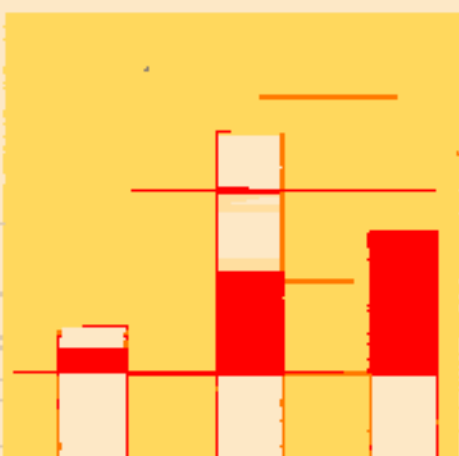
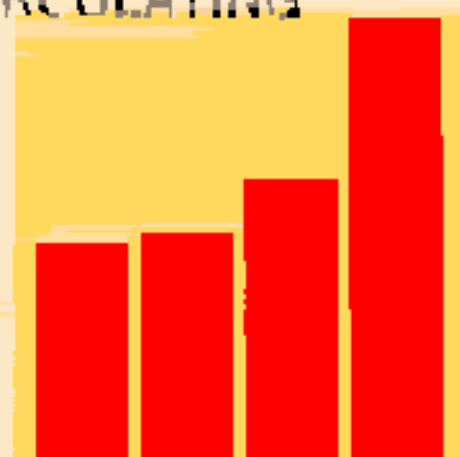
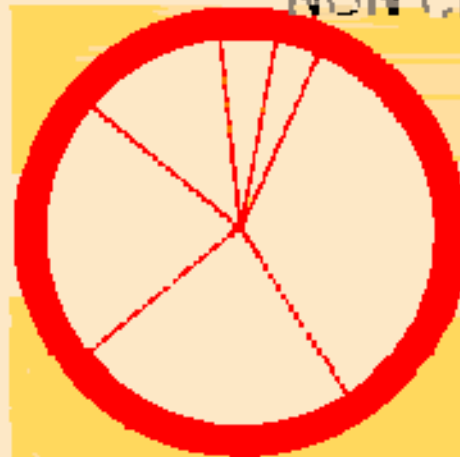
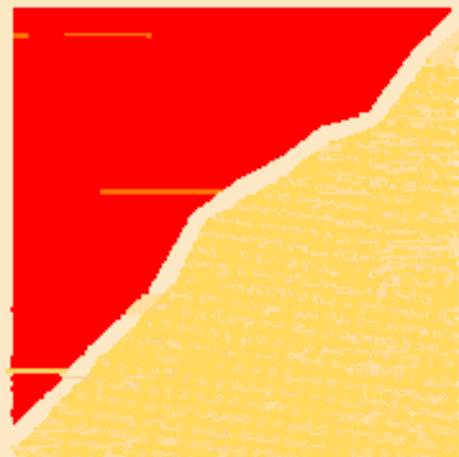
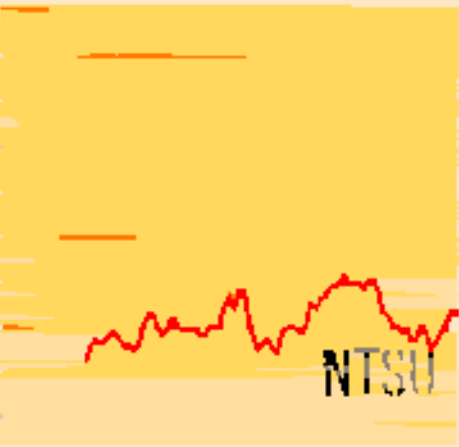


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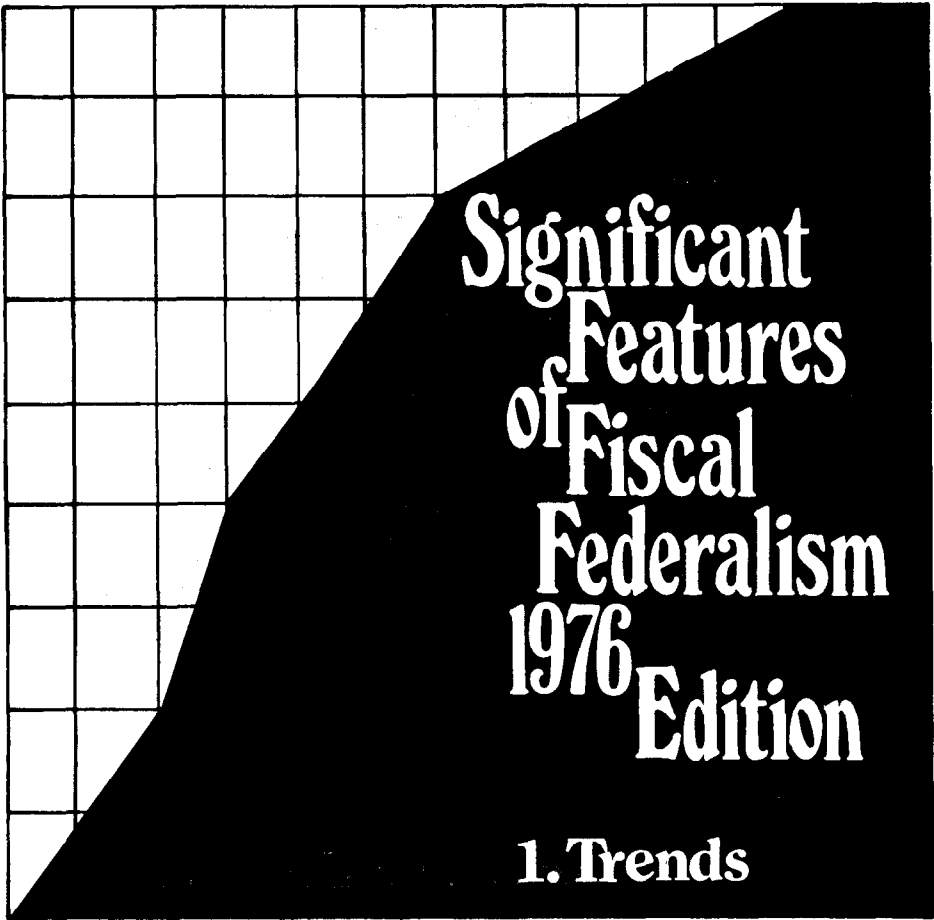
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PREFACE

In order to provide more timely information in a more convenient form, we have decided to divide our biennial publication *Significant Features of Fiscal Federalism* into four parts. This volume (part 1) traces the major trends in fiscal federalism since World War II.

This publication will be followed shortly by Part II that describes Federal-state-local revenue and debt structures. Somewhat later we will publish Part III, providing detailed information on the expenditure side of the intergovernmental fiscal equation.

Robert E. Merriam
Chairman

ACKNOWLEDGMENTS

Credit for this report is due Frank Tippett, the Commission's statistician, and Will S. Myers, senior analyst. This project was supervised by F. John Shannon, assistant director.

The Governments Division of the U.S. bureau of the Census was an indispensable partner in this undertaking. The cooperation of the Bureau is gratefully acknowledged.

Wayne F. Anderson
Executive Director

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TRENDS IN FISCAL FEDERALISM

HIGHLIGHTS

In the score of years from the mid 1950's to the mid 1970's, fiscal relationships between the levels of government have changed dramatically, and the public sector has grown much faster than the private sector. This publication provides some data which will help the reader to evaluate these trends.

The reader should be aware that trends in this publication are attributable to many factors, including inflation, population growth, urbanization, and assumption of the costs of programs previously administered at other levels of government or by the private sector. Other growth factors include revisions in priorities leading to new governmental activities and efforts to improve service levels and performance.

The following paragraphs provide a narrative summary derived from the statistical tables and charts which follow.

EXPENDITURES

Government expenditures as a percentage of all the goods and services produced by the national economy (GNP) have risen from 26.5 percent of

GNP in 1954 to 34.2 percent in 1976. While both the Federal and state-local components of the public sector have increased, the state-local sector has increased at a faster rate, from 7.4 percent of GNP in 1954 to 11.0 percent in 1976, a 49 percent increase. During the same period, the Federal sector increased from 19.1 percent to 23.2 percent of GNP, a 21 percent increase. (Table I.)

Civilian domestic expenditures (including social security) increased dramatically from 13.6 percent of GNP in 1954 to 26.8 percent in 1976. The growth of civilian domestic expenditures was financed in two ways: about half from new or increased taxes and deficit spending, and the other half by a shift in Federal expenditures from national defense to civilian programs. (Tables II, III, and III-A—upper right hand portions.)

Among the major programs, social security and Federal aid stand out as the fastest growers in the expanding Federal domestic sector; however, the rate of Federal aid growth has declined in recent years. Social security expenditures

have grown to the equivalent of 5.8 percent of GNP in 1976 compared to only 1.0 percent in 1954. This program has emerged as the fastest growing major component of Federal domestic expenditures.

Federal aid to state and local governments (including welfare transfer payments) increased at an average annual rate of 14.5 percent between 1954 and 1971; however, the rate of increase slowed significantly following the enactment of "no strings attached" general revenue sharing in 1972. The revenue sharing program may have contributed to this slowdown. The temporary jump in Federal aid in 1975 largely reflected increases to help state and local governments combat unemployment during an economic recession. (Table IV—the right hand portion.)

In the state-local sector, the state government role is steadily expanding. The state government's share of state-local general expenditure from own funds has increased from 46.4 percent in 1954 to 55.5 percent in 1976. Among local governments, school district spending has leveled off and trended downward in relation to GNP, after substantial growth between 1954 and 1971. (Table V.)

Social Welfare Expenditures

The Federal government has emerged as the ever more dominant provider of income maintenance throughout the post World War II period. Federal income support outlays—including social insurance and public assistance payments—grew from about 50 percent to 67 percent of public and private spending on income maintenance in the period 1950-1975. (Table VII.)

Notwithstanding this dramatic increase in the Federal share, state and local expenditures increased in absolute terms, rising from \$8 billion in 1965 to \$30 billion in 1975. Most of this increase can be attributed to the rise in (a) public assistance outlays from \$2.7 billion to \$12.5 billion and (b) public employee pension payments from \$1.7 billion to \$7.3 billion.

Since the mid 1960's Federal financial support for health and medical activities has risen rapidly. Between 1965 and 1975 the Federal share of total public and private outlays for health and medical care rose from 11.8 percent to 28.5 percent. The enactment and rapid growth of the Medicaid and Medicare programs are primarily responsible for this sharp increase. (Table VIII, especially column 4.)

For the past 25 years, the shares of school expenditures provided by the public and private sectors have remained relatively constant. Education outlays stem mainly from public sources (about 85%) rather than private sources (about 15%). Most of the fluctuations in Federal support reflect variations in outlays for veterans' educational programs. (Table IX.)

The Federal government now provides about two-thirds of public and private outlays for welfare services other than public assistance. In contrast, the Federal share was slightly less than one-third of the total in 1950. This social welfare services category includes food stamps, surplus food for the needy and for institutions, child nutrition, institutional care, child welfare, economic opportunity and manpower programs, vete-

rans' welfare services, vocational rehabilitation, and housing. (Table X.) As previously noted, cash outlays for public assistance are included in the income maintenance category.

REVENUES

Federal own source general revenue has been growing at a slower pace than that of the state-local sector. Major Federal income tax cuts and the fact that neither social security nor deficit financing is counted as "general revenue" explain this trend. State governments in the aggregate doubled their share of total Federal-state-local general revenue between 1952 and 1975, from about one-eighth to about one-fourth. (Table XI.)

The Federal government has come to rely on taxes measured by individual income to raise both general and insurance trust revenue. By 1976, personal income taxes and social security payments (FICA) accounted for two-thirds of total Federal revenue whereas in 1954 these levies produced less than half of all Federal revenues. (Table XIII.)

Increased reliance by state and local governments on Federal aid, income taxes, and fees and charges has produced a far more diversified state-local revenue system than existed 20 years ago. Based on 1976 estimates the national picture reveals a fairly high degree of balance—Federal aid 19.9 percent; property tax 18.5 percent; sales and gross receipts 18.7 percent; income tax 11.1 percent; charges and miscellaneous 15.4 percent; and utility, liquor store, and insurance trust revenue 12.5 percent. (Table XIV.)

TAX BURDENS

While the direct tax burden of the "average" family increased by 92.4 percent during the period 1953-1975, families earning four times the national average experienced an increase of 46 percent. The "average" family in 1953 had an income of \$5,000 and paid 11.8 percent of family income in direct Federal, state, and local taxes. By 1975, the "average" family had an income of \$14,000 and paid 22.7 percent. A family earning \$20,000 in 1953 paid taxes amounting to 20.2 percent of income. In 1975 a comparable income was \$56,000 and the tax burden was 29.5 percent. (Table XVI.)

Although state-local tax burdens have increased dramatically—from an average of 7.6 percent of personal income in 1953 to 11.9 percent in 1975—there remain great interstate variations. In 1975, state-local tax burdens ranged from 9.51 percent of income in Ohio and Tennessee to 15.72 percent in New York. (Table XVII.)

When measured on a per capita basis, state-local taxes also vary widely among regions and states. While the 1975 state-local tax collections averaged \$666 per capita, the regional per capita figures range from \$490 for the Southeastern states to \$841 for the states of the Far West. As would be expected, interstate variations are even greater—from \$405 per capita in Arkansas to \$1009 in New York State. (Table XVIII.)

FEDERAL AND STATE AID

Federal aid has grown as a proportion of state-local own source revenue in the

period 1954 to 1976, and local governments in particular have come to depend more heavily on both Federal and state aid. Federal and state aid to local governments has increased from \$5.9 billion in 1954 to \$68.8 billion in 1976, and now represents 43 percent of total local general revenue, compared to less than 30 percent as recently as 1959. (Tables XIX, XX, and XXI.)

PUBLIC EMPLOYMENT AND WAGES

Employment in the state-local sector has grown faster than any other major sector of the economy—public or private—during the last 20 years. The number of full-time state and local employees has increased from 4.1 million in 1955 to 9.3 million by 1974, a 125 percent increase. During the same 20-year period, Federal employment increased by only 19 percent and private employment by 39 percent. (Table XXII.)

For the period 1955 to 1974, average earnings in the Federal sector increased by 194 percent, compared to 182 percent in the state-local sector, and 149 percent in the private sector.¹ However, in recent years, for the period 1970-1974, the percentage increase in earnings has been approximately the same for all three sectors, slightly under 29 percent. (Table XXIII.)

PUBLIC DEBT AND INTEREST COSTS

Throughout the postwar period Federal debt expressed as a percentage of

GNP has trended downward until recent years when record peacetime Federal deficits caused a leveling of the trend line. Federal debt as a percent of GNP declined steadily from 97 percent in 1949 to 41 percent in 1969, and has remained between 35 to 40 percent since then. State-local debt increased from 8 percent of GNP in 1949 to 15 percent in 1964, and has held steady for the last decade. (Table XXIV.)

The average interest cost on long-term Treasury, corporate triple A, and high grade municipal bonds has tripled since 1949. The yield on Treasury long-term bonds increased from 2.3 percent in 1949 to 7.0 percent in 1975. For the same period, corporate triple A yields increased from 2.7 percent to 8.8 percent, and high grade municipal bonds rose from 2.2 percent to 6.9 percent. (Table XXV.)

During the last 20 years government interest payments have been rising at a faster rate than government revenues. Federal interest payments now equal 16 percent of Federal general revenue up from 9.1 percent in 1954. During the same period, state and local interest payments have also slowly but inexorably come to claim a larger proportion of own source revenue—interest payments for states rose from 1.6 to 3.2 percent of own source revenue and for local governments from 3.9 to 6.3 percent. (Table XXVI.)

¹These facts are intended only to highlight important fiscal trends in governments' largest expenditure component—wages. ACIR has undertaken no research to interpret or explain these trends which are at least partially attributable to the differences among the three sectors concerning employment composition and factors affecting wages during the period.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The text notes that without reliable records, it would be difficult to track the flow of funds and identify any irregularities.

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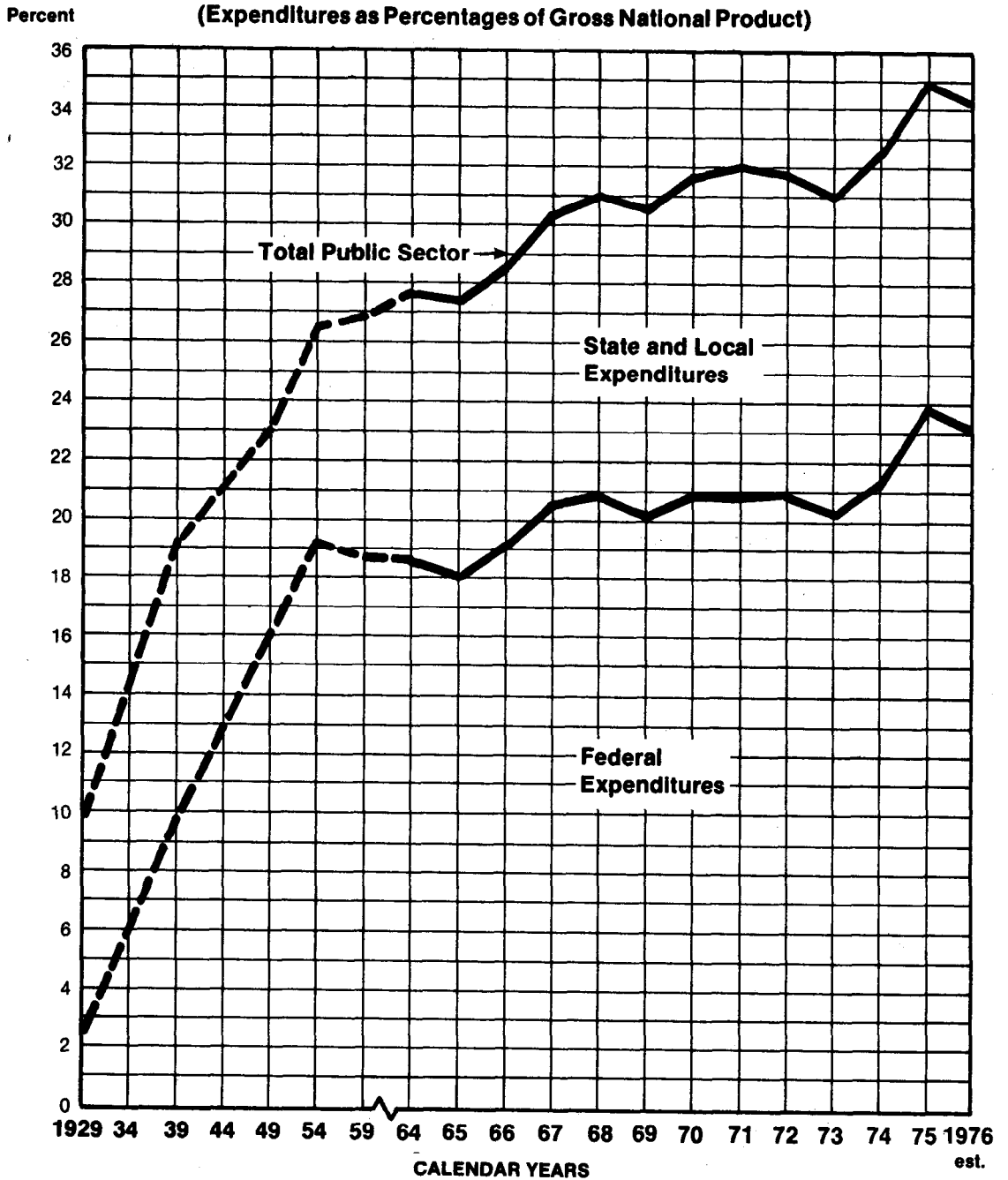
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CHART I

The Growing Public Sector, 1929-1976



Source: Table I.

