.4	3.24	-
Idaho	2,743	0.6	3.93	-	Pennsylvania	31,846	7.3	2.80	-
Illinois	20,242	4.6	2.00	-	Rhode Island	4,074	0.9	4.71	-
Indiana	6,805	1.6	1.44	-	South Carolina	3,986	0.9	1.64	-
Iowa	3,908	0.9	1.41	-	South Dakota	1,429	0.3	1.98	-
Kansas	3,206	0.7	1.44	-	Tennessee	5,189	1.2	1.43	-
Kentucky	4,556	1.0	1.48	-	Texas	17,852	4.1	1.76	-
Louisiana	5,931	1.4	1.78	-	Utah	4,243	1.0	4.39	-
Maine	2,108	0.5	2.11	-	Vermont	1,370	0.3	3.51	-
Maryland	7,173	1.6	2.25	-	Virginia	4,568	1.0	1.09	-
Massachusetts	15,645	3.6	3.03	-	Washington	8,249	1.9	2.74	-
Michigan	20,844	4.8	2.61	-	West Virginia	3,326	0.8	1.88	-
Minnesota	5,938	1.4	1.71	-	Wisconsin	6,315	1.4	1.54	-
Mississippi	4,087	0.9	1.82	-	Wyoming	1,208	0.3	3.31	-

VETERANS ADMINISTRATION

STATE HOMES FOR DISABLED SOLDIERS AND SAILORS
(38 USCA 641; O.E. 1888; E.P. None)

Purpose

To provide homes for veterans disabled by age, disease, or otherwise, and by reason of such disability are incapable of earning a living.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory)

Federal funds, up to a maximum of \$2.50 per diem are allotted to the States on the basis of the number of disabled soldiers and sailors admitted to State homes.^{1/} (At the present time, there are 33 such homes in 28 States.)

Matching Provisions -- Federal, 50%; State, 50%.

1/ The amount payable for any veteran shall be reduced:

- (a) by one-half of any amounts retained by State homes from any payments of pension or compensation made to such veterans and
- (b) unless the widows or wives of veterans of any war are admitted and maintained in such State home, by any other amounts collected in any manner from such veteran to be used for the support of the home.

STATE HOMES FOR DISABLED SOLDIERS AND SAILORS (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 7,366	100.0	\$.04	\$ 7,366	Missouri	47	0.6	.01	47
Alabama	-	-	-	-	Montana	46	0.6	.06	46
Alaska	-	-	-	-	Nebraska	108	1.5	.07	108
Arizona	-	-	-	-	Nevada	-	-	-	-
Arkansas	-	-	-	-	New Hampshire	31	0.4	.05	31
California	1,652	22.4	.10	1,652	New Jersey	166	2.3	.03	166
Colorado	64	0.9	.03	64	New Mexico	-	-	-	-
Connecticut	661	9.0	.25	661	New York	3	1/	2/	3
Delaware	-	-	-	-	North Carolina	-	-	-	-
Dist. of Columbia	-	-	-	-	North Dakota	72	1.0	.11	72
Florida	-	-	-	-	Ohio	425	5.8	.04	425
Georgia	109	1.5	.03	109	Oklahoma	413	5.6	.17	413
Hawaii	-	-	-	-	Oregon	-	-	-	-
Idaho	46	0.6	.07	46	Pennsylvania	164	2.2	.01	164
Illinois	542	7.4	.05	542	Rhode Island	222	3.0	.26	222
Indiana	159	2.2	.03	159	South Carolina	-	-	-	-
Iowa	205	2.8	.07	205	South Dakota	118	1.6	.16	118
Kansas	42	0.6	.02	42	Tennessee	-	-	-	-
Kentucky	-	-	-	-	Texas	-	-	-	-
Louisiana	-	-	-	-	Utah	-	-	-	-
Maine	-	-	-	-	Vermont	35	0.5	.09	35
Maryland	-	-	-	-	Virginia	-	-	-	-
Massachusetts	694	9.4	.13	694	Washington	312	4.2	.10	312
Michigan	591	8.0	.07	591	West Virginia	-	-	-	-
Minnesota	236	3.2	.07	236	Wisconsin	188	2.6	.05	188
Mississippi	-	-	-	-	Wyoming	13	0.2	.04	13

1/ Less than 0.05 percent.