TABLE I

The Growing Public Sector¹, Selected Years 1929-1976
(Government Expenditure)

Calendar Year	Amount (in billions)			As a Percent of GNP			Exhibit: Gross National Product (In Billions)
	Total Public Sector	Federal ²	State and Local ²	Total Public Sector	Federal ²	State and Local ²	
	Amount (in billions)			As a Percent of GNP			
1929 ³	\$10.2	\$2.6	\$7.6	9.9	2.5	7.4	\$103.1
1939 ³	17.4	8.9	8.5	19.2	9.8	9.4	90.5
1949	59.3	41.3	18.0	23.0	16.0	7.0	258.0
1954	97.0	69.8	27.2	26.5	19.1	7.4	366.3
1959	131.0	91.0	40.0	26.9	18.7	8.2	486.5
1964	176.3	118.2	58.1	27.7	18.6	9.1	635.7
1969	285.6	188.4	97.2	30.5	20.1	10.4	935.5
1970	311.9	204.2	107.7	31.7	20.8	11.0	982.4
1971	340.5	220.6	119.9	32.0	20.7	11.3	1,063.4
1972	370.9	244.7	126.2	31.7	20.9	10.8	1,171.1
1973	405.1	264.8	140.3	31.0	20.3	10.7	1,306.3
1974	457.5	300.1	157.4	32.5	21.3	11.2	1,406.9
1975 ^P	525.1	356.9	168.2	35.0	23.8	11.2	1,499.0
1976 est.	575.6	390.6	185.0	34.2	23.2	11.0	1,684.0
	Percentage Distribution			Annual Percent Change⁴			
1929	100.0	25.5	74.5	—	—	—	—
1939	100.0	51.1	48.9	5.5	13.1	1.1	-1.3
1949	100.0	69.6	30.4	13.0	16.6	7.8	11.0
1954	100.0	72.0	28.0	10.3	11.1	8.6	7.3
1959	100.0	69.5	30.5	6.2	5.4	8.0	5.8
1964	100.0	67.0	33.0	6.1	5.4	7.8	5.5
1969	100.0	66.0	34.0	10.0	9.8	10.8	8.0
1970	100.0	65.5	34.5	9.2	8.4	10.8	5.0
1971	100.0	64.8	35.2	9.2	8.0	11.3	8.2
1972	100.0	66.0	34.0	8.9	10.9	5.3	10.1
1973	100.0	65.4	34.6	9.2	8.2	11.2	11.5
1974	100.0	65.6	34.4	12.9	13.3	12.2	7.7
1975 ^P	100.0	68.0	32.0	14.8	18.9	6.9	6.5
1976 est.	100.0	67.9	32.1	9.6	9.4	10.0	12.3

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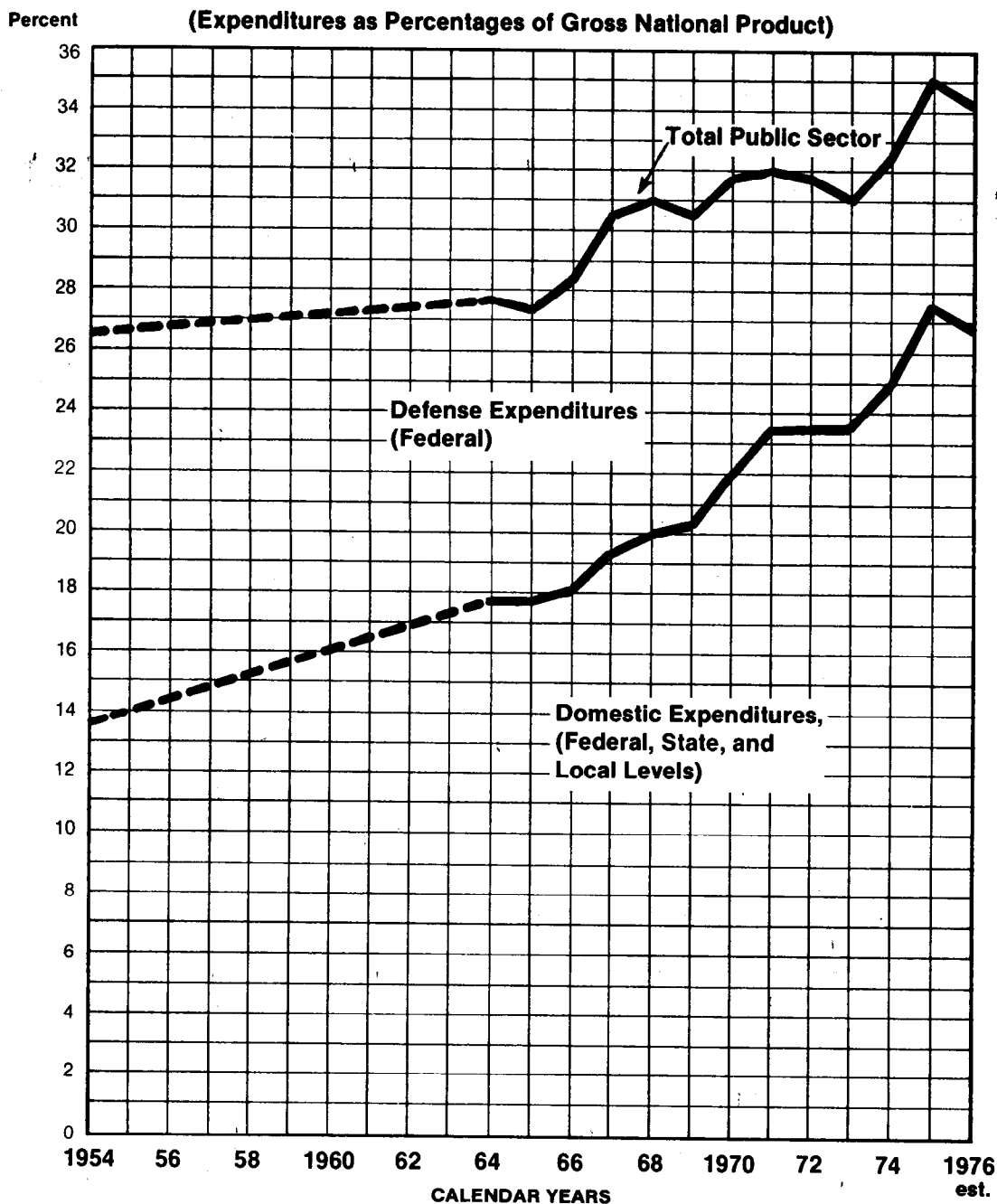
Est. — Estimated

¹National Income and Product Accounts.²Federal aid included as Federal expenditure.³Subject to minor revision upon completion of the benchmark revision of national income and product accounts.⁴The percent changes indicated for years prior to 1970 are annual average changes since the previous year shown.

Source: ACIR staff compilation based on U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976; Budget of the United States Government*, various years; and ACIR staff estimates.

CHART II

The Growing Domestic Public Sector—The Relative Decline in Defense Expenditure, 1954-1976



Source: Table II.

TABLE II

**The Growing Domestic Public Sector — The Relative Decline in Defense Expenditure¹,
1954, 1964, and 1969 Through 1976**

(Government Expenditure)

Calendar Year	Total Public Sector	Domestic (Federal, State, and Local)		Defense ² (Federal)	Total Public Sector	Domestic (Federal State, and Local)		Defense ² (Federal)
		Amount (in billions)				As a Percent of GNP		
1954	\$97.0	\$49.9	\$47.1		26.5	13.6	12.9	
1964	176.3	112.3	64.0		27.7	17.7	10.1	
1969	285.6	190.1	95.5		30.5	20.3	10.2	
1970	311.9	217.8	94.1		31.7	22.2	9.6	
1971	340.5	249.1	91.4		32.0	23.4	8.6	
1972	370.9	275.4	95.5		31.7	23.5	8.2	
1973	405.1	307.3	97.8		31.0	23.5	7.5	
1974	457.5	351.9	105.6		32.5	25.0	7.5	
1975 ³	525.1	410.5	114.6		35.0	27.4	7.6	
1976 est.	575.6	450.7	124.9		34.2	26.8	7.4	
		Percentage Distribution				Annual Percent Change		
1954	100.0	51.4	48.6		—	—	—	
1964	100.0	63.7	36.3		6.2 ⁴	8.4 ⁴	3.1 ⁴	
1969	100.0	66.6	33.4		10.1 ⁵	11.1 ⁵	8.3 ⁵	
1970	100.0	69.8	30.2		9.2	14.6	-1.5	
1971	100.0	73.2	26.8		9.2	14.4	-2.9	
1972	100.0	74.3	25.7		8.9	10.6	4.5	
1973	100.0	75.9	24.1		9.2	11.6	2.4	
1974	100.0	76.9	23.1		12.9	14.5	8.0	
1975 ³	100.0	78.2	21.8		14.8	16.7	8.5	
1976 est.	100.0	78.3	21.7		9.6	9.8	9.0	

¹National Income and Product Accounts.

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

³Partially estimated.

⁴Annual average increase 1954 to 1964.

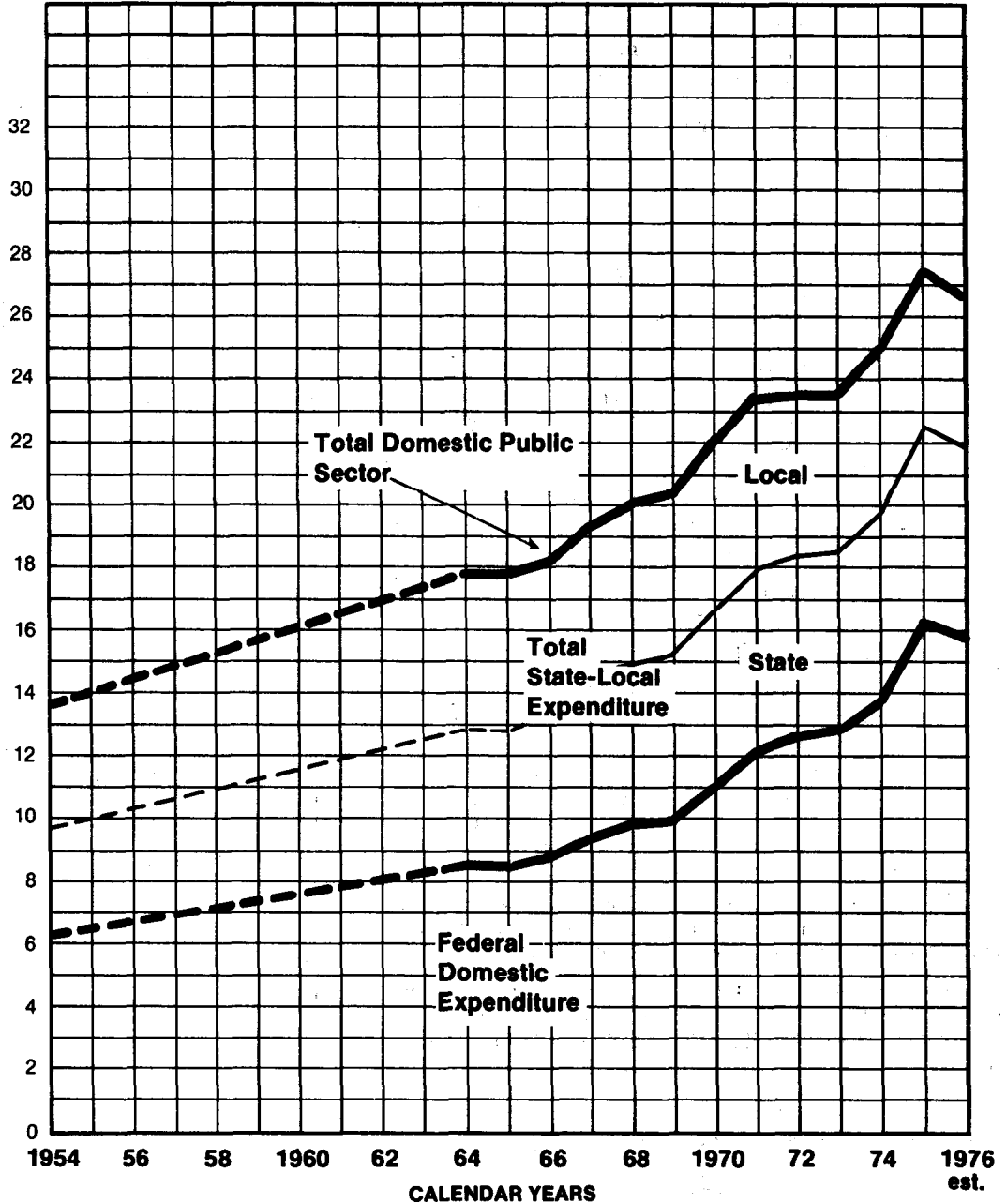
⁵Annual average increase 1964 to 1969.

Source: ACIR staff compilation based on U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976; Budget of the United States Government*, various years; and ACIR staff estimates.

CHART III

The Growing Federal Role in the Domestic Public Sector, 1954-1976

Percent (Own Source Expenditures as Percentages of Gross National Product)



Source: Table III.

TABLE III

**The Growing Federal Role in the Domestic Public Sector¹,
1954, 1964, and 1969 Through 1976**

(Government Domestic Expenditure, From Own Funds)

Calendar Year	Federal Domestic Expenditure ²	State Expenditure ³	Local Expenditure ³	Federal Domestic Expenditure ²	State Expenditure ³	Local Expenditure ³
	Amount (in billions)			As a Percent of GNP		
1954	\$22.7	\$12.7	\$14.5	6.2	3.5	4.0
1964	54.2	27.3	30.8	8.5	4.3	4.8
1969	92.9	49.6	47.6	9.9	5.3	5.1
1970	110.1	55.9	51.8	11.2	5.7	5.3
1971	129.2	62.1	57.8	12.1	5.8	5.4
1972	149.2	65.4	60.8	12.7	5.6	5.2
1973	167.0	74.6	65.7	12.8	5.7	5.0
1974	194.5	85.6	71.8	13.8	6.1	5.1
1975 ⁴	242.3	92.3	75.9	16.2	6.2	5.1
1976 est.	265.7	102.3	82.7	15.8	6.1	4.9
	Percentage Distribution			Annual Percent Change		
1954	45.5	25.5	29.0	—	—	—
1964	48.3	24.3	27.4	9.1 ⁵	8.0 ⁵	7.8 ⁵
1969	48.9	26.1	25.0	11.4 ⁶	12.7 ⁶	9.1 ⁶
1970	50.5	25.7	23.8	18.5	12.7	8.8
1971	51.9	24.9	23.2	17.3	11.1	11.6
1972	54.2	23.7	22.1	15.5	5.3	5.2
1973	54.3	24.3	21.4	11.9	14.1	8.1
1974	55.3	24.3	20.4	16.5	14.7	9.3
1975 ⁴	59.0	22.5	18.5	24.6	7.8	5.7
1976 est.	59.0	22.7	18.3	9.7	10.8	9.0

¹National Income and Product Accounts.

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

³The National Income and Product Accounts do not report state and local government data separately. The state-local expenditure totals (National Income Accounts) were allocated between levels of government on the basis of ratios (by year) reported by the U.S. Bureau of the Census in the governmental finance series.

⁴Partially estimated.

⁵Annual average increase 1954 to 1964.

⁶Annual average increase 1964 to 1969.

Source: ACIR staff compilation based on U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976; Budget of the United States Government*, various years; and ACIR staff estimates.

TABLE III-A

**The Growing Federal Role in the Domestic Public Sector¹,
1954, 1964, and 1969 Through 1976**

(Government Domestic Expenditure, After Intergovernmental Transfers)

Calendar Year	Federal Expenditure ²	State Expenditure ²	Local Expenditure ²	Federal Expenditure ²	State Expenditure ²	Local Expenditure ²
	Amount (In billions)			As a Percent of GNP		
1954	\$19.8	\$10.7	\$19.4	5.4	2.9	5.3
1964	43.8	25.3	43.2	6.9	4.0	6.8
1969	72.6	44.4	73.1	7.8	4.7	7.8
1970	85.7	49.9	82.3	8.7	5.1	8.4
1971	100.2	57.0	91.9	9.4	5.4	8.6
1972	111.7	62.9	100.8	9.5	5.4	8.6
1973	126.4	68.7	112.2	9.7	5.3	8.6
1974	150.6	76.7	124.6	10.7	5.5	8.9
1975 ⁴	188.1	85.0	137.4	12.5	5.7	9.2
1976 est.	206.4	93.3	151.0	12.3	5.5	9.0
	Percentage Distribution			Annual Percent Change		
1954	39.7	21.4	38.9	—	—	—
1964	39.0	22.5	38.5	8.3 ⁵	9.0 ⁵	8.3 ⁵
1969	38.2	23.4	38.5	10.7 ⁶	11.9 ⁶	11.1 ⁶
1970	39.3	22.9	37.8	18.0	12.4	12.6
1971	40.2	22.9	36.9	16.9	14.2	11.7
1972	40.6	22.8	36.6	11.5	10.4	9.7
1973	41.1	22.4	36.5	13.2	9.2	11.3
1974	42.8	21.8	35.4	19.1	11.6	11.1
1975 ⁴	45.8	20.7	33.5	24.9	10.8	10.3
1976 est.	45.8	20.7	33.5	9.7	9.8	9.9

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

¹National Income and Product Accounts.

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

³The National Income and Product Accounts do not report state and local government data separately. The state-local expenditure totals (National Income Accounts) were allocated between levels of government on the basis of ratios (by year) reported by the U.S. Bureau of the Census in the governmental finance series.

⁴Partially estimated.

⁵Annual average increase 1954 to 1964.