2/ Less than 1/2 cent.

STATE SUPERVISION OF SCHOOLS AND TRAINING ESTABLISHMENTS
(38 USCA 1645; O.E. 1952 ^{1/}; E.P. None)

Purpose

To reimburse State and local agencies for reasonable and necessary expenses of salary and travel incurred by employees of such agencies in rendering necessary services in ascertaining the qualifications of educational institutions and training establishments for furnishing courses of education and training to Korean veterans, and in the supervision of such institutions and establishments.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula

States are reimbursed for expenditures under this program.

Matching Provisions -- None

1/ For Korean War veterans; a similar program was enacted in 1944 for World War II veterans.

STATE SUPERVISION OF SCHOOLS AND TRAINING ESTABLISHMENTS (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capita, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per capita	
U. S. Total	\$ 1,082	100.0	\$.01	-	Missouri	34	3.1	.01	-
Alabama					Montana	4	0.4	.01	-
Alaska	52	4.8	.02	-	Nebraska	-	-	-	-
Arizona	-	-	-	-	Nevada	-	-	-	-
Arkansas	22	2.0	.01	-	New Hampshire	6	0.6	.01	-
California	135	12.5	.01	-	New Jersey	-	-	-	-
Colorado	14	1.3	.01	-	New Mexico	-	-	-	-
Connecticut	1/	2/	3/	-	New York	1	0.1	3/	-
Delaware	-	-	-	-	North Carolina	53	4.9	.01	-
Dist. of Columbia	-	-	-	-	North Dakota	-	-	-	-
Florida	42	3.9	.01	-	Ohio	50	4.6	3/	-
Georgia					Oklahoma	33	3.0	.01	-
Hawaii	44	4.1	.01	-	Oregon	-	-	-	-
Idaho	-	-	-	-	Pennsylvania	63	5.8	.01	-
Illinois	86	7.9	.01	-	Rhode Island	-	-	-	-
Indiana	21	1.9	2/	-	South Carolina	11	1.0	3/	-
Iowa	9	0.8	3/	-	South Dakota	-	-	-	-
Kansas	-	-	-	-	Tennessee	29	2.7	.01	-
Kentucky	28	2.6	.01	-	Texas	56	5.2	.01	-
Louisiana	71	6.6	.02	-	Utah	-	-	-	-
Maine	-	-	-	-	Vermont	1	0.1	3/	-
Maryland					Virginia	15	1.4	3/	-
Massachusetts	49	4.5	.01	-	Washington	10	0.9	3/	-
Michigan	14	1.3	3/	-	West Virginia	29	2.7	.02	-
Minnesota	82	7.6	.02	-	Wisconsin	16	1.5	3/	-
Mississippi	-	-	-	-	Wyoming	-	-	-	-

1/ Less than \$500. 2/ Less than 0.05 percent. 3/ Less than 1/2 cent.

OFFICE OF EMERGENCY PLANNING

DISASTER RELIEF
(42 USCA 1855-55g; O.E. 1950; E.P. None)

Purpose

To assist States and their political subdivisions affected by major disaster (flood, drought, fire, etc.) when they are unable to cope with the situation physically or financially, on the basis of project applications submitted by the States and local governments and approved by the Office of Emergency Planning.

Amount of Statutory Authorization -- Not fixed

Apportionment Formula (statutory guidelines only)

Federal financial assistance shall be limited to protective work and other work for the protection of life and property, debris and wreckage clearance, and emergency repairs and temporary replacement of essential public facilities of States and local governments, including provisions for temporary housing or emergency shelter.

To qualify for Federal financial assistance, the total of State and local government expenditures and obligations (or resources used) over and above their normal expenditures for disaster relief must exceed an amount published by the OEP Director as the minimum for that State for that disaster and all other disasters during the twelve month period immediately preceding the request for assistance. These required minimums range from \$250,000 to \$3,000,000, depending (roughly) on State fiscal capacity.