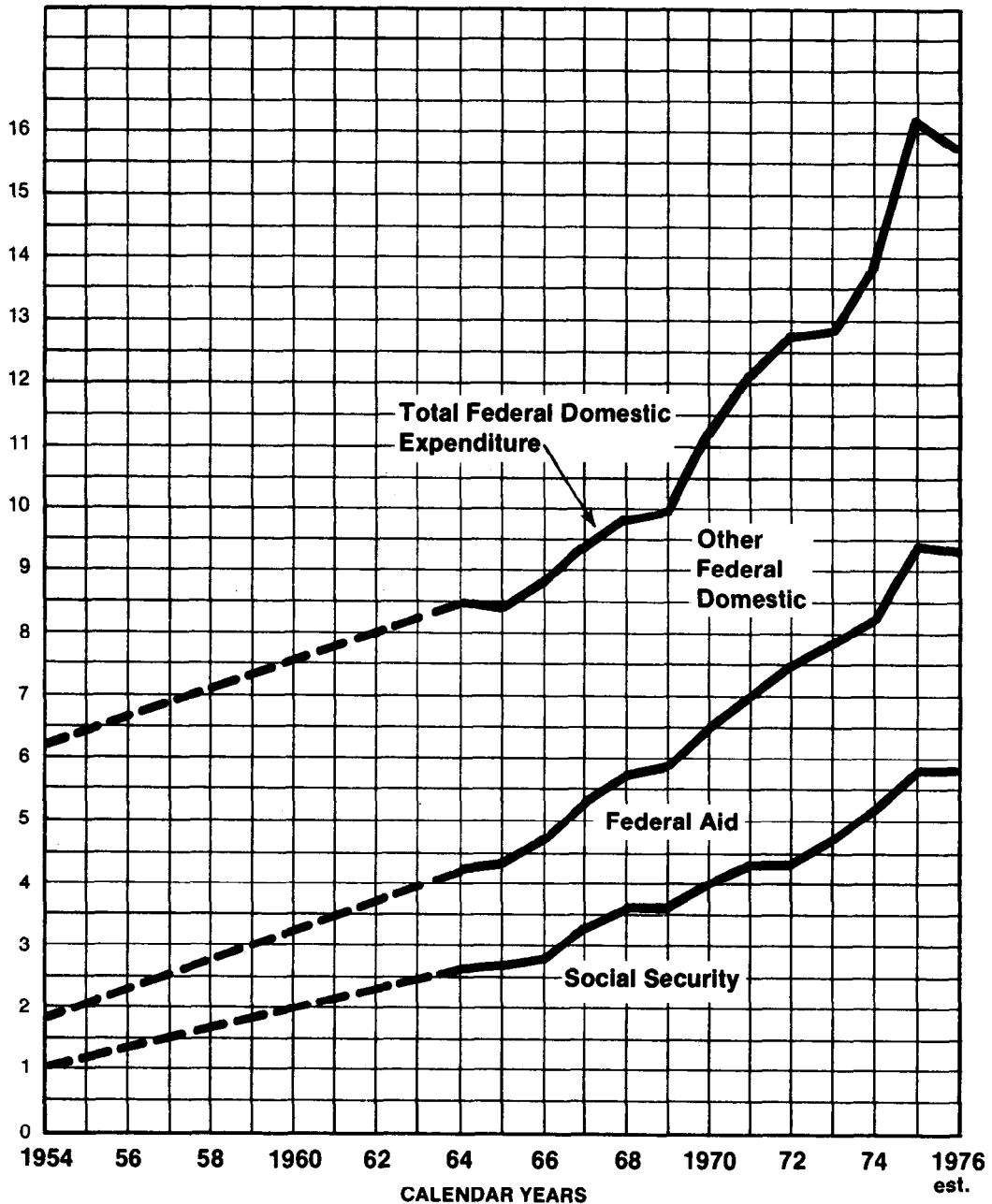
⁶Annual average increase 1964 to 1969.

Source: ACIR staff compilation based on U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976; Budget of the United States Government*, various years; and ACIR staff estimates.

CHART IV

Social Security and Federal Aid Emerge as the Fastest Growing Components in Our Steadily Expanding Federal Domestic Sector, 1954-1976

Percent (Own Source Expenditures as Percentages of Gross National Product)



Source: Table IV.

TABLE IV

Social Security and Federal Aid Emerge as the Fastest Growing Components in Our Steadily Expanding Federal Domestic Sector¹, 1954, 1964, and 1969 Through 1976

(Federal Domestic Expenditure)

Calendar Year	Federal Domestic Expenditure			Federal Domestic Expenditure		
	Social Security (OASDHI)	Federal Aid ²	All Other ³	Social Security (OASDHI)	Federal Aid ²	All Other ³
	Amount (in billions)			As a Percent of GNP		
1954	\$3.7	\$2.9	\$16.1	1.0	0.8	4.4
1964	16.3	10.4	27.5	2.6	1.6	4.3
1969	33.8	20.3	38.8	3.6	2.2	4.1
1970	39.4	24.4	46.3	4.0	2.5	4.7
1971	45.5	29.0	54.7	4.3	2.7	5.1
1972	50.9	37.5	60.8	4.3	3.2	5.2
1973	61.7	40.6	64.7	4.7	3.1	5.0
1974	71.9	43.9	78.7	5.1	3.1	5.6
1975 ⁴	86.5	54.2	101.6	5.8	3.6	6.8
1976 est.	97.5	59.3	108.9	5.8	3.5	6.5
	Percentage Distribution			Annual Percent Change		
1954	16.3	12.8	70.9	—	—	—
1964	30.1	19.2	50.7	16.0 ⁵	13.6 ⁵	5.5 ⁵
1969	36.4	21.9	41.8	15.7 ⁶	14.3 ⁶	7.1 ⁶
1970	35.8	22.2	42.1	16.6	20.2	19.3
1971	35.2	22.4	42.3	15.5	18.9	18.1
1972	34.1	25.1	40.8	11.9	29.3	11.2
1973	36.9	24.3	38.7	21.2	8.3	6.4
1974	37.0	22.6	40.5	16.5	8.1	21.6
1975 ⁴	35.7	22.4	41.9	20.3	23.5	29.1
1976 est.	36.7	22.3	41.0	12.7	9.4	7.2

¹National Income and Product Accounts.

²Federal aid under this series "National Income Account," differs slightly from the Federal payments (Census) series used in a subsequent table showing Federal aid by major purpose. The major difference is the inclusion of Federal payments for low-rent public housing (est. at \$1.6 billion in 1976) in the Census series but excluded by definition from this series. Includes Federal general revenue sharing.

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

⁴Partially estimated.

⁵Annual average increase 1954 to 1964.

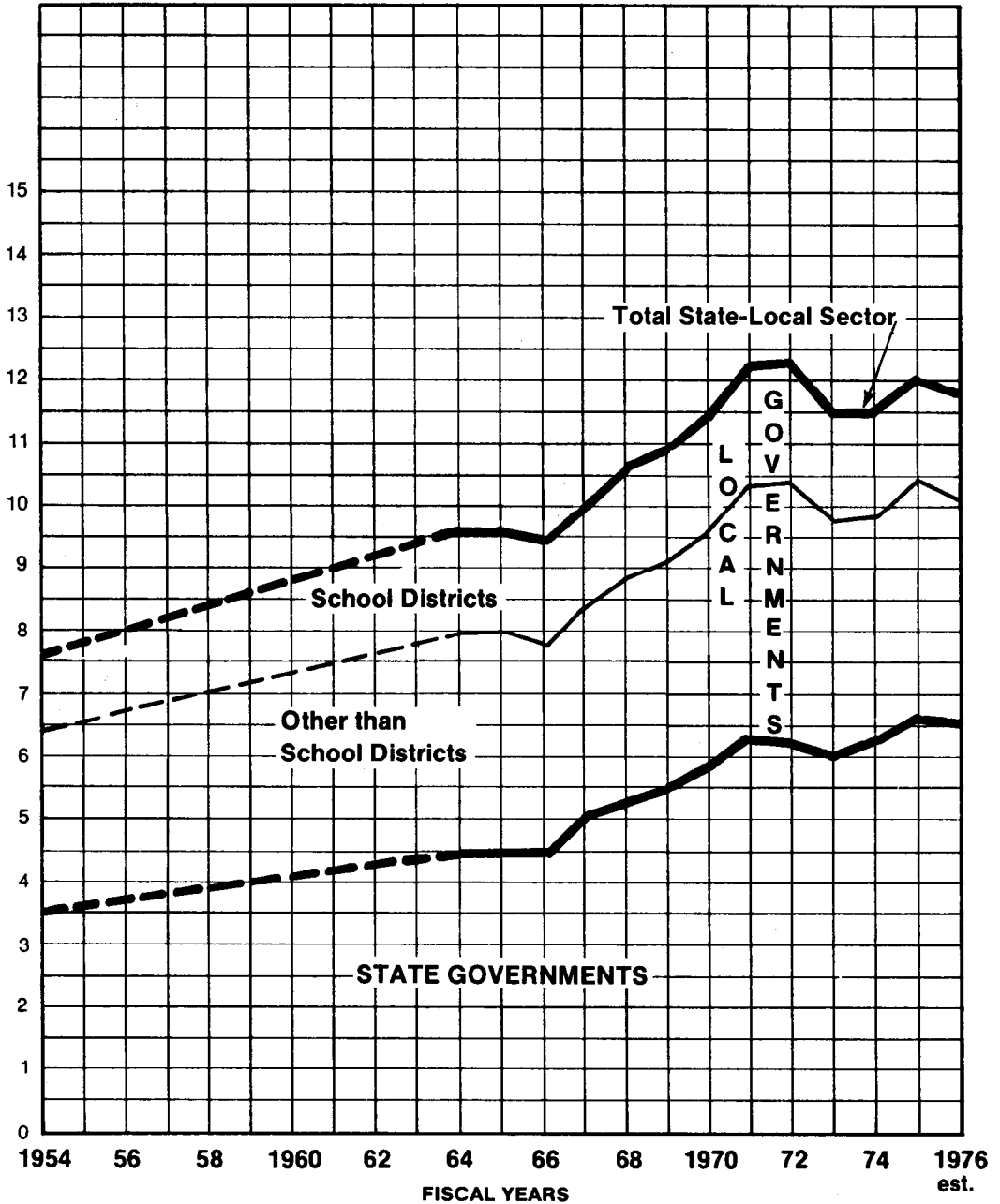
⁶Annual average increase 1964 to 1969.

Source: ACIR staff compilation based on U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976; Budget of the United States Government*, various years; and ACIR staff estimates.

CHART V

The Increasing State Share of the State-Local Sector, 1954-1976

Percent (Own Source Expenditures as Percentages of Gross National Product)



Source: Table V.

TABLE V

The Increasing State Share of the State-Local Sector,
1954, 1964 and 1969 through 1976

(State and Local General Expenditure, *From Own Funds*)

Fiscal Year	Expenditure From Own Funds ¹			Expenditure From Own Funds ¹		
	State Governments	Other Than School Districts	School Districts	State Governments	Other Than School Districts	School Districts
	Amount (in millions)			As a Percent of GNP		
1954	\$12,861	\$10,547	\$4,328	3.5	2.9	1.2
1964	27,685	21,195	10,420	4.5	3.4	1.7
1969	49,306	32,329	15,940	5.5	3.6	1.8
1970	55,437	36,812	17,225	5.8	3.8	1.8
1971	63,750	41,859	18,919	6.3	4.1	1.9
1972	68,624	46,196	20,800	6.2	4.2	1.9
1973	74,535	45,254	22,041	6.0	3.7	1.8
1974	85,333	49,334	22,120	6.3	3.6	1.6
1975 est.	95,500	54,500	23,500	6.6	3.8	1.6
1976 est.	104,000	58,500	25,000	6.5	3.7	1.6
	Percentage Distribution			Annual Percent Change		
1954	46.4	38.0	15.6	—	—	—
1964	46.7	35.7	17.6	7.9 ²	7.2 ²	9.2 ²
1969	50.5	33.1	16.3	12.2 ³	8.8 ³	8.9 ³
1970	50.6	33.6	15.7	12.4	13.9	8.1
1971	51.2	33.6	15.2	15.0	13.7	9.8
1972	50.6	34.1	15.3	7.6	10.4	9.9
1973	52.6	31.9	15.5	8.6	-2.0	6.0
1974	54.4	31.5	14.1	14.5	9.0	0.4
1975 est.	55.0	31.4	13.6	11.9	10.5	6.2
1976 est.	55.5	31.2	13.3	8.9	7.3	6.4

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

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

²Annual average increase 1954 to 1964.

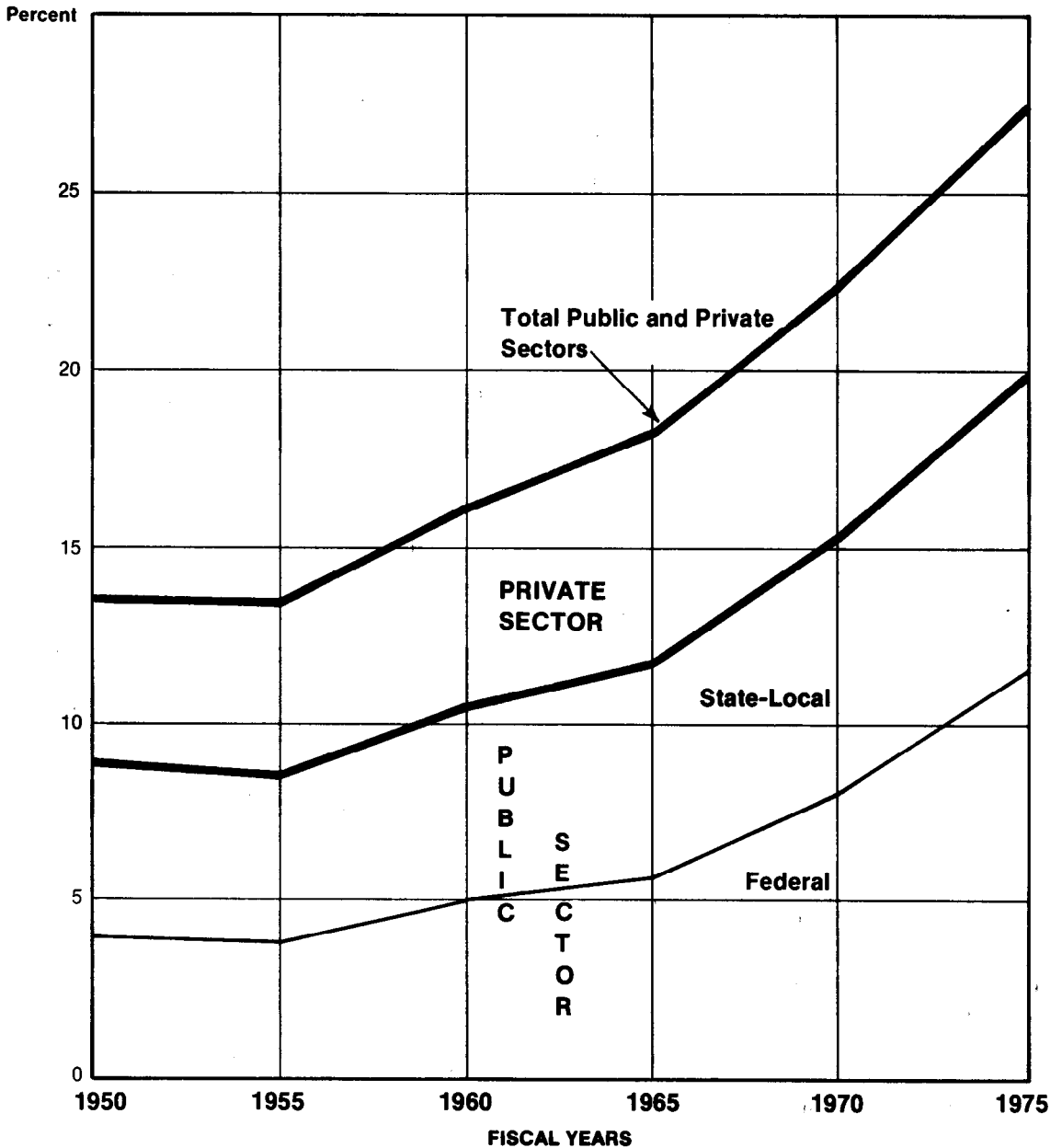
³Annual average increase 1964 to 1969.

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

CHART VI

The Increasing Federal Share of Social Welfare Expenditures,
Selected Years 1950-1975

(Public and Private Expenditures for Social Welfare Programs as a Percent of GNP)



Source: Table VI.

TABLE VI

**The Increasing Federal Share of Social Welfare Expenditures,
Selected Years 1950-1975¹**

(Public and Private Expenditures for Social Welfare Programs)

Fiscal Year	Total ² (Public-Private)	Public			
		Total	Federal	State-Local	Private
Amount (In billions)					
1950	\$35.7	\$23.5	\$10.5	\$13.0	\$12.2
1955	50.6	32.6	14.6	18.0	18.0
1960	80.1	52.3	25.0	27.3	27.8
1965	119.9	77.2	37.7	39.5	42.8
1970	213.8	145.8	77.3	68.4	68.0
1975 ³	394.3	286.5	165.9	120.6 ⁴	107.8
As A Percent of GNP					
1950	13.5	8.9	4.0	4.9	4.6
1955	13.3	8.6	3.8	4.7	4.7
1960	16.1	10.5	5.0	5.5	5.6
1965	18.2	11.7	5.7	6.0	6.5
1970	22.3	15.2	8.1	7.1	7.1
1975 ³	27.4	19.9	11.5	8.4	7.5
Percentage Distribution					
1950	100.0	65.8	29.4	36.4	34.2
1955	100.0	64.4	28.9	35.6	35.6
1960	100.0	65.3	31.2	34.1	34.7
1965	100.0	64.4	31.4	32.9	35.7
1970	100.0	68.2	36.2	32.0	31.8
1975 ³	100.0	72.7	42.1	30.6	27.3

¹Includes: Income maintenance, health, education, and welfare and other services. (See Tables VII through X.)

²Includes the following amounts of duplication resulting from use of cash payments received under public and private social welfare programs to purchase medical care and educational services: 1950-\$0.4 bil., 1955-\$0.6 bil., 1960-\$1.4 bil., 1965-\$2.0 bil., 1970-\$2.8 bil., and 1975-\$5.6 bil.

³Preliminary.

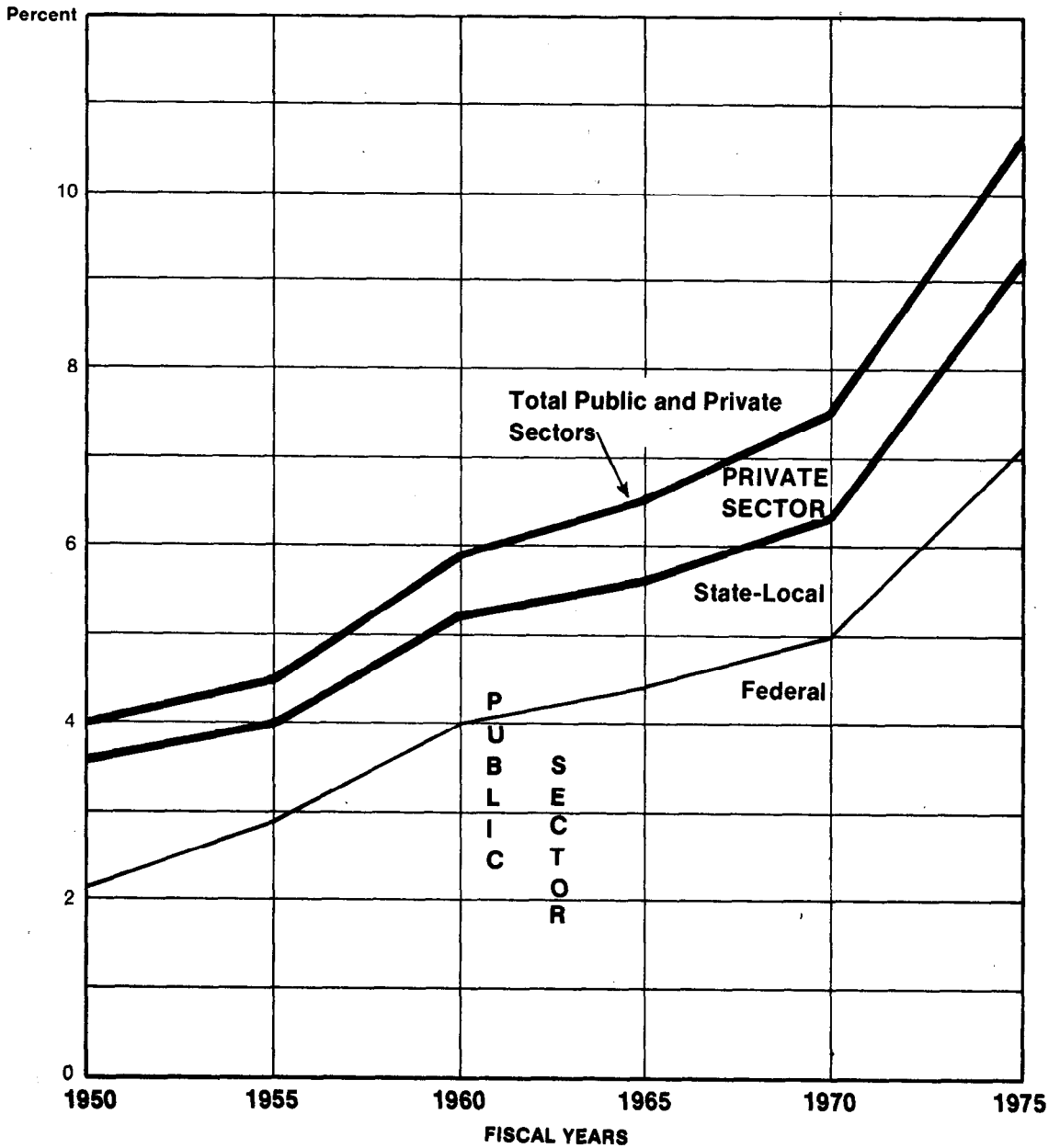
⁴Federal general revenue sharing is included as state-local expenditure. In fiscal year 1974 an estimated \$3.1 bil. in general revenue sharing receipts were spent for social welfare purposes. Estimates for 1975 are not available.