Matching Provisions -- None

DISASTER RELIEF (cont'd)

Financial Data, by States: 1962

(Dollar amounts, except per capitas, in thousands)

State	Federal grant expenditure			Required State and local matching	State	Federal grant expenditure			Required State and local matching
	Amount	Percent distribution	Per capita			Amount	Percent distribution	Per Capita	
U. S. Total	\$ 14,382	100.0	\$.08	-	Missouri	316	2.2	.07	-
Alabama	351	2.4	.10	-	Montana	-	-	-	-
Alaska	-	-	-	-	Nebraska	175	1.2	.12	-
Arizona	-	-	-	-	Nevada	130	0.9	.39	-
Arkansas	708 ^{1/}	4.9	.39	-	New Hampshire	-	-	-	-
California	-2 ^{1/}	^{1/}	^{1/}	-	New Jersey	3,233	22.4	.52	-
Colorado	-	-	-	-	New Mexico	-	-	-	-
Connecticut	300	2.1	.12	-	New York	-	-	-	-
Delaware	-	-	-	-	North Carolina	501	3.5	.11	-
Dist. of Columbia	-	-	-	-	North Dakota	-	-	-	-
Florida	1,133	7.8	.21	-	Ohio	-55 ^{1/}	^{1/}	^{1/}	-
Georgia	212	1.5	.05	-	Oklahoma	^{2/}	^{3/}	^{4/}	-
Hawaii	159	1.1	.23	-	Oregon	-	-	-	-
Idaho	656	4.5	.93	-	Pennsylvania	349	2.4	.03	-
Illinois	620	4.3	.06	-	Rhode Island	-	-	-	-
Indiana	573	4.0	.12	-	South Carolina	-	-	-	-
Iowa	-	-	-	-	South Dakota	137	0.9	.19	-
Kansas	-	-	-	-	Tennessee	-	-	-	-
Kentucky	-	-	-	-	Texas	3,011	20.8	.30	-
Louisiana	-	-	-	-	Utah	-	-	-	-
Maine	-	-	-	-	Vermont	-	-	-	-
Maryland	-	-	-	-	Virginia	-	-	-	-
Massachusetts	40	0.3	.01	-	Washington	-3 ^{1/}	^{1/}	^{1/}	-
Michigan	-	-	-	-	West Virginia	980	6.8	.55	-
Minnesota	-	-	-	-	Wisconsin	-	-	-	-
Mississippi	860	6.0	.38	-	Wyoming	-	-	-	-

^{1/} Excess of refunds over payments. ^{2/} Less than \$500. ^{3/} Less than 0.05 percent. ^{4/} Less than 1/2 cent.

PROGRAMS ENACTED DURING 1963

AGRICULTURAL EXPERIMENT STATIONS, RESEARCH FACILITIES
(P.L. 88-74; O.E. 1963; E.P. None)

Purpose

To assist State agricultural experiment stations in the construction, acquisition, and remodeling of research facilities.

Amount of Statutory Authorization -- Not fixed.

Apportionment Formula

Amounts appropriated are distributed as follows:

- (1) 1/3 equally among the States
- (2) 1/3 on the basis of rural population
- (3) 1/3 on the basis of farm population

Matching Provisions -- Federal 50%; State 50%.

SPECIAL MATERNITY AND INFANT CARE PROJECTS AND RESEARCH PROJECTS
(42 USCA 729-729a (P.L. 88-156); O.E. 1963; E.P. None)

Purpose

To help reduce the incidence of mental retardation caused by complications associated with child bearing by (1) assisting State (or local) health agencies in undertaking projects for the provision of necessary health care to prospective mothers (and their infants, after childbirth) who are likely to incur ill health, mental or physical, because of said childbirth; and (2) by making grants to public or other nonprofit institutions of higher learning, agencies and organizations for research projects relating to maternal and child welfare services or crippled children's services which show promise of substantial contribution to the advancement thereof.

Amount of Statutory Authorization

1. Maternity and Infant Care Projects: \$5 million for fiscal 1964, \$15 million for fiscal 1965, and \$30 million annually for fiscal years 1966 - 1968.
2. Research Projects: Up to \$8 million annually.