Source: ACIR staff compilation based on U.S. Department of Health, Education and Welfare, *Social Security Bulletin*, January 1976, *Social Welfare Expenditures, 1950-75* by Alfred M. Skolnick and Sophie R. Dales; and U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976*.

CHART VII

**The Federal Government Is the Primary Underwriter of Income Maintenance Programs,
Selected Years, 1950-1975**

(Public and Private Expenditures for Income Maintenance Programs as a Percent of GNP)



Source: Table VII.

TABLE VII

The Federal Government Is the Primary Underwriter of Income Maintenance Programs, Selected Years 1950-1975

(Public and Private Expenditures for Income Maintenance Programs)

Fiscal Year	Total (Public-Private)	Public ¹			Private ²
		Total	Federal	State-Local	
Amount (in billions)					
1950	\$10.7	\$9.7	\$5.6	\$4.1	\$1.0
1955	17.3	15.4	11.1	4.3	1.9
1960	29.8	26.3	20.1	6.2	3.5
1965	42.5	36.6	28.9	7.7	6.0
1970	72.4	60.8	48.2	12.6	11.6
1975 ³	152.8	132.1	102.4	29.7	20.7
As a Percent of GNP					
1950	4.0	3.7	2.1	1.5	0.4
1955	4.5	4.0	2.9	1.1	0.5
1960	6.0	5.3	4.0	1.2	0.7
1965	6.5	5.6	4.4	1.2	0.9
1970	7.5	6.3	5.0	1.3	1.2
1975 ³	10.6	9.2	7.1	2.1	1.4
Percentage Distribution					
1950	100.0	90.7	52.3	38.3	9.3
1955	100.0	89.0	64.2	24.9	11.0
1960	100.0	88.3	67.4	20.8	11.7
1965	100.0	86.0	68.0	18.1	14.0
1970	100.0	84.0	66.6	17.4	16.0
1975 ³	100.0	86.5	67.0	19.4	13.5

¹Includes cash benefits and administrative costs under social insurance, public assistance, supplemental security income, and veterans' and emergency employment programs. Excludes cost of medical services provided in conjunction with these programs and for other welfare programs.

²Includes employee benefits under private pension plans; group life (including government civilian employee programs), accidental death and dismemberment, and cash sickness insurance; paid sick leave; and supplemental unemployment benefit plans.

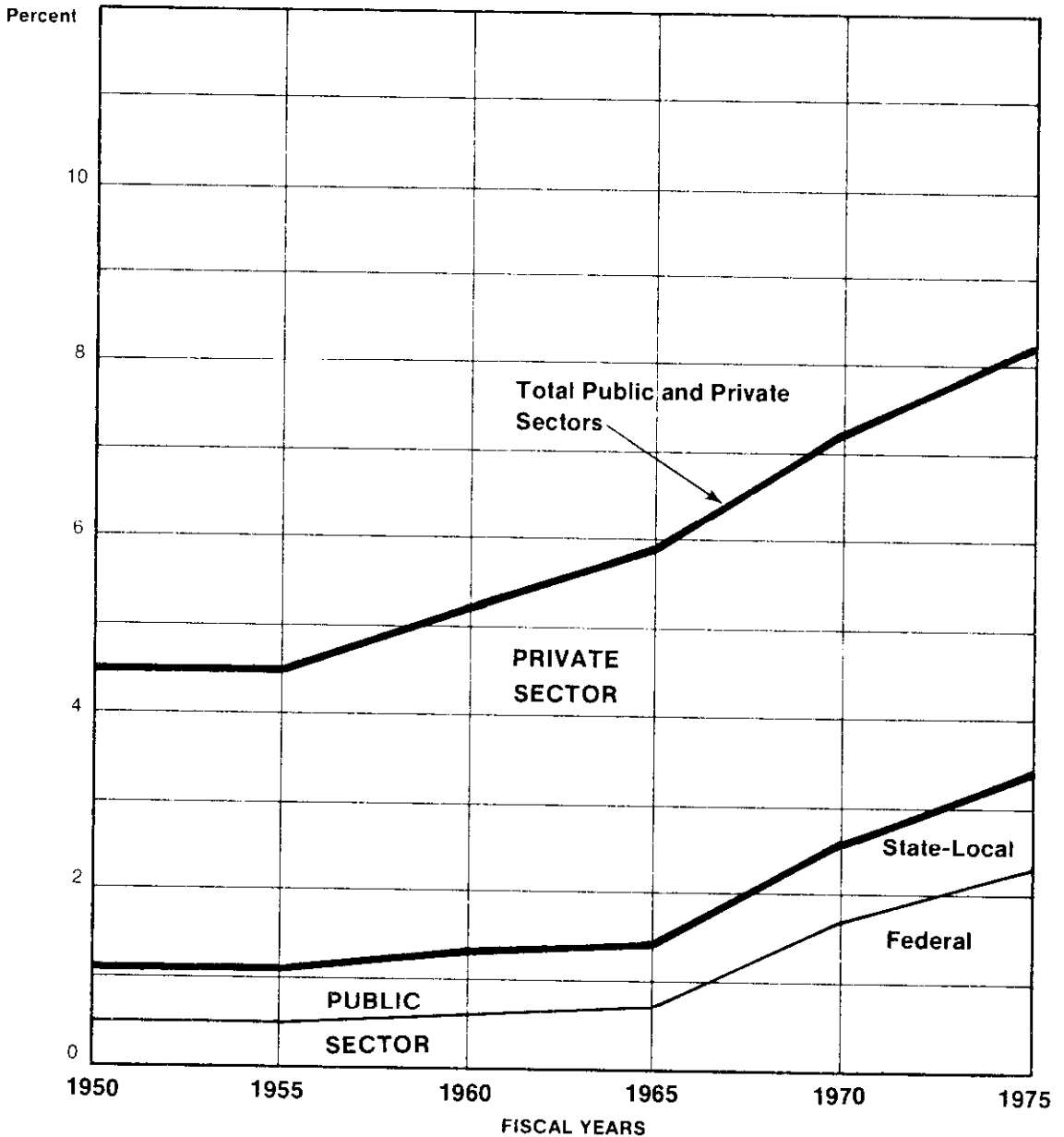
³Preliminary.

Source: ACIR staff compilation based on U.S. Department of Health, Education and Welfare, *Social Security Bulletin*, January 1976; *Social Welfare Expenditures, 1950-75* by Alfred M. Skolnick and Sophie R. Dales; and U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976*.

CHART VIII

The Recent Dramatic Increase in the Federal Share of Health and Medical Care Expenditures, Selected Years 1950-1975

(Public and Private Expenditures for Health and Medical Care as a Percent of GNP)



Source: Table VIII.

TABLE VIII

The Recent Dramatic Increase in the Federal Share of Health and Medical Care Expenditures, Selected Years 1950-1975

(Public and Private Expenditures for Health and Medical Care)

Fiscal Year	Total (Public-Private)	Public				Private
		Total	Federal	State-Local		
Amount (in billions)						
1950	\$12.0	\$3.1	\$1.4	\$1.7	\$8.9	
1955	17.3	4.4	1.9	2.5	12.9	
1960	25.9	6.4	2.9	3.5	19.5	
1965	38.9	9.5	4.6	4.9	29.4	
1970	69.2	25.2	16.6	8.6	44.0	
1975 ¹	118.5	49.9	33.8	16.1 ²	68.6	
As A Percent of GNP						
1950	4.5	1.2	0.5	0.6	3.4	
1955	4.5	1.2	0.5	0.7	3.4	
1960	5.2	1.3	0.6	0.7	3.9	
1965	5.9	1.4	0.7	0.7	4.5	
1970	7.2	2.6	1.7	0.9	4.6	
1975 ¹	8.2	3.5	2.3	1.1	4.8	
Percentage Distribution						
1950	100.0	25.8	11.7	14.2	74.2	
1955	100.0	25.4	11.0	14.5	74.6	
1960	100.0	24.7	11.2	13.5	75.3	
1965	100.0	24.4	11.8	12.6	75.6	
1970	100.0	36.4	24.0	12.4	63.6	
1975 ¹	100.0	42.1	28.5	13.6	57.9	

¹Preliminary.

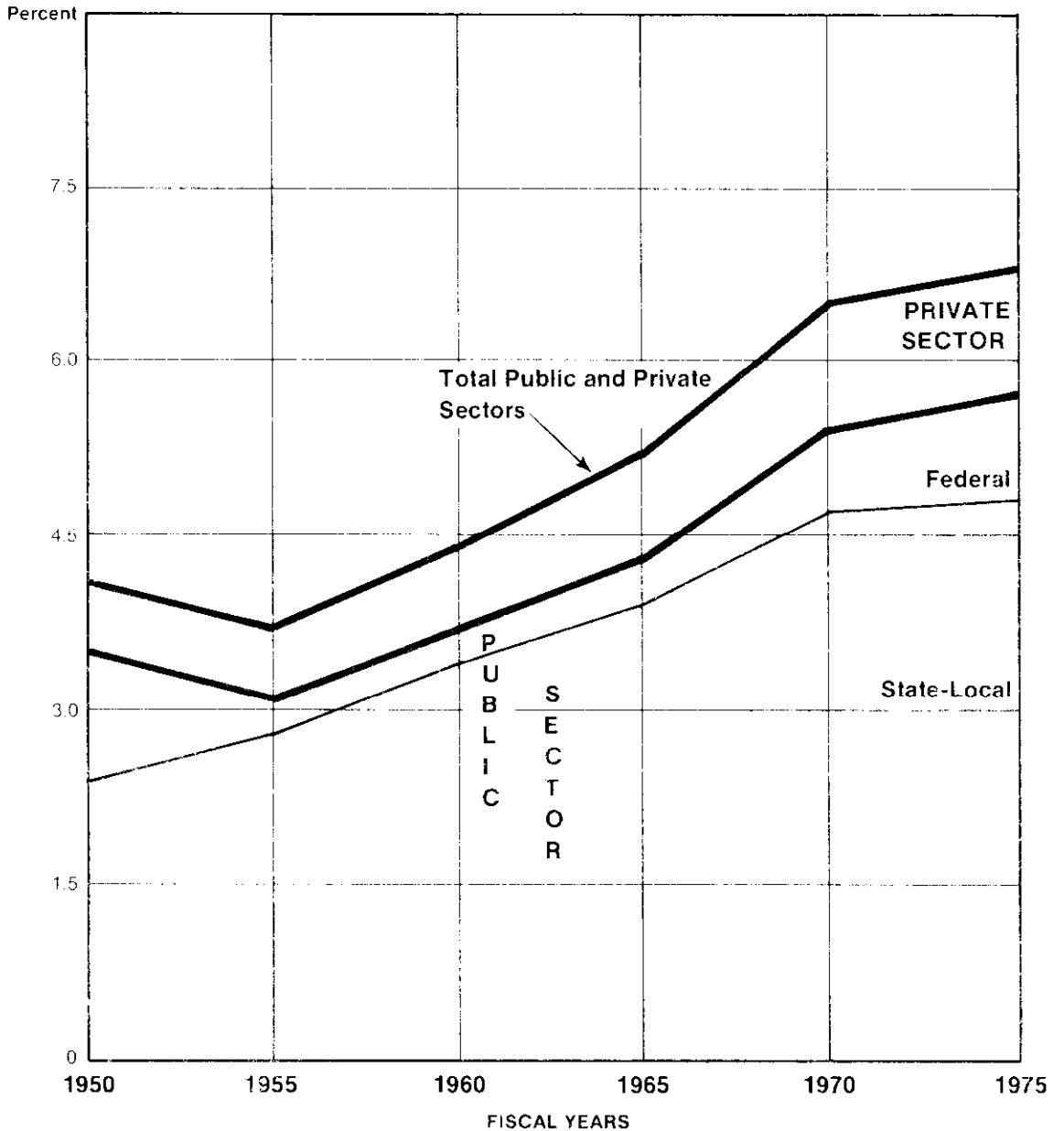
²Federal general revenue sharing is included as state-local expenditure. In fiscal year 1974 an estimated \$0.6 bil. in general revenue sharing receipts were spent for health and medical care. Estimates for 1975 are not available.

Source: ACIR staff compilation based on U.S. Department of Health, Education and Welfare, *Social Security Bulletin*, January 1976, *Social Welfare Expenditures, 1950-75* by Alfred M. Skolnick and Sophie R. Dales; and U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976*.

CHART IX

Public and Private Sectors Finance Relatively Constant Shares of School Expenditures, Selected Years 1950-1975

(Public and Private Expenditures for Education as a Percent of GNP)



Source: Table IX.

TABLE IX

**Public and Private Sectors Finance Relatively Constant Shares of School Expenditures,
Selected Years 1950-1975**

(Public and Private Expenditures for Education)

Fiscal Year	Total (Public-Private)	Public			Private
		Total	Federal	State-Local	
Amount (in billions)					
1950	\$10.9	\$9.4	\$2.9 ²	\$6.5	\$1.5
1955	14.2	11.9	1.2	10.7	2.3
1960	21.7	18.0	1.3	16.7	3.7
1965	34.2	28.1	2.5	25.6	6.1
1970	62.4	51.9	6.9 ²	45.0	10.4
1975 ¹	98.4	82.9	13.1 ²	69.8 ²	15.5
As A Percent of GNP					
1950	4.1	3.5	1.1	2.5	0.6
1955	3.7	3.1	0.3	2.8	0.6
1960	4.4	3.6	0.3	3.4	0.7
1965	5.2	4.3	0.4	3.9	0.9
1970	6.5	5.4	0.7	4.7	1.1
1975 ¹	6.8	5.8	0.9	4.8	1.1
Percentage Distribution					
1950	100.0	86.2	26.6	59.6	13.8
1955	100.0	83.8	8.5	75.4	16.2
1960	100.0	82.9	6.0	77.0	17.1
1965	100.0	82.2	7.3	74.9	17.6
1970	100.0	83.2	11.1	72.1	16.7
1975 ¹	100.0	84.2	13.3	70.9	15.8

¹Preliminary.

²The larger Federal expenditures in 1950 and in recent years can be attributed in part to veterans' educational programs.

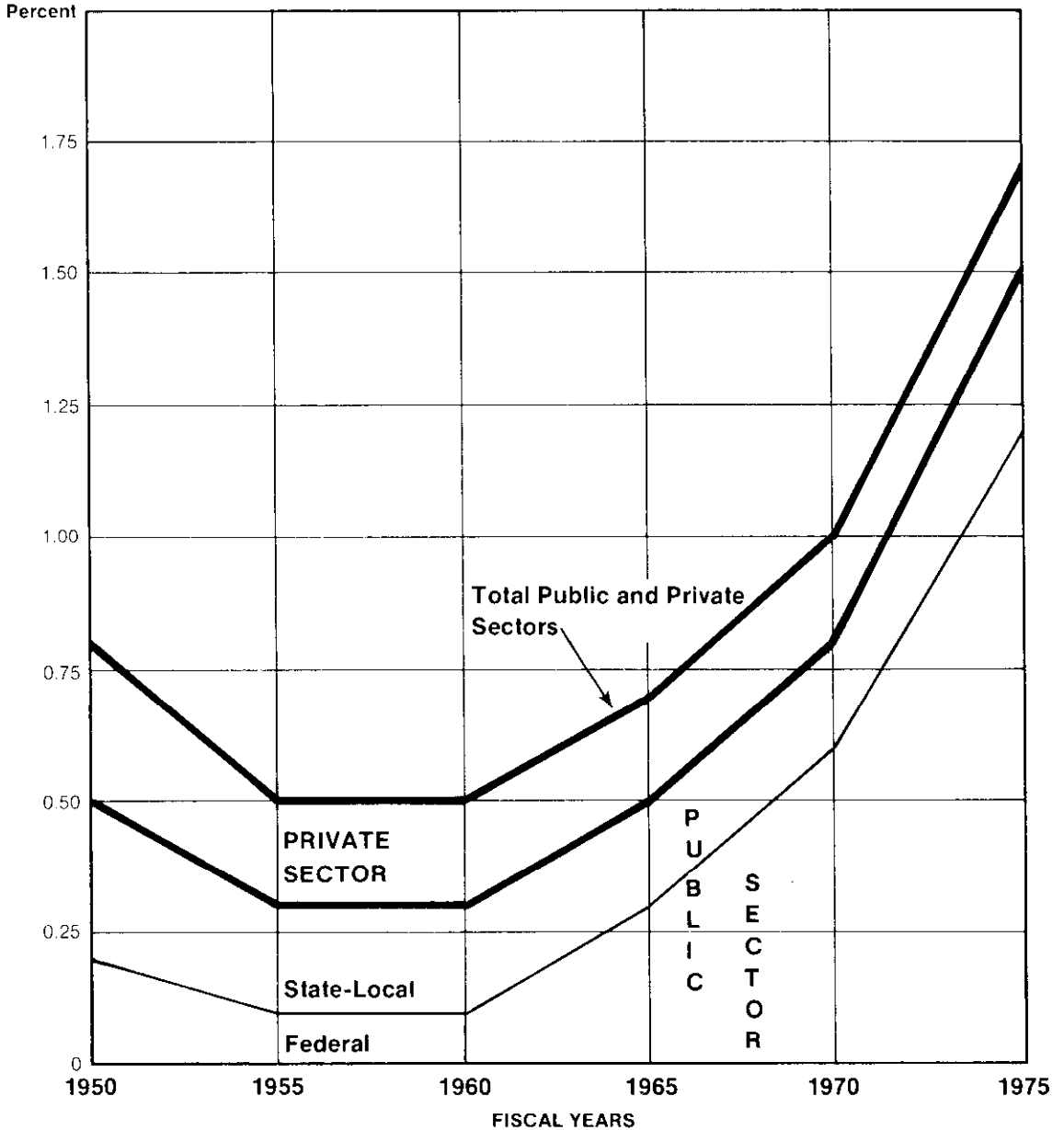
³Federal general revenue sharing is included as state-local expenditure. In fiscal year 1974 an estimated \$2.1 bil in general revenue sharing receipts were spent for education. Estimates for 1975 are not available.