Apportionment Formula (statutory)

There is no initial allocation of Federal grant funds among the States. Up to 75 percent of the cost (exclusive of any general overhead) of maternity and infant care projects may be met from Federal funds. Research grant funds are distributed at the discretion of the Secretary of Health, Education, and Welfare.

Matching Provisions

See Apportionment Formula.

MENTAL RETARDATION PLANNING
(42 USCA 1305 (P.L. 88-156); O.E. 1963; E.P. None)

Purpose

To assist the States to plan for and take other steps leading to comprehensive State and community action to combat mental retardation.

Amount of Statutory Authorization

\$2.2 million (aggregate) for fiscal years 1964 and 1965.

Apportionment Formula

There is no initial allocation of Federal funds among the States. Up to 75 percent of the cost of planning and related activities involved, may be met from Federal funds in such amounts and conditions as the Secretary of Health, Education, and Welfare may determine.

Matching Provisions

See Apportionment Formula.

MENTAL RETARDATION FACILITIES AND COMMUNITY MENTAL HEALTH
CENTERS CONSTRUCTION
(P.L. 88-164; O.E. 1963; E.P. 1963)

I. Mental Retardation Facilities Construction

Purpose

To assist the States in the construction of public and other nonprofit facilities for the mentally retarded.

Amount of Statutory Authorization

\$10 million for fiscal 1965, \$12.5 million for fiscal 1966, \$15 million for fiscal 1967, and \$30 million for fiscal 1968.

Apportionment Formula (statutory guidelines only)

In allocating grant funds consideration is to be given to (1) population, (2) the extent of the need for facilities for the mentally retarded, and (3) the financial need of the respective States. 1/ No State is to be allotted less than \$100,000 annually. A State may request that a portion of its allotment be transferred to another State for construction of a facility to be available to both States.

Matching Provisions

Variable; Federal participation ranges from one-third to not more than two-thirds of the project cost, based upon the "Federal percentage." A State's Federal percentage is defined as 100 percent less that percentage which bears the same ratio to 50 percent as the per capita income of the State bears to the per capita income of the United States. Alternatively the Federal share (but not more than 2/3 nor less than 1/3 of the project cost) may be included in the State plan, by agreement with the Secretary of Health, Education, and Welfare, taking into account "variations between projects or classes of projects on the basis of the economic status of areas and other relevant factors."

II. Community Mental Health Centers Construction

Purpose

To assist the States in constructing public and other nonprofit community mental health centers.

Amount of Statutory Authorization

\$35 million for fiscal 1965, \$50 million for fiscal 1966, and \$65 million for fiscal 1967.

MENTAL RETARDATION FACILITIES AND COMMUNITY MENTAL HEALTH
CENTERS CONSTRUCTION (Cont'd)

Apportionment Formula (statutory guidelines only)

In allocating grant funds consideration is to be given to (1) population, (2) the extent of the need for community mental health centers, and (3) the financial need of the respective States. 1/ No State is to be allotted less than \$100,000 annually. A State may request that a portion of its allotment be transferred to another State for construction of a community mental health center to be available to both States.

Matching Provisions

Same as for "Mental Retardation Facilities Construction," above.

III. Construction of Centers for Research on Mental Retardation and Related Aspects of Human Development

Purpose

To assist public and other nonprofit institutions in the construction of facilities for research, or research and related purposes, which may assist in finding the causes, and the means of prevention, of mental retardation, or in finding means of ameliorating the effects of mental retardation.

Amount of Statutory Authorization

\$6 million for fiscal 1964, \$8 million for fiscal 1965, and \$6 million each for fiscal 1966 and 1967.

Apportionment Formula (statutory)

There is no initial allocation of grant funds among the States. Up to 75 percent of the cost of an approved project may be met from Federal funds, as determined by the Surgeon General.

Matching Provisions

See "Apportionment Formula."