Source: ACIR staff compilation based on U.S. Department of Health, Education and Welfare, *Social Security Bulletin*, January 1976, *Social Welfare Expenditures, 1950-75* by Alfred M. Skolnick and Sophie R. Daies; and U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976*.

CHART X

The Dramatic Increase in the Federal Share of Welfare and Other Services, Selected Years 1950-1975

(Public and Private Expenditures for Welfare and Other Services as a Percent of GNP)



Source: Table X.

TABLE X

**The Dramatic Increase in the Federal Share of Welfare and Other Services,¹
Selected Years 1950-1975**

(Public and Private Expenditures for Welfare and Other Services)

Fiscal Year	Total (Public-Private)	Public			
		Total	Federal	State-Local	Private
Amount (in billions)					
1950	\$2.0	\$1.3	\$0.6	\$0.7	\$0.7
1955	1.8	0.9	0.4	0.5	0.9
1960	2.7	1.6	0.7	0.9	1.1
1965	4.3	2.9	1.6	1.3	1.4
1970	10.0	8.0	5.7	2.3	2.0
1975 ²	24.6	21.6	16.6	5.0 ³	3.0
As a Percent of GNP					
1950	0.8	0.5	0.2	0.3	0.3
1955	0.5	0.2	0.1	0.1	0.2
1960	0.5	0.3	0.1	0.2	0.2
1965	0.7	0.4	0.2	0.2	0.2
1970	1.0	0.8	0.6	0.2	0.2
1975 ²	1.7	1.5	1.2	0.3	0.2
Percentage Distribution					
1950	100.0	65.0	30.0	35.0	35.0
1955	100.0	50.0	22.2	27.8	50.0
1960	100.0	59.3	25.9	33.3	40.7
1965	100.0	67.4	37.2	30.2	32.6
1970	100.0	80.0	57.0	23.0	20.0
1975 ²	100.0	87.8	67.5	20.3	12.2

¹Excludes public assistance, included in the income maintenance table. Includes food stamps, surplus food for the needy and for institutions, child nutrition, institutional care, child welfare, economic opportunity and manpower programs, veterans' welfare services, vocational rehabilitation, and housing.

²Preliminary.

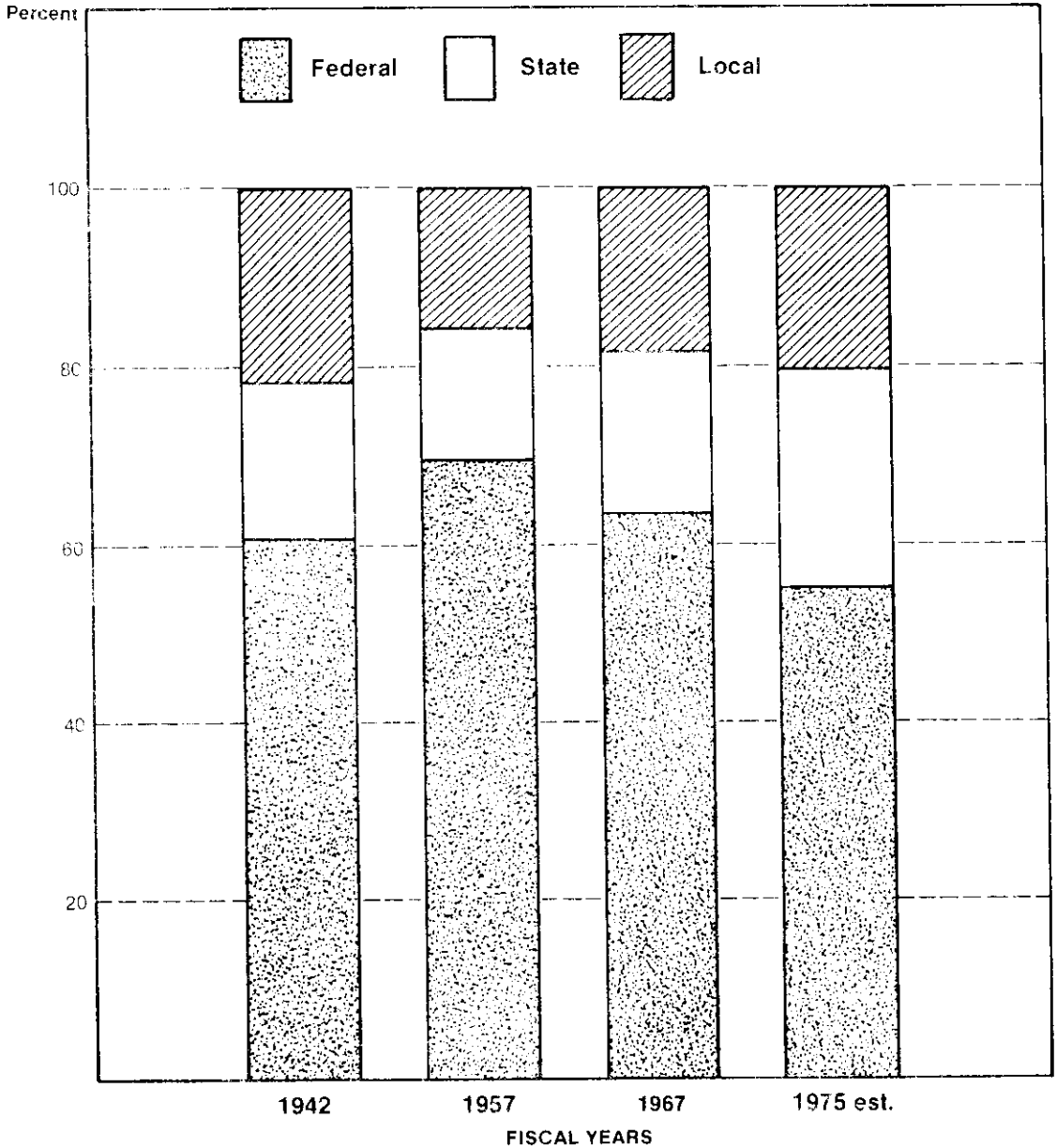
³Federal general revenue sharing is included as state-local expenditure. In fiscal year 1974 an estimated \$0.4 billion in general revenue sharing receipts were spent for welfare. Estimates for 1975 are not available.

Source: ACIR staff compilation based on U.S. Department of Health, Education and Welfare, *Social Security Bulletin*, January 1976; *Social Welfare Expenditures, 1950-75* by Alfred M. Skolnick and Sophie R. Dales; and U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables*, March 1976.

CHART XI

The Relative Federal Decline in Own Source General Revenue,
Selected Years 1942-1975

(General Revenue From Own Sources¹, by Level of Government—Percentage Distribution)



Source: Table XI.

¹Excludes social insurance contributions and borrowing.

TABLE XI

The Relative Federal Decline in Own Source General Revenue, Selected Years 1942-1975
(General Revenue From Own Sources¹, by Level of Government)

Fiscal Year	Local Governments									
	Total Federal State and Local	Federal Govern-ments	State and Local Govern-ments	State Govern-ments	General Local Government					
					Total	Total	Cities ²	Counties ²	School Districts ³	Townships and Special Districts
General Revenue (\$000,000)										
1942	24,347	14,788	9,560	4,274	5,286	3,244	2,188	1,056	1,602	439
1952	89,230	66,615	22,615	10,944	11,671	6,563	4,431	2,132	3,881	1,226
1957	112,723	78,403	34,320	16,454	17,866	9,610	6,445	3,165	6,543	1,714
1967	206,696	130,869	75,827	37,782	38,045	18,794	12,174	6,620	15,408	3,843
1971	277,690	158,908	118,782	61,290	57,491	28,251	17,784	10,467	23,456	5,784
1974	383,831	217,932	165,899	89,157	76,742	38,665	24,009	14,656	29,822	8,254
1975 ⁴	406,900	224,900	182,000	98,300	83,700	42,320	26,450	15,870	32,100	9,280
Percentage Distribution (by level of government)										
1942	100.0	60.7	39.3	17.6	21.7	13.3	9.0	4.3	6.6	1.8
1952	100.0	74.7	25.3	12.3	13.1	7.4	5.0	2.4	4.3	1.4
1957	100.0	69.6	30.4	14.6	15.8	8.5	5.7	2.8	5.8	1.5
1967	100.0	63.3	36.7	18.3	18.4	9.1	5.9	3.2	7.5	1.9
1971	100.0	56.9	43.1	22.2	20.9	10.2	6.5	3.8	8.5	2.1
1974	100.0	56.8	43.2	23.2	20.0	10.1	6.3	3.8	7.8	2.2
1975 ⁴	100.0	55.3	44.7	24.2	20.6	10.4	6.5	3.9	7.9	2.3
General Revenue As A Percentage of Gross National Product										
1942	17.2	10.4	6.7	3.0	3.7	2.3	1.5	0.7	1.1	0.3
1952	26.3	19.7	6.7	3.2	3.4	1.9	1.3	0.6	1.1	0.4
1957	26.0	18.1	7.9	3.8	4.1	2.2	1.5	0.7	1.5	0.4
1967	26.7	16.9	9.8	4.9	4.9	2.4	1.6	0.9	2.0	0.5
1971	27.2	15.6	11.6	6.0	5.6	2.8	1.7	1.0	2.3	0.6
1974	28.3	16.0	12.2	6.6	5.6	2.8	1.8	1.1	2.2	0.6
1975 ⁴	28.3	15.6	12.6	6.8	5.8	2.9	1.8	1.1	2.2	0.6

¹Excludes utility, liquor store and insurance trust revenue; and borrowing. In 1975 Federal insurance trust revenue was \$80 billion (including \$75 billion OASDHI receipts), and Federal borrowing — i.e., the rise in gross Federal debt — was \$58 billion.

²Excludes estimated amounts allocable to dependent school systems.

³Includes estimated amounts allocable to dependent city and county school systems.

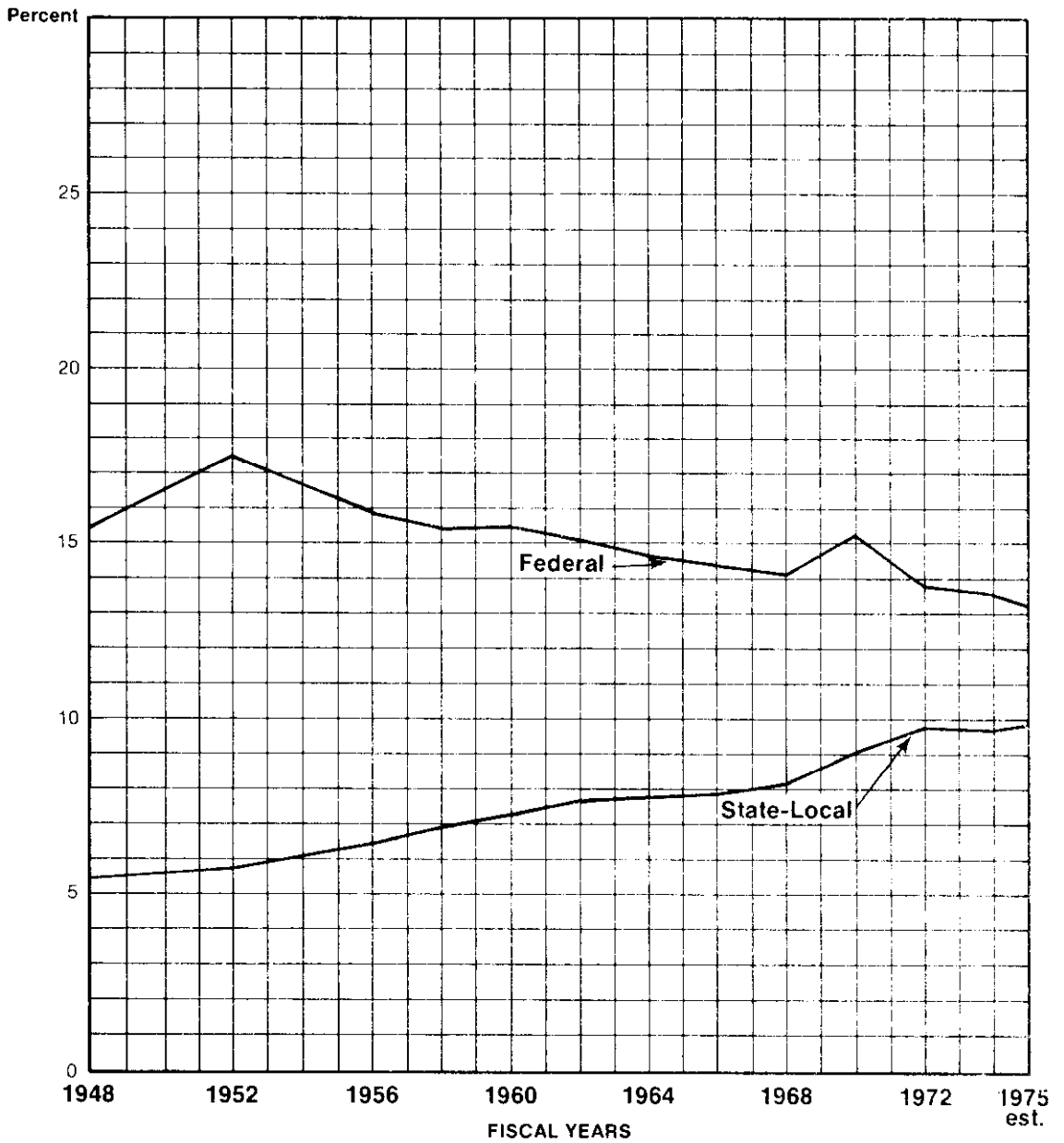
⁴Partially estimated.

Source: ACIR staff computations based on various reports of U.S. Bureau of the Census, Government Division; and ACIR staff estimates.

CHART XII

The Relative Growth in Federal Taxes Lags the State-Local Sector,
Selected Years 1948-1975

(Federal, State and Local Taxes as a Percent of GNP)



Source: Table XII.

TABLE XII
The Relative Growth in Federal Taxes Lags the State-Local Sector, Selected Years 1948-1975
(Federal, State, and Local Taxes¹ as a Percentage of Gross National Product)

Item	1975 ²	1974	1972	1970	1968	1966	1964	1962	1960	1958	1956	1952	1948
By Level of Government													
Federal, State, and Local	23.05	23.23	23.61	24.25	22.30	22.25	22.44	22.69	22.70	22.27	22.29	23.34	20.83
Federal	13.21	13.60	13.83	15.21	14.16	14.41	14.68	15.07	15.45	15.40	15.87	17.63	15.40
State and Local	9.84	9.62	9.79	9.04	8.15	7.84	7.75	7.61	7.25	6.88	6.42	5.70	5.43
State	5.57	5.46	5.38	5.00	4.38	4.07	3.93	3.77	3.62	3.38	3.26	2.91	2.74
Local	4.28	4.16	4.40	4.04	3.75	3.79	3.82	3.85	3.63	3.50	3.16	2.79	2.68
By Type of Tax, by Government:													
Federal													
Individual Income	8.50	8.76	8.52	9.42	8.28	7.68	7.90	8.35	8.17	7.86	7.83	8.24	7.85
Corporation Income	2.82	2.84	2.89	3.42	3.45	4.16	3.81	3.76	4.31	4.54	5.08	6.27	3.94
Sales, Gross Receipts, and Customs	1.43	1.51	1.81	1.91	1.96	2.03	2.40	2.46	2.53	2.55	2.55	2.75	3.11
Death and Gift	.32	.37	.49	.38	.37	.42	.39	.37	.32	.32	.28	.24	.36
All other	.14	.12	.12	.09	.10	.12	.19	.13	.12	.12	.13	.13	.14
State													
Individual Income	1.31	1.26	1.17	.96	.75	.59	.55	.50	.44	.35	.33	.27	.20
Corporation Income	.46	.44	.40	.39	.30	.28	.27	.24	.24	.23	.22	.25	.24
General Sales and Gross Receipts	1.72	1.66	1.58	1.48	1.26	1.09	.99	.94	.86	.79	.74	.66	.60
Selective Sales and Gross Receipts	1.29	1.32	1.41	1.36	1.27	1.27	1.28	1.27	1.25	1.19	1.16	1.03	1.04
Motor Vehicle and Operators Licenses	.27	.28	.30	.31	.30	.31	.31	.31	.32	.32	.32	.27	.24
Death and Gift	.10	.11	.12	.10	.11	.11	.11	.09	.08	.08	.08	.06	.07
All other	.42	.40	.41	.40	.40	.41	.42	.42	.43	.42	.41	.37	.34
Local													
Property	3.42	3.42	3.68	3.43	3.23	3.30	3.33	3.37	3.17	3.06	2.75	2.44	2.38
Sales and Gross Receipts	.45	.41	.38	.32	.23	.28	.29	.27	.27	.24	.22	.18	.16
Individual Income ³	.20	.18	.20	.17	.13	.07	.06	.06	.05	.05	.04	.02	.02
All other	.21	.16	.14	.12	.16	.14	.14	.15	.14	.15	.16	.14	.12

¹Excludes charges and miscellaneous general revenue, utility, liquor store and insurance trust revenue; and borrowing. In 1975 Federal insurance trust revenue was \$80 billion (including \$75 billion OASDHI receipts), and Federal borrowing i.e., the rise in gross Federal debt — was \$58 billion.

²Partially estimated.

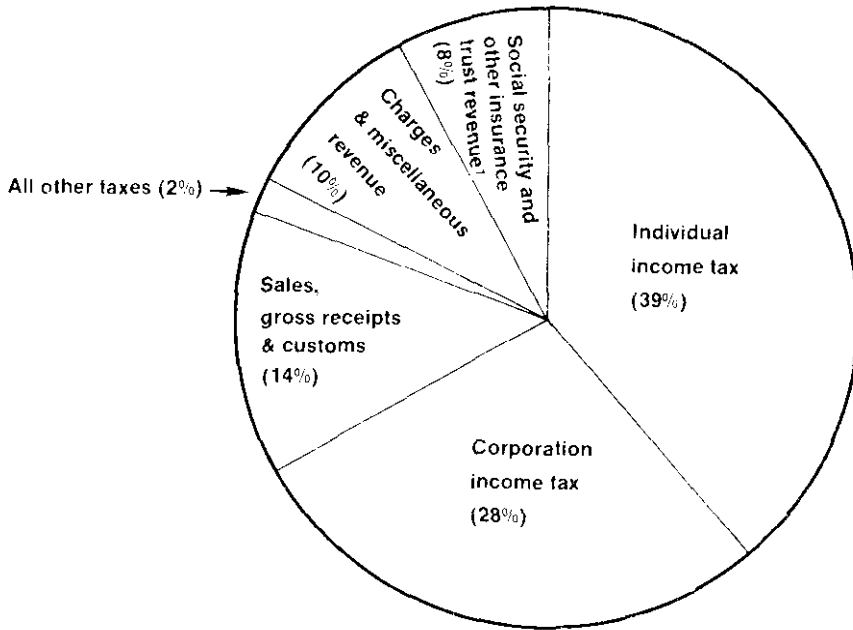
³Includes minor amounts of corporation income taxes.

Source: ACIR staff computations based on U.S. Department of Commerce; U.S. Bureau of the Census, Governments Division, various reports; Office of Business Economics, *Survey of Current Business*, various years; and ACIR staff estimates.