IV. Construction of University-Affiliated Facilities for the Mentally Retarded

Purpose

To assist institutions of higher education in the construction of clinical facilities providing inpatient and outpatient

MENTAL RETARDATION FACILITIES AND COMMUNITY MENTAL HEALTH
CENTERS CONSTRUCTION (Cont'd)

IV. Construction of University-Affiliated Facilities for the Mentally Retarded (Cont'd)

Purpose (Cont'd)

services for the mentally retarded and facilities that will aid in demonstrating provision of specialized services for the diagnosis and treatment, education, training, or care of the mentally retarded or in the clinical training of physicians and other specialized personnel needed to provide such services to the mentally retarded.

Amount of Statutory Authorization

\$5 million for fiscal 1964, \$7.5 million for fiscal 1965, and \$10 million each for fiscal 1966 and 1967.

Apportionment Formula (statutory)

There is no initial allocation of grant funds among the States. Up to 75 percent of the cost of an approved project may be met from Federal funds, as determined by the Surgeon General.

Matching Provisions

See "Apportionment Formula."

1/ The specific formula will be developed by the Department of Health, Education, and Welfare.

AIR POLLUTION PREVENTION AND CONTROL
(P.L. 88-206; O.E. 1963; E.P. 1963)

Purpose

To assist air pollution control agencies (State, interstate, local government or interlocal) in meeting the costs of developing, establishing, or improving programs for the prevention and control of air pollution.

Amount of Statutory Authorization

\$5 million annually for fiscal 1964 and 1965; \$6 million for fiscal 1966; and \$7 million for fiscal 1967.

Apportionment Formula (statutory guidelines only)

In allocating grant funds, consideration is to be given to (1) population, (2) the extent of the actual or potential air pollution problem, and (3) the financial need of the respective air pollution control agencies. 1/ Not more than 12½ percent of the available grant funds is to be allocated to any one State.

Matching Provisions

Federal up to 2/3; State up to 1/3; except that Federal funds up to 3/4 of cost may be provided to interstate or interlocal agencies. 1/

1/ The specific formula will be developed by the Department of Health, Education, and Welfare.

CONSTRUCTION OF HIGHER EDUCATION FACILITIES
(P.L. 88-204; O.E. 1963; E.P. 1963)

I. Construction of Undergraduate Academic Facilities

Purpose

To furnish financial assistance to institutions of higher education, including undergraduate institutions, junior and community colleges, and technical institutions, for the construction of certain academic facilities.

Amount of Statutory Authorization

\$230 million annually for fiscal years 1964-66; thereafter, such sums as Congress may determine.

Apportionment Formula (statutory)

(1) 22% of the funds allotted to each State for public community colleges and public technical institutes on the basis of the number of high school graduates in the State, weighted by its "allotment ratio."

A State's "allotment ratio" is defined as 100 percent less 50 percent times the ratio of State per capita income to average U. S. per capita income. Upper and lower limits are fixed for the allotment ratio at $66\frac{2}{3}$ and $33\frac{1}{3}$ percent. A special allotment ratio of 50 percent is fixed for any State with exceptionally high school construction costs.

(2) 78% of the funds is allotted to each State for facilities other than public community colleges and public technical institutes as follows:

- (a) One-half on the basis of enrollment in institutions of higher education; and
- (b) One-half on the basis of enrollment in grades nine through twelve.

Matching Provisions

Public community colleges and public technical institutes:
Federal, 40%; State, 60%.

CONSTRUCTION OF HIGHER EDUCATION FACILITIES (Cont'd)

Matching Provisions (Cont'd)

Other undergraduate facilities: Federal share of project cost, not to exceed 33-1/3 percent, determined on the basis of criteria established by the Commissioner of Education.

II. Construction of Graduate Academic Facilities

Purpose

To furnish financial assistance to institutions of higher education in the construction of graduate academic facilities including cooperative graduate centers.

Amount of Statutory Authorization

\$25 million for fiscal 1964, \$60 million annually for fiscal years 1965 and 1966; thereafter, such sums as Congress may determine.

Apportionment Formula (statutory)

There is no initial allotment of Federal funds among the States. Up to one-third of the project cost may be met from Federal funds, but no more than 12½ percent of the amount appropriated in any fiscal year may be expended in any one State.

Matching Provisions

See Apportionment Formula.