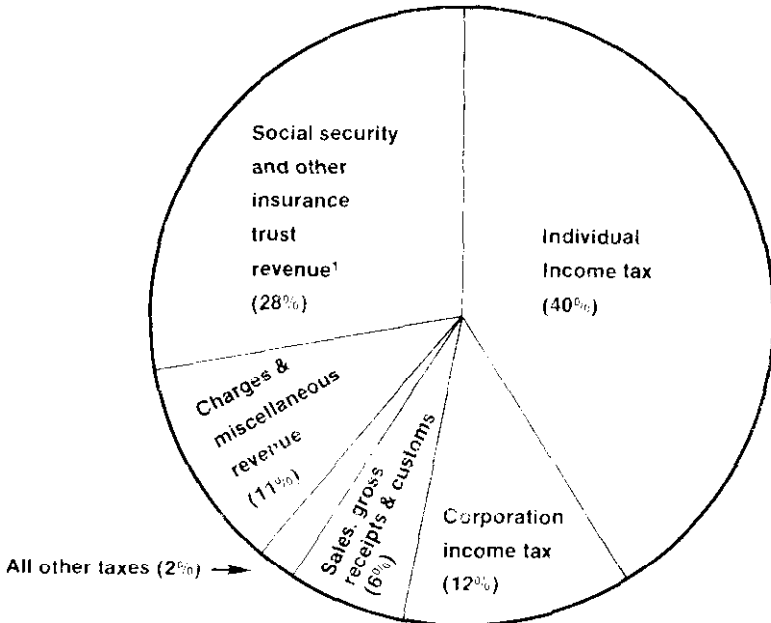
CHART XIII

The Federal Individual Income Tax and the Social Security Tax Now Dominate the Federal Revenue System, Fiscal Years 1954 and 1976

1954



1976



¹Mainly Social Security receipts (26 percent of total revenue in 1976).

Source: Table XIII.

TABLE XIII

**The Federal Individual Income Tax and the Social Security Tax Now Dominate
the Federal Revenue System, 1954, 1964, and 1969 Through 1976**

Fiscal Year	General Revenue								
	Total Revenue	Tax Revenue					Sales, Gross Receipts, and Customs	Charges and Miscella- neous ²	Insurance Trust Revenue (Includes OASDHI)
		Total	Income		Indi- vidual	Corpora- tion			
			Total ¹						
Amount (in billions)									
1954	\$75.8	\$69.8	\$62.4	\$29.5	\$21.1	\$10.4	\$7.4	\$6.0	
1964	121.0	102.3	90.5	48.7	23.5	14.8	11.8	18.7	
1969	200.0	163.2	146.0	87.2	36.7	17.8	17.2	36.8	
1970	205.8	163.8	146.1	90.4	32.8	18.3	17.7	42.0	
1971	204.6	158.9	137.3	86.2	26.8	19.4	21.6	45.7	
1972	225.6	174.3	153.7	94.7	32.2	20.1	20.6	51.3	
1973	255.2	195.0	165.5	103.2	36.2	19.7	29.5	60.2	
1974	289.1	218.4	184.8	119.0	38.6	20.5	33.6	70.6	
1975 ³	305.4	225.0	190.3	122.4	40.6	20.6	34.7	80.4	
1976 est.	326.0	236.0	199.0	130.8	40.1	21.0	37.0	90.0 ⁴	
Annual Percent Change									
1954	--	--	--	--	--	--	--	--	
1964	4.8 ⁵	3.9 ⁶	3.8 ⁵	5.1 ⁵	1.1 ⁵	3.6 ⁵	4.8 ⁵	12.0 ⁵	
1969	10.6 ⁶	9.8 ⁶	10.0 ⁶	12.4 ⁶	9.3 ⁶	3.8 ⁶	7.8 ⁶	14.5 ⁶	
1970	2.9	0.4	0.1	3.7	-10.6	2.8	2.9	14.1	
1971	-0.6	-3.0	-6.0	-4.6	-18.3	6.0	22.0	8.8	
1972	10.3	9.7	11.9	9.9	20.1	3.6	4.6	12.3	
1973	13.1	11.9	7.7	9.0	12.4	-2.0	43.2	17.3	
1974	13.3	12.0	11.7	15.3	6.6	4.1	13.9	17.3	
1975 ³	5.6	3.0	3.0	2.9	5.2	0.5	3.3	13.9	
1976 est.	6.7	4.9	4.6	6.9	-1.2	1.9	6.6	11.9	
Percentage Distribution									
1954	100.0	92.1	82.3	38.9	27.8	13.7	9.8	7.9	
1964	100.0	84.5	74.8	40.2	19.4	12.2	9.8	15.5	
1976 est.	100.0	72.4	61.0	40.1	12.3	6.4	11.3	27.6 ⁴	

¹Including amounts for categories not shown separately.

²Beginning in 1974, includes receipts from state governments (\$494 million in 1974) mainly supplemental security income payments.

³Partially estimated.

⁴Includes OASDHI receipts of \$84.5 billion (26 percent of total revenue).

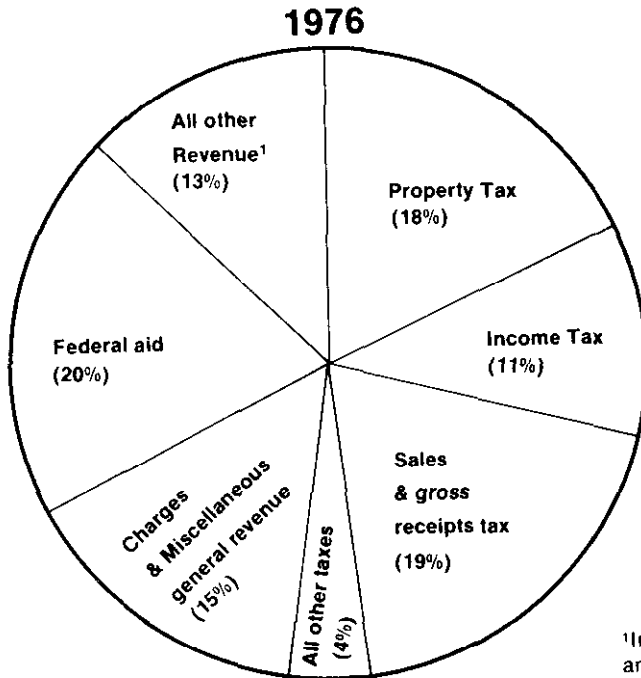
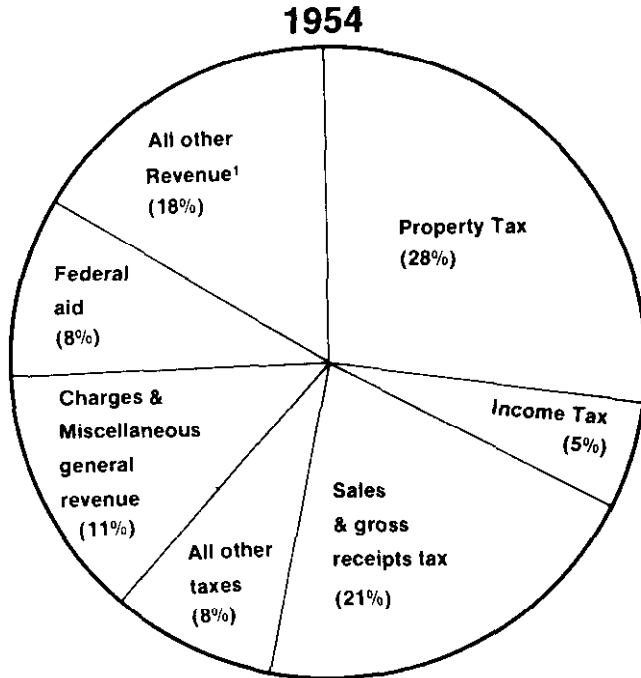
⁵Annual average increase 1954 to 1964.

⁶Annual average increase 1964 to 1969.

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

CHART XIV

The State and Local Revenue System Becomes More Diversified with the Relative Decline in Property Taxes and Relative Increase in State Income Taxes and Federal Aid, Fiscal Years 1954 and 1976



Source: Table XIV.

¹Includes utility, liquor store, and insurance trust revenue

TABLE XIV

The State and Local Revenue System Becomes More Diversified with Relative Decline in Property Taxes and Relative Increase in State Income Taxes and Federal Aid, 1954, 1964, and 1969 Through 1976

Fiscal Year	General Revenue								
	Total State-Local Revenue	Tax Revenue						Charges and Miscellaneous General Revenue	Utility, Liquor Store, and Insurance Trust Revenue
		Total	Federal Aid	Total	Property	Sales, and Gross Receipts	Income		
Amount (in billions)									
1954	\$35.4	\$29.0	\$3.0	\$22.1	\$10.0	\$7.3	\$1.9	\$4.0	\$6.4
1964	81.5	68.4	10.0	47.8	21.2	15.8	5.5	10.7	13.0
1969	132.2	114.5	19.2	76.7	30.7	26.5	12.1	18.7	17.6
1970	150.1	130.8	21.9	86.8	34.1	30.3	14.6	22.1	19.4
1971	166.1	144.9	26.1	95.0	37.9	33.2	15.3	23.8	21.2
1972	189.7	166.4	31.3	108.8	42.1	37.5	19.7	26.3	23.4
1973	217.6	190.2	39.3	121.1	45.3	42.0	23.4	29.9	27.4
1974	237.9	207.7	41.8	130.7	47.8	46.1	25.5	35.2	30.2
1975 ²	263.0	230.0	48.0	142.0	50.8	50.0	28.7 ³	40.0	33.0
1976 est.	292.0	255.5	58.0	152.5	54.0	54.5	32.5	45.0	36.5
Annual Percent Change									
1954	—	—	—	—	—	—	—	—	—
1964	8.7 ⁴	9.0 ⁴	12.8 ⁴	8.0 ⁴	7.8 ⁴	8.0 ⁴	11.2 ⁴	10.3 ⁴	7.3 ⁴
1969	10.2 ⁵	10.9 ⁵	13.9 ⁵	9.9 ⁵	7.7 ⁵	10.9 ⁵	17.1 ⁵	11.8 ⁵	6.2 ⁵
1970	13.5	14.2	14.1	13.2	11.1	14.3	20.7	18.2	10.2
1971	10.7	10.8	19.2	9.4	11.1	9.6	4.8	7.7	9.3
1972	14.2	14.8	19.9	14.5	11.1	13.0	28.8	10.5	10.4
1973	14.7	14.3	25.6	11.3	7.6	12.0	18.8	13.7	17.1
1974	9.3	9.2	6.4	7.9	5.5	9.8	9.0	17.7	10.2
1975 ²	10.6	10.7	14.8	8.6	6.3	8.5	12.5	13.6	9.3
1976 est.	11.0	11.1	20.8	7.4	6.3	9.0	13.2	12.5	10.6
Percentage Distribution									
1954	100.0	81.9	8.5	62.4	28.2	20.6	5.4	11.3	18.1
1964	100.0	83.9	12.3	58.7	26.0	19.4	6.7	13.1	16.0
1974	100.0	87.3	17.6	54.9	20.1	19.4	10.7	14.8	12.7
1976 est.	100.0	87.5	19.9	52.2	18.5	18.7	11.1	15.4	12.5

¹Including amounts for categories not shown separately.

²Partially estimated.

³Receipts from individual income taxes in 1975 were \$21.7 billion (8.3 percent of total revenue.)

⁴Annual average increase 1954 to 1964.

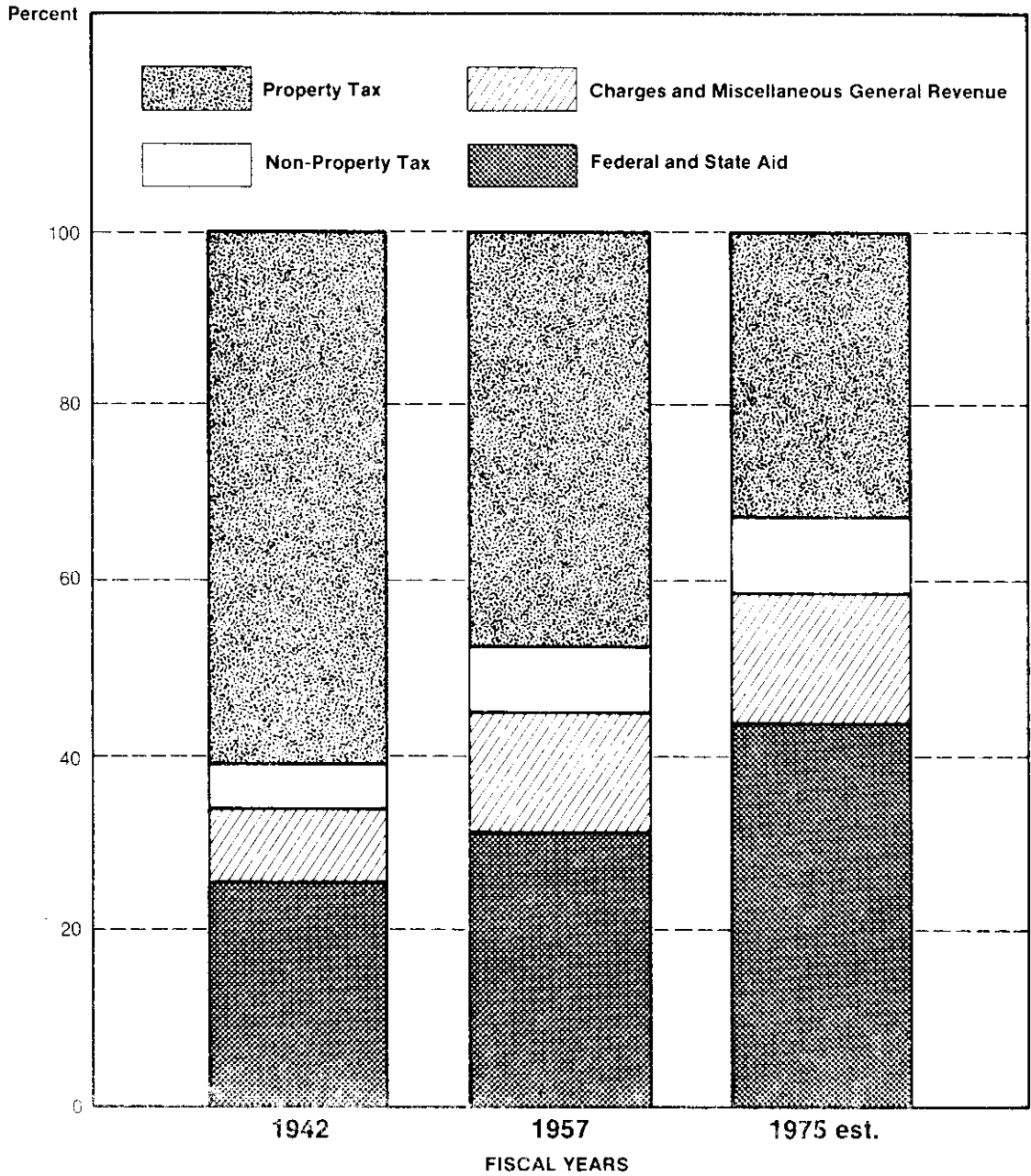
⁵Annual average increase 1964 to 1969.

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

CHART XV

Local Governments Are Moving Toward More Balanced Revenue Systems, Selected Years 1942-1975

(Distribution of Local General Revenue by Major Source)



Source: Table XV.

TABLE XV

**Local Governments Are Moving Toward More Balanced Revenue Systems,
Selected Years 1942-1975**

Fiscal Year	All Local Governments		Percent Distribution by Type of Government			
	Amount ¹ (millions)	Percent Distribution by Source ¹	Cities ²	School Districts ³	Counties ²	Townships and Special Districts
Total General Revenue (Local Revenue and Federal-State Aid)						
1942	57,071	100.0%	37.0%	33.7%	22.0%	7.3%
1952	16,952	100.0	32.0	38.4	20.7	8.9
1957	25,916	100.0	30.3	41.9	19.5	8.3
1967	59,383	100.0	26.8	47.0	17.8	8.5
1971	93,868	100.0	27.1	46.4	18.4	8.2
1974	133,994	100.0	28.2	43.5	19.3	9.0
1975 est.	147,700	100.0	28.4	42.9	19.5	9.1
Intergovernmental Revenue (Federal and State Aid)⁴						
1942	1,785	25.2	24.0	43.8	27.8	4.5
1952	5,281	31.2	18.7	49.9	26.2	5.2
1957	8,049	31.1	17.6	53.6	23.5	5.3
1967	21,338	35.9	17.7	58.2	18.5	5.5
1971	36,375	38.8	21.1	55.1	18.6	5.2
1974	57,253	42.7	24.0	49.6	19.6	6.7
1975 est.	64,000	43.3	24.2	49.0	18.9	7.0
General Revenue From Local Sources (Taxes and Charges)						
1942	5,286	74.8	41.4	30.3	25.0	8.3
1952	11,671	68.6	38.0	33.3	18.3	10.5
1957	17,866	68.9	36.1	36.6	17.7	9.6
1967	36,045	64.1	32.0	40.5	17.4	10.1
1971	57,491	61.2	30.9	40.8	18.2	10.1
1974	76,742	57.3	31.3	38.9	19.1	10.6
1975 est.	93,700	56.7	31.6	36.3	19.3	10.8
Local Property Taxes						
1942	4,344	61.4	39.0	32.9	20.1	8.0
1952	8,282	48.9	32.7	39.2	19.8	8.3
1957	12,307	47.6	25.7	42.8	19.2	8.3
1967	25,186	42.4	21.8	46.3	18.5	7.8
1971	36,726	39.1	23.3	50.3	18.3	8.0
1974	46,452	34.7	23.0	50.0	18.4	8.6
1975 est.	49,220	32.3	22.7	50.1	18.5	8.7

TABLE XV

**Local Governments Are Moving Toward More Balanced Revenue Systems,
Selected Years 1942-1975 (cont'd.)**

Fiscal Year	All Local Governments		Percent Distribution by Type of Government			
	Amount ¹ (millions)	Percent Distribution by Source ¹	Cities ²	School Districts ³	Counties ²	Townships and Special Districts
Local Non-Property Taxes						
1942	\$358	5.1%	70.1%	14.0%	10.1%	5.9%
1952	1,184	7.0	75.7	16.0	6.2	2.1
1957	1,901	7.3	72.5	16.4	8.5	2.7
1967	3,888	6.5	70.9	15.9	10.4	2.8
1971	6,708	7.1	64.1	17.9	14.7	3.4
1974	10,062	7.5	62.3	16.3	18.5	2.8
1975 est.	12,380	8.4	61.8	16.7	18.8	2.7
Local Charges and Miscellaneous General Revenue						
1942	584	8.3	41.6	21.2	25.0	12.2
1952	2,205	13.0	37.4	20.2	19.0	23.4
1957	3,580	13.8	38.8	25.9	17.6	17.8
1967	8,971	15.1	35.5	27.5	17.2	19.9
1971	14,058	15.0	35.1	26.8	19.5	18.6
1974	20,227	15.1	34.9	24.4	21.1	19.6
1975 est.	22,100	15.0	34.6	24.0	21.5	19.9

¹Includes the following approximate amounts of duplicative interlocal transactions: 1975-\$3.0 bil; 1974-\$2.5 bil; 1971-\$1.9 bil; 1967-\$1.5 bil; 1957-\$500 mil; 1952-\$100 mil; 1942-\$50 mil.

²Excludes estimated amounts allocable to dependent school systems.

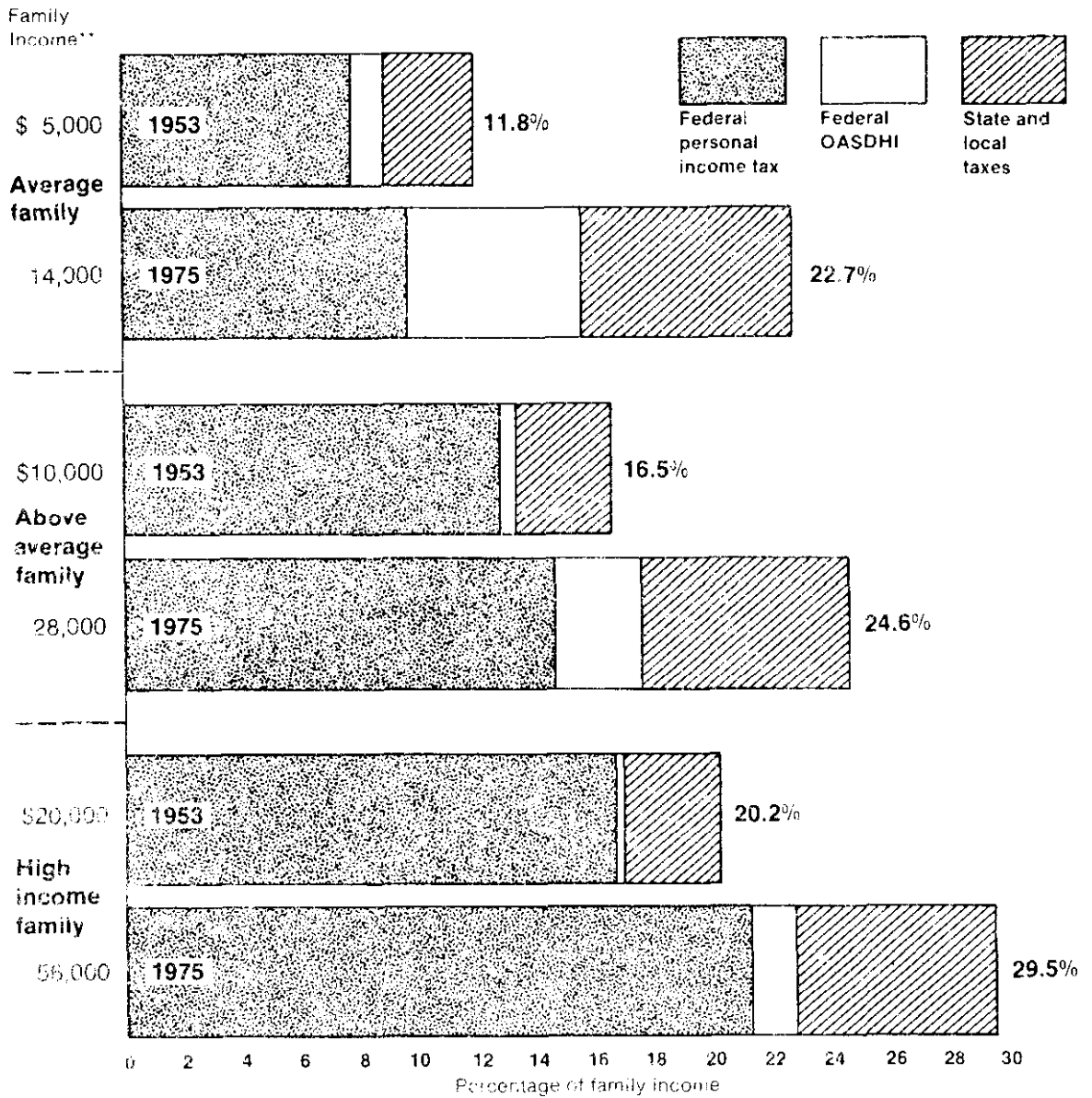
³Includes estimated amounts allocable to dependent city and county school systems.

⁴Includes direct Federal-local aid as well as Federal aid channeled through the states.

Source: ACIR Staff computations based on various reports of U.S. Bureau of the Census, Governments Division; and ACIR Staff estimates.

CHART XVI

The Narrowing of the Gap in Direct Tax Burdens Borne by Average and Upper Income Families, 1953 and 1975*



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

**Average family income in 1953 was \$5,000; in 1975, \$14,000.

Source: Table XVI.

TABLE XVI

The Narrowing of the Gap in Direct Tax Burdens Borne by Average and Upper Income Families, 1953 and 1975

Type of Tax	Average Family ¹			Twice the Average Family ²			Four Times the Average Family ³		
	Tax as Percent of Family Income		Percent Increase 1953-1975	Tax as Percent of Family Income		Percent Increase 1953-1975	Tax as Percent of Family Income		Percent Increase 1953-1975
	1953	1975		1953	1975		1953	1975	
Total	11.8	22.7	92.4	16.5	24.6	49.1	20.2	29.5	46.0
Federal personal income tax	7.6	9.6	26.3	12.8	14.7	14.8	16.6	21.1	27.1
Social security tax (OASDHI)	1.1	5.9	436.4	0.5	2.9	480.0	0.3	1.5	400.0
Local residential property	2.2	4.0	81.8	1.8	3.2	77.8	1.7	2.5	47.1
State-local personal income	0.3	1.9	533.3	0.9	2.9	222.2	1.2	3.7	208.3
State-local general sales	0.6	1.3	116.7	0.5	0.9	80.0	0.4	0.7	75.0

¹Estimates for average family earning \$5,000 in 1953 and \$14,000 in 1975 assuming all income from wages and salaries, and earned by one spouse.

²Estimates for twice the average family. Family earning \$10,000 in 1953 and \$28,000 in 1975 and assumes that earnings include \$105 (interest on state and local debt, and excludable dividends) in 1975 and \$25 in 1953; also assumes the inclusion of net long-term capital gains of \$1,040 in 1975 and \$350 in 1953.

³Estimates for four times the average family. Family earning \$20,000 in 1953 and \$56,000 in 1975 and assumes that earnings include \$965 (interest on state and local debt, and excludable dividends) in 1975 and \$265 in 1953; also assumes the inclusion of net long-term capital gains of \$6,400 in 1975 and \$1,730 in 1953.

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

Source: ACIR staff computations.

NOTE: In computing Federal personal income tax liabilities, deductions were estimated to be 14 percent of family income for the \$5,000 family and 12 percent of income for the \$10,000 family. Estimated itemized deductions were assumed for the \$14,000, \$20,000, \$28,000 and \$56,000 families. Interest on state and local debt, dividends, and one-half of capital gains (estimated, based on I.R.S., Statistics of Income) were excluded from family income for these computations.

Residential property tax estimates assume average housing values of approximately 1.8 times family income for the average family in both 1953 (\$5,000) and 1975 (\$14,000), 1.5 for \$10,000 income (1953), 1.4 for \$28,000 income (1975), 1.4 for \$20,000 income (1953), and 1.1 for \$56,000 income (1975), with average effective property tax rates of 2.15 percent in 1975 and 1.20 percent in 1953. Based on U.S. Bureau of the Census, *U.S. Census of Housing*; Commerce Clearing House, *State-Tax Reporter*; Internal Revenue Service, *Statistics of Income, Individual Income Tax Returns*; and ACIR staff estimates.

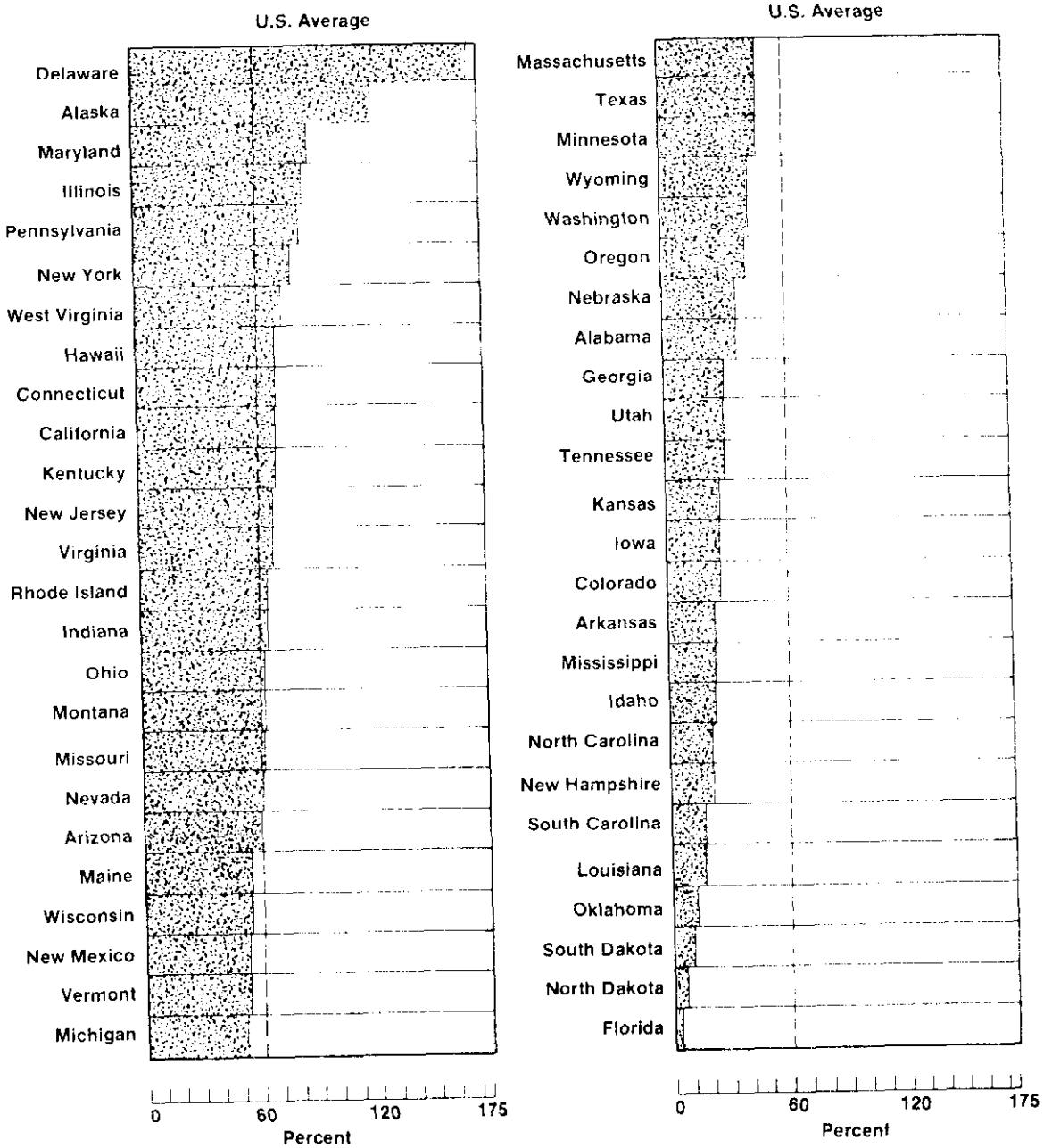
In computing state personal income tax liabilities, the optional standard deduction was used for the \$5,000 and \$10,000 families, the average of standard and estimated itemized deductions for the \$14,000 family and estimated itemized deductions for the \$20,000, \$28,000 and \$56,000 families.

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

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

CHART XVII

The States in the Mideast Experienced the Sharpest Increase in State-Local Tax Burdens Between 1953 and 1975¹
 (State-Local Tax Revenue in Relation to State Personal Income)



¹Average state-local tax burdens rose from 7.6 percent to 11.9 percent of personal income—an increase of 57 percent.

Source: Table XVII.

TABLE XVII

**The States in the Mideast Experienced the Sharpest Increase in
State-Local Tax Burdens Between 1953 and 1975**

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

State and Region	Tax Revenue as a Percent of Personal Income			State Percent Related to U.S. Average (U.S. = 100.0)		
	1975 ¹	1953	Percent Increase	1975	1953	Percent Increase or Decrease (—)
UNITED STATES²	11.89	7.58	56.9	100.0	100.0	—
NEW ENGLAND	12.11	7.90	53.3	101.9	104.2	-2.2
Connecticut	10.30	6.06	70.0	86.6	79.9	8.4
Maine	13.70	8.95	53.1	115.2	118.1	-2.5
Massachusetts	13.12	8.77	49.6	110.3	115.7	-4.7
New Hampshire	10.01	8.28	20.9	84.2	109.2	-22.9 ³
Rhode Island	11.55	7.02	64.5	97.1	92.6	4.9
Vermont	14.65	9.62	52.3	123.2	126.9	2.9
MIDEAST	13.30	7.46	78.3	111.9	98.4	13.7
Delaware	11.41	4.21	171.0	96.0	55.5	73.0 ⁴
Maryland	11.95	6.33	88.8	100.5	83.5	20.4 ⁴
New Jersey	11.08	6.59	68.1	93.2	86.9	7.2
New York	15.72	8.79	78.8	132.2	116.0	14.0
Pennsylvania	11.29	6.17	83.0	95.0	81.4	16.7 ⁴
GREAT LAKES	11.21	6.78	65.3	94.3	89.4	5.5
Illinois	11.84	6.37	85.9	99.6	84.0	18.6
Indiana	11.64	7.08	64.4	97.9	93.4	4.6
Michigan	10.97	7.31	50.1	92.3	96.4	-4.3
Ohio	9.51	5.87	62.0	80.0	77.4	3.4
Wisconsin	13.62	8.91	52.9	114.6	117.5	-2.5
PLAINS	11.57	8.25	40.2	97.3	108.8	-10.6
Iowa	11.70	9.22	26.9	98.4	121.6	-19.1 ⁴
Kansas	11.08	8.71	27.2	93.2	114.9	-18.0 ⁴
Minnesota	13.96	9.38	48.8	117.4	123.7	-5.1
Missouri	9.91	6.14	61.4	83.3	81.0	2.8
Nebraska	10.55	7.69	37.2	88.7	101.5	-12.6
North Dakota	12.03	11.27	6.7	101.2	148.7	-31.9 ⁴
South Dakota	11.96	10.79	10.8	100.6	142.3	-29.3 ⁴
SOUTHEAST	10.22	7.86	30.0	86.0	103.7	-17.1
Alabama	9.59	7.00	37.0	80.7	92.3	-12.6
Arkansas	9.87	7.92	24.6	83.0	104.5	-20.6 ⁴
Florida	9.52	9.20	3.5	80.1	121.4	-34.0 ⁴
Georgia	10.02	7.67	30.6	84.3	101.2	-16.7 ⁴
Kentucky	10.95	6.47	69.2	92.1	85.4	7.3
Louisiana	12.19	10.43	16.9	102.5	137.6	-25.5 ⁴
Mississippi	11.59	9.37	23.7	97.5	123.6	-21.1 ⁴
North Carolina	9.98	8.25	21.0	83.9	108.8	-22.9 ⁴
South Carolina	10.10	8.61	17.3	84.9	113.6	-25.3 ⁴
Tennessee	9.51	7.32	29.9	80.0	96.6	-17.2 ⁴
Virginia	10.81	6.09	67.2	85.6	80.3	6.6
West Virginia	11.81	6.81	73.4	99.3	89.8	10.6

TABLE XVII (cont.)

**The States in the Mideast Experienced the Sharpest Increase in
State-Local Tax Burdens Between 1953 and 1975 (cont'd.)**

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

State and Region	Tax Revenue as a Percent of Personal Income			State Percent Related to U.S. Average (U.S. 100.0)		
	1975 ¹	1953	Percent Increase	1975	1953	Percent Increase or Decrease (—)
SOUTHWEST	10.59	7.34	44.3	89.1	96.8	-8.0
Arizona	13.48	8.50	58.6	113.4	112.1	1.2
New Mexico	13.20	8.66	52.4	111.0	114.2	-2.8
Oklahoma	10.12	9.07	11.6	85.1	119.7	28.9 ⁴
Texas	9.96	6.68	49.1	83.8	88.1	4.9
ROCKY MOUNTAIN	11.44	8.60	33.0	96.2	113.5	-15.2
Colorado	11.31	8.93	26.7	95.1	117.8	19.3 ⁴
Idaho	11.08	9.00	23.1	93.2	118.7	21.5 ⁴
Montana	12.34	7.62	61.9	103.8	100.5	3.3
Utah	10.97	8.44	30.0	92.3	111.3	-17.1 ⁴
Wyoming	12.61	8.73	44.4	106.1	115.2	-7.9
FAR WEST⁵	13.72	8.34	64.5	115.4	110.0	4.9
California	14.27	8.41	69.7	120.0	110.9	8.2
Nevada	12.68	7.93	59.9	106.6	104.6	1.9
Oregon	11.75	8.24	42.6	98.8	108.7	-9.1
Washington	11.61	8.07	43.9	97.6	106.5	-8.4
Alaska	11.14	5.03 ⁶	121.5	93.7	66.4	41.1 ³
Hawaii	14.01	8.23 ⁶	70.2	117.8	108.6	8.5

¹The state distribution of actual total local government tax revenue is estimated.

²Excluding the District of Columbia.

³Indicates states that have increased their relative tax burdens by 15 percent or more.

⁴Indicates states where the relative tax burden has fallen by 15 percent or more.

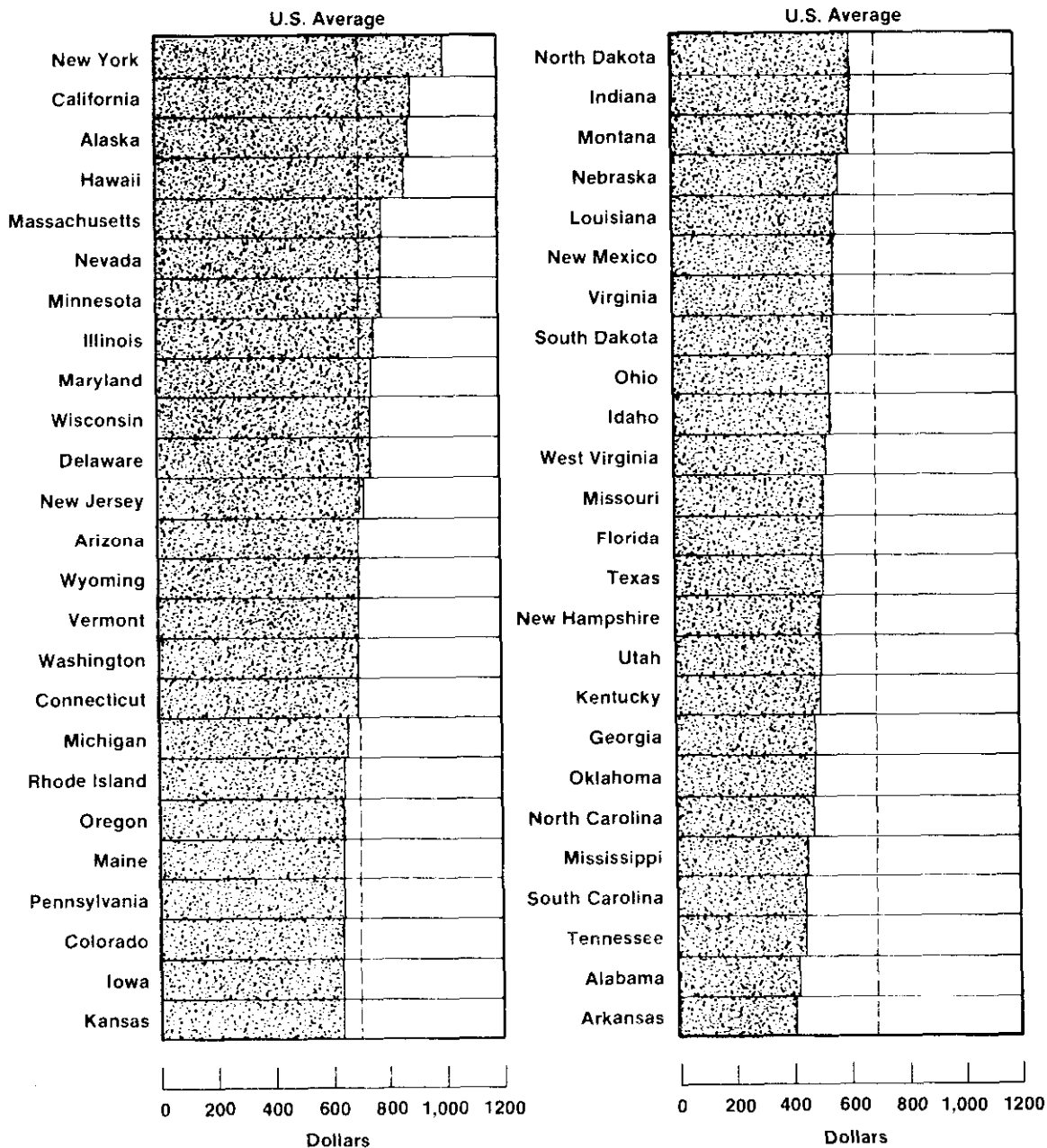
⁵Excluding Alaska and Hawaii.