CONSTRUCTION OF TEACHING FACILITIES FOR MEDICAL, DENTAL,
AND OTHER HEALTH PERSONNEL
(P.L. 88-129; O.E. 1963; E.P. None)

Purpose

To assist public and other nonprofit medical schools, dental schools, and other institutions training specified professional health personnel in the construction, replacement, or rehabilitation of teaching facilities.

Amount of Statutory Authorization

(1) An aggregate of \$105 million for fiscal 1964, 1965, and 1966 for construction of new teaching facilities to train physicians and other specified professional health personnel, except dentists;

(2) An aggregate of \$35 million for fiscal 1964, 1965, and 1966 for construction of new teaching facilities to train dentists; and

(3) An aggregate of \$35 million for fiscal 1964, 1965, and 1966 for replacement or rehabilitation of existing teaching facilities to train physicians and other professional health personnel, including dentists.

Apportionment Formula (statutory)

There is no initial allocation of grant funds among the States. Up to varying percentages of an approved project (50 percent, 66-2/3 percent, or 75 percent, depending upon the nature of the project) may be met from Federal funds, as determined by the Surgeon General.

Matching Provisions

See "Apportionment Formula."

EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION
(P.L. 88-210; O.E. 1963; E.P. 1963)

I. General Vocational Education Program ^{1/}

Purpose

To provide financial assistance to the States to maintain, extend, and improve existing programs of vocational education and to develop new programs of vocational education, in order to make readily available vocational training or retraining of high quality to persons of all ages. Part of the grant funds must be used for construction of area vocational education school facilities.

Amount of Statutory Authorization

\$60 million for fiscal 1964; \$118.5 million for fiscal 1965; \$177.5 million for fiscal 1966; and \$225 million annually thereafter.

Apportionment Formula (statutory)

(1) 90 percent of the Federal funds are allotted among the States according to the following formula:

- (a) 50 percent on the basis of population aged 15 through 19, weighted by the States' "allotment ratio";
- (b) 20 percent on the basis of population aged 20 through 24, weighted by the States' "allotment ratio";
- (c) 15 percent on the basis of population aged 25 through 65, weighted by the States' "allotment ratio"; and
- (d) 5 percent in proportion to the sum of the amounts allotted under (a), (b), and (c).

^{1/} Grants under the George-Barden and Smith-Hughes vocational education programs (see pp. 203-205) may be combined with grants under this program and used for the same purposes.

EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION (Cont'd)

Apportionment Formula (Cont'd)

A State's allotment ratio is defined as 100 percent less that percentage which bears the same ratio to 50 percent as the per capita income of the State bears to the per capita income of the United States. Upper and lower limits are fixed for the allotment ratio at 60 and 40 percent.

No State is to be allotted less than \$10,000 in any fiscal year.

(2) 10 percent of the funds are to be disbursed as grants to institutions of higher education and other public or non-profit private agencies and institutions (including State and local government educational agencies) for research and training programs, and for experimental, developmental, or pilot programs to meet special vocational education needs of youths.

Matching Provisions

(1) Formula grants -- For fiscal 1964, no less is to be expended from State and local funds in each State than was provided in fiscal 1963 under the previous vocational education programs. For subsequent fiscal years: Federal 50%; State 50%.

(2) Research, training, etc. -- No specific matching provision.

II. Work-Study Programs for Vocational Education Students

Purpose

To assist the States in providing part-time employment for youths who need the earnings from such employment to continue their vocational training on a full-time basis.

Amount of Statutory Authorization ^{2/}

\$30 million for fiscal year 1965; \$50 million for fiscal year 1966; \$35 million for each of fiscal years 1967 and 1968.

^{2/} Available for work-study programs and for residential vocational education schools, described below.

EXPANSION AND IMPROVEMENT OF VOCATIONAL EDUCATION (Cont'd)

Apportionment Formula (statutory)

Amount of Federal funds, as determined by the Commissioner of Education, allocated in proportion to population aged 15 through 20.

Matching Provisions

For fiscal years 1965 and 1966, Federal 100%; For fiscal years 1967 and 1968, Federal 75%; State 25%.

III. Residential Vocational Education Schools

Purpose

To demonstrate the feasibility and desirability of residential vocational education schools for certain youths of high school age, Federal grants are made available for the construction, equipment, and operation of such schools.

Amount of Statutory Authorization

Included in authorization for work-study programs, described above.

Apportionment Formula (statutory guidelines)

Funds are allocated on the basis of projects approved by the Commissioner of Education, special consideration to be given to the needs of large urban areas having substantial numbers of school drop-outs and unemployed youths, as well as to the equitable geographic distribution of residential vocational schools.

Matching Provisions -- None.

PUBLISHED REPORTS OF THE ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS 1/

- Coordination of State and Federal Inheritance, Estate and Gift Taxes. Report A-1. January 1961. 134p., printed.
- Modification of Federal Grants-in-Aid for Public Health Services. Report A-2. January 1961. 46p., offset. (Out of print; summary available)
- Investment of Idle Cash Balances by State and Local Governments. Report A-3. January 1961. 61p., printed.
- Interest Bearing U. S. Government Securities Available for Investment of Short-Term Cash Balances of Local and State Governments. September 1963. 5p., printed. (Prepared by U. S. Treasury Dept.)
- Intergovernmental Responsibilities for Mass Transportation Facilities and Services. Report A-4. April 1961. 54p., offset. (Out of print; summary available.)
- Governmental Structure, Organization, and Planning in Metropolitan Areas. Report A-5. July 1961. 83p., U. S. House of Representatives, Committee on Government Operations, Committee Print, 87th Congress, 1st session.
- State and Local Taxation of Privately Owned Property Located on Federal Areas: Proposed Amendment to the Buck Act. Report A-6. June 1961. 34p., offset.
- Intergovernmental Cooperation in Tax Administration. Report A-7. June 1961. 20p., offset
- Periodic Congressional Reassessment of Federal Grants-in-Aid to State and Local Governments. Report A-8. June 1961. 67p., offset. (Out of print.)
- Local Nonproperty Taxes and the Coordinating Role of the State. Report A-9. September 1961. 68p., offset.
- State Constitutional and Statutory Restrictions on Local Government Debt. Report A-10. September 1961. 97p., printed.
- Alternative Approaches to Governmental Reorganization in Metropolitan Areas. Report A-11. June 1962. 88p., offset.
- State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personnel Powers of Local Governments. Report A-12. October 1962. 79p., printed.
- Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas. Report A-13. October 1962. 135p., offset.
- State Constitutional and Statutory Restrictions on Local Taxing Powers. Report A-14. October 1962. 122p., offset.
- Apportionment of State Legislatures. Report A-15. December 1962. 78p., offset.
- Transferability of Public Employee Retirement Credits Among Units of Government. Report A-16. March 1963. 92p., offset.
- *The Role of the States in Strengthening the Property Tax. Report A-17. June 1963. (2 volumes), printed (\$1.25 each).
- Industrial Development Bond Financing. Report A-18. June 1963. 96p., offset.
- The Role of Equalization in Federal Grants. Report A-19. January 1964. 258p., offset.
- Impact of Federal Urban Development Programs on Local Government Organization and Planning. Report A-20. January 1964. (In Press).
- *Tax Overlapping in the United States, 1961. Report M-11. September 1961. 136p., printed (\$1.00).
- Factors Affecting Voter Reactions to Governmental Reorganization in Metropolitan Areas. Report M-15. May 1962. 80p., offset.
- Measures of State and Local Fiscal Capacity and Tax Effort. Report M-16. October 1962. 150p., printed.
- *Directory of Federal Statistics for Metropolitan Areas. Report M-18. June 1962. 118p., printed. (\$1.00).
- State Legislative Program of the Advisory Commission on Intergovernmental Relations. Report M-23. October 1963. 214p., offset.
- Performance of Urban Functions: Local and Areawide. Report M-21. September 1963. 283p., offset.

1/ Single copies of reports may be obtained from the Advisory Commission on Intergovernmental Relations, Washington, D. C. 20575, except those marked with an asterisk (*) which may be purchased from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

NTSU LIBRARY

UNT LIBRARIES, DENTON, TX 76203



1001170698