⁶Estimated, based on the U.S. average change between 1953 and 1957 (the earliest year readily available).

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

CHART XVIII

**Most States With Above Average Per Capita State-Local Taxes
in 1975 Are Located in the New England, Mideast, and Far West Regions
(Per Capita State-Local Tax Revenue in 1975¹)**



Source: Table XVIII.

¹The state distribution of actual total local government tax revenue is estimated.

TABLE XVIII

**Most States with Above Average Per Capita State-Local Taxes in 1975
are Located in the New England, Mideast, and Far West Regions**

(Per Capita State-Local Tax Revenue)

State and Region	Per Capita Tax Revenue			State Percent Related to U.S. Average (U.S. = 100.0)		
	1975 ¹	1953	Percent Increase	1975	1953	Percent Increase or Decrease (—)
UNITED STATES²	\$665.60	\$132.07	404.0	100.0	100.0	—
NEW ENGLAND	715.37	151.05	373.6	107.5	114.4	-6.0
Maine	641.36	128.28	400.0	96.4	97.1	-0.7
New Hampshire	503.30	127.67	294.2	75.6	96.7	-21.8
Vermont	688.75	136.90	403.1	103.5	103.7	-0.2
Massachusetts	786.05	167.11	370.4	118.1	126.5	-6.6
Rhode Island	647.90	129.92	398.7	97.3	98.4	-1.1
Connecticut	687.92	141.27	387.0	103.4	107.0	-3.4
MIDEAST	823.46	149.81	449.7	123.7	113.4	9.1
New York	1,008.79	184.52	446.7	151.6	139.7	8.5
New Jersey	714.07	141.60	404.3	107.3	107.2	0.1
Pennsylvania	640.52	113.32	465.3	96.2	85.8	12.1
Delaware	734.54	100.05	634.2	110.4	75.8	45.6
Maryland	739.85	120.91	511.9	111.2	91.5	21.5
GREAT LAKES	657.51	133.46	392.7	98.8	101.1	-2.3
Michigan	656.55	146.04	349.6	98.6	110.6	-10.8
Ohio	541.02	114.01	374.5	81.3	86.3	-5.8
Indiana	621.28	129.82	378.6	93.3	98.3	-5.1
Illinois	755.11	135.27	458.2	113.4	102.4	10.7
Wisconsin	737.14	155.82	373.1	110.7	118.0	-6.2
PLAINS	621.86	131.98	371.2	93.4	99.9	-6.5
Minnesota	767.73	150.62	409.7	115.3	114.0	1.1
Iowa	632.61	145.66	334.3	95.0	110.3	-13.9
Missouri	514.86	103.02	399.8	77.4	78.0	-0.8
North Dakota	627.09	137.53	356.0	94.2	104.1	-9.5
South Dakota	548.90	138.85	295.3	82.5	105.1	-21.5
Nebraska	574.84	123.77	364.4	86.4	93.7	-7.8
Kansas	633.04	145.77	334.3	95.1	110.4	-13.9
SOUTHEAST	489.51	95.25	413.9	73.5	72.1	1.9
Virginia	554.68	89.60	519.1	83.3	67.8	22.9
West Virginia	536.22	87.45	513.2	80.6	66.2	21.8
Kentucky	501.56	78.38	539.9	75.4	59.3	27.2
Tennessee	440.97	86.78	408.1	66.3	65.7	0.9
North Carolina	479.43	95.24	403.4	72.0	72.1	0.1
South Carolina	443.22	96.15	361.0	66.6	72.8	-8.5
Georgia	488.37	94.55	416.5	73.4	71.6	2.5
Florida	512.89	134.09	282.5	77.1	101.5	-24.0
Alabama	413.92	74.62	454.7	62.2	56.5	10.1
Mississippi	451.24	82.02	450.2	67.8	62.1	9.2
Louisiana	566.29	132.89	326.1	85.1	100.6	-15.4
Arkansas	405.34	79.00	413.1	60.9	59.8	1.8

TABLE XVIII (cont.)

**Most States with Above Average Per Capita State-Local Taxes in 1975
are Located in the New England, Mideast, and Far West Regions (cont'd.)**

(Per Capita State-Local Tax Revenue)

State and Region	Per Capita Tax Revenue			State Percent Related to U.S. Average (U.S. = 100.0)		
	1975 ¹	1953	Percent Increase	1975	1953	Percent Increase or Decrease (—)
SOUTHWEST	531.83	110.81	379.9	79.9	83.9	-4.8
Oklahoma	485.14	132.37	266.5	72.9	100.2	-27.2
Texas	510.39	102.10	399.9	76.7	77.3	-0.8
New Mexico	559.02	118.15	373.1	84.0	89.5	6.1
Arizona	692.72	136.22	412.3	104.1	102.4	1.7
ROCKY MOUNTAIN	596.53	143.02	317.1	89.6	108.3	-17.3
Montana	619.39	134.51	360.5	93.1	101.8	-8.5
Idaho	540.12	137.03	294.2	81.1	103.8	-21.9
Wyoming	693.32	163.08	325.1	104.2	123.5	-15.6
Colorado	638.20	153.80	315.0	95.9	116.5	-17.7
Utah	503.15	126.19	298.7	75.6	95.5	-20.8
FAR WEST³	840.86	172.49	387.5	126.3	130.6	-3.3
Washington	688.35	155.99	341.3	103.4	118.1	-12.4
Oregon	642.92	148.25	333.7	96.6	112.3	-14.0
Nevada	770.61	178.43	331.9	115.8	135.1	-14.3
California	889.71	178.99	397.1	133.7	135.5	-1.3
Alaska	880.40	100.80 ⁴	773.4	132.3	76.3	73.4
Hawaii	866.71	135.00 ⁴	542.0	130.2	102.2	27.4

¹The state distribution of actual total local government tax revenue is estimated.

²Excluding the District of Columbia.

³Excluding Alaska and Hawaii.

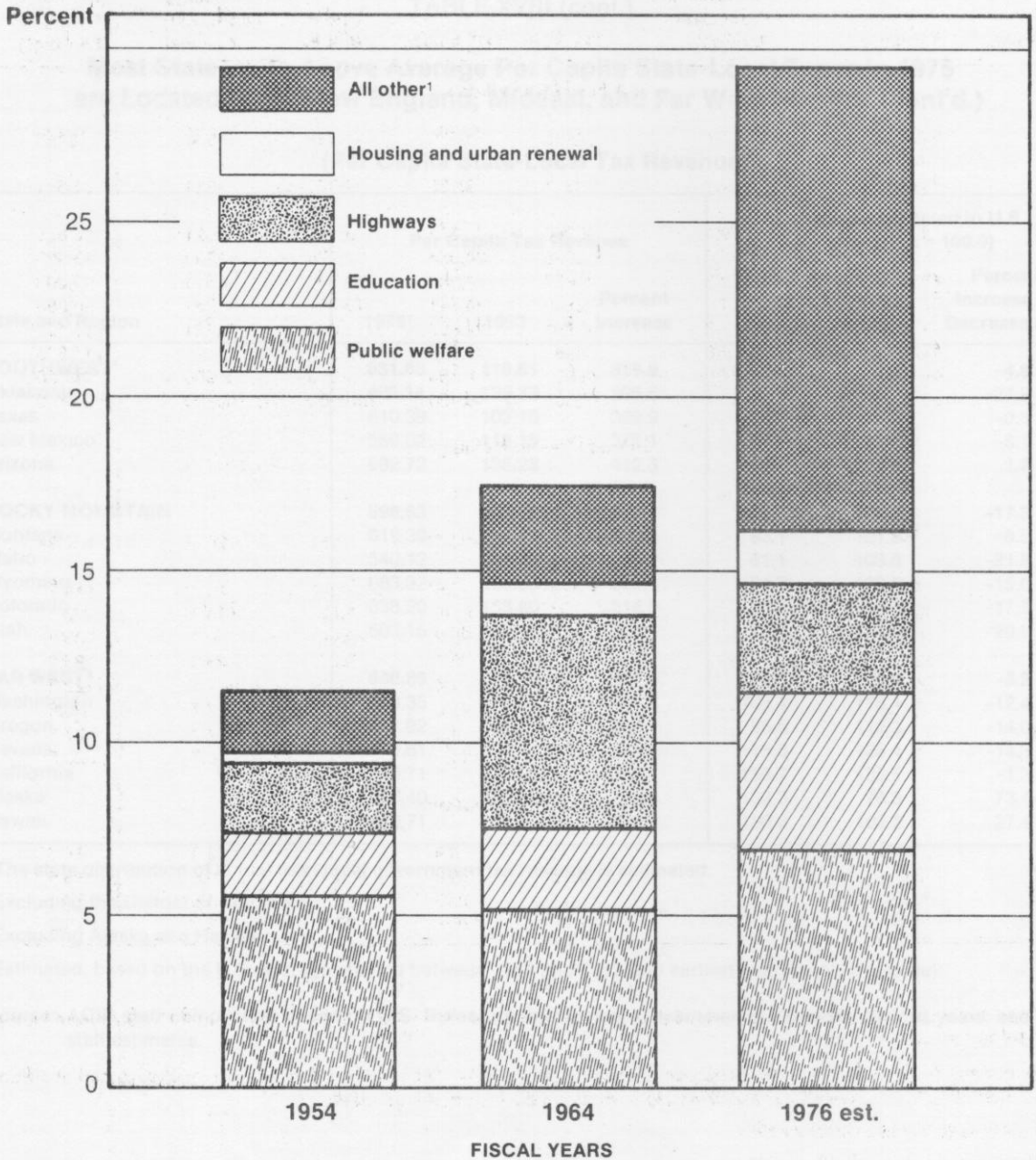
⁴Estimated, based on the U.S. average change between 1953 and 1957 (the earliest year readily available).

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

CHART XIX

Federal Aid Increases Steadily in Relation to State-Local Own Source Revenue, 1954-1976

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



Source: Table XIX.

¹Includes general revenue sharing payments in 1976 (3.2 percent of state-local revenue).

TABLE XIX

Federal Aid Increases Steadily in Relation to State-Local Own Source Revenue, 1954, 1964, and 1969 Through 1976

Fiscal Year	Total Federal Aid						
	Amount	As a Percent of State-Local General Revenue From Own Sources	Education	Highways	Public Welfare	Housing and Urban Renewal	All Other (Including Revenue Sharing ¹)
Amount (in millions)							
1954	\$2,967	11.4	\$475	\$530	\$1,439	\$90*	\$433
1964	10,097	17.3	1,371	3,628	2,973	564	1,561
1969	19,421	20.4	4,960	4,314	6,358	921	2,868
1970	23,257	21.4	5,698	4,553	7,574	1,609	3,823
1971	27,121	22.8	5,907	4,738	9,766	1,611	5,099
1972	33,178	24.6	6,250	4,741	13,251	1,981	6,955
1973	41,268	27.3	6,791	4,807	12,097	2,121	15,452 ¹
1974	42,854	25.8	7,496	4,555	12,837	2,391	15,575 ¹
1975 est.	49,200	27.0	8,500	4,750	11,800 ²	2,800	21,350 ¹
1976 est.	59,200	29.5	9,000	6,400	13,900	3,100	26,800 ¹
Annual Percent Change							
1954	—	—	—	—	—	—	—
1964	13.0 ³	—	11.2 ³	21.2 ³	7.5 ³	20.1 ³	12.9 ³
1969	14.0 ⁴	—	29.3 ⁴	3.5 ⁴	16.4 ⁴	10.3 ⁴	14.1 ⁴
1970	19.8	—	14.9	5.9	19.1	74.7	33.3
1971	16.6	—	3.7	8.2	28.9	0.1	33.4
1972	22.3	—	5.8	0.1	35.7	23.0	36.4
1973	24.4	—	8.7	1.4	-8.7	7.1	122.2
1974	3.8	—	10.4	-5.2	6.1	12.7	0.8
1975 est.	14.8	—	17.4	4.3	-8.1	17.1	37.1
1976 est.	20.3	—	5.9	34.7	17.8	10.7	25.5
Percentage Distribution							
1954	100.0	—	16.0	17.9	48.5	13.0	14.6
1964	100.0	—	13.6	35.9	29.4	5.6	15.5
1974	100.0	—	17.5	10.6	30.0	5.6	36.3
1976 est.	100.0	—	15.2	10.8	23.5	5.2	45.3

*Estimate

¹Includes Federal general revenue sharing payments of \$6,636-million in 1973, \$6,106-million in 1974, \$6,176-million in 1975, and \$6,301-million in 1976.

²Federal outlays for the food stamp program (\$2.8 billion in 1974), other than payments for program administration (\$136 million in 1975) have been reclassified from grants to direct federal payments.

³Annual average increase 1954 to 1964.

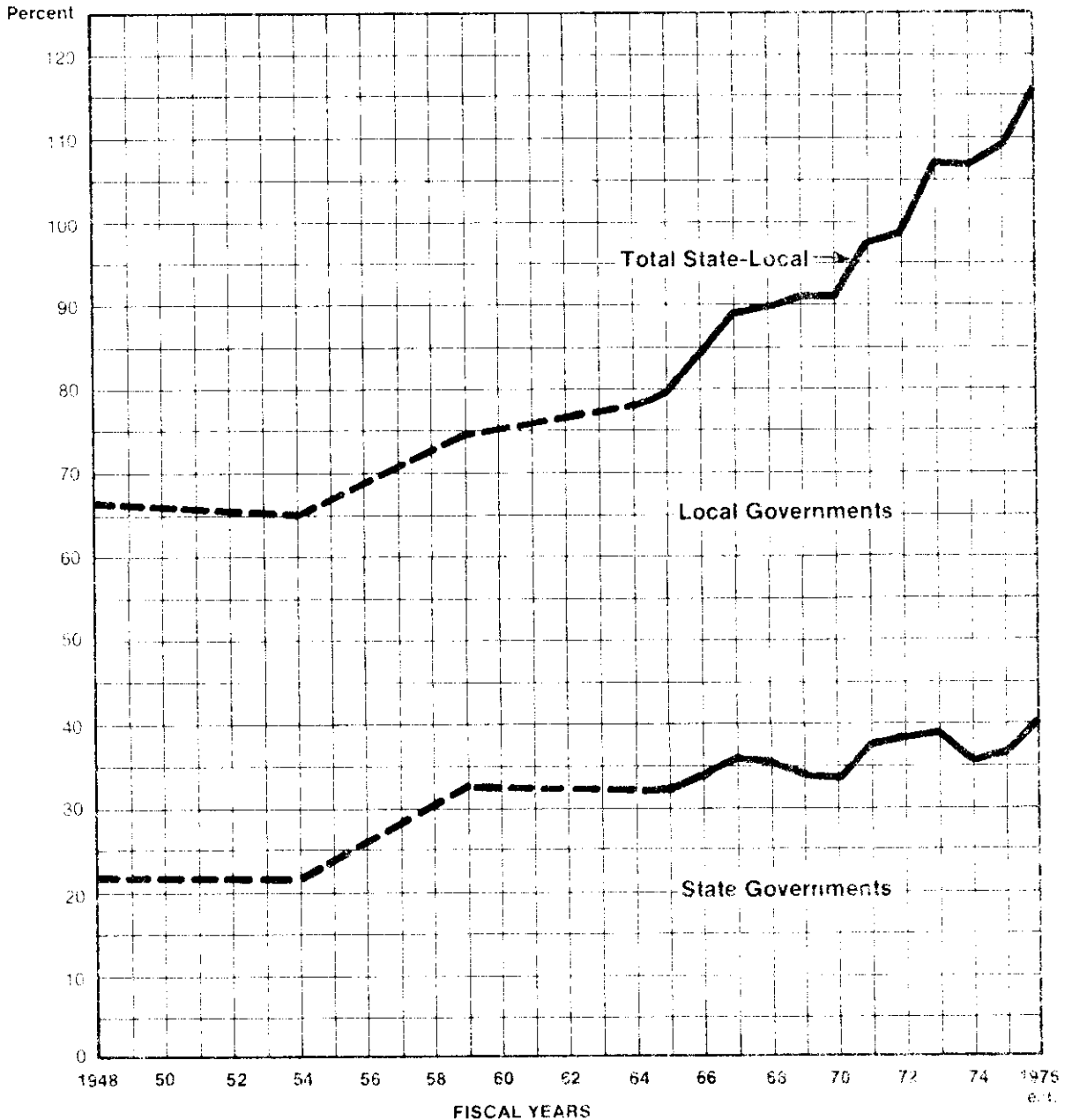
⁴Annual average increase 1964 to 1969.

Source: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances*, various years; Budget of the United States Government, various years; and ACIR staff estimates.

CHART XX

The Growing State and Local Dependency On
Outside Aid. Selected Years 1948-1976

(Outside Aid as a Percent of General Revenue From Our Sources)



Source: Table XX

TABLE XX

**The Growing State and Local Dependency on Outside Aid,
Selected Years 1948-1976**

(Dollar amounts in millions)

Fiscal Year	Federal Aid to States		State and Federal Aid to Local Governments	
	Amount	As a Percent of State General Revenue from Own Source	Amount	As a Percent of Local General Revenue from Own Source
1948	\$1,643	21.9	\$3,501	44.5
1954	2,668	21.5	5,933	43.5
1959	5,888	32.4	8,739	42.2
1964	9,046	32.1	13,829	45.7
1969	16,907	34.1	26,082	56.9
1970	19,252	33.5	29,525	57.5
1971	22,754	37.1	34,473	60.0
1972	26,731	37.9	39,694	60.6
1973	31,361 ¹	39.0	47,866 ¹	67.9
1974	31,632 ¹	35.5	54,752 ¹	71.3
1975 est.	36,500 ¹	36.1	60,900 ¹	72.8
1976 est.	42,750 ¹	40.1	68,750 ^{1 2}	75.5

¹Includes the following Federal general revenue sharing payments (in billions): 1973 — state \$2.2, local \$4.4; 1974 — state \$2.0, local \$4.1; 1975 — state \$2.0, local \$4.1; 1976 — state \$2.1, local \$4.2.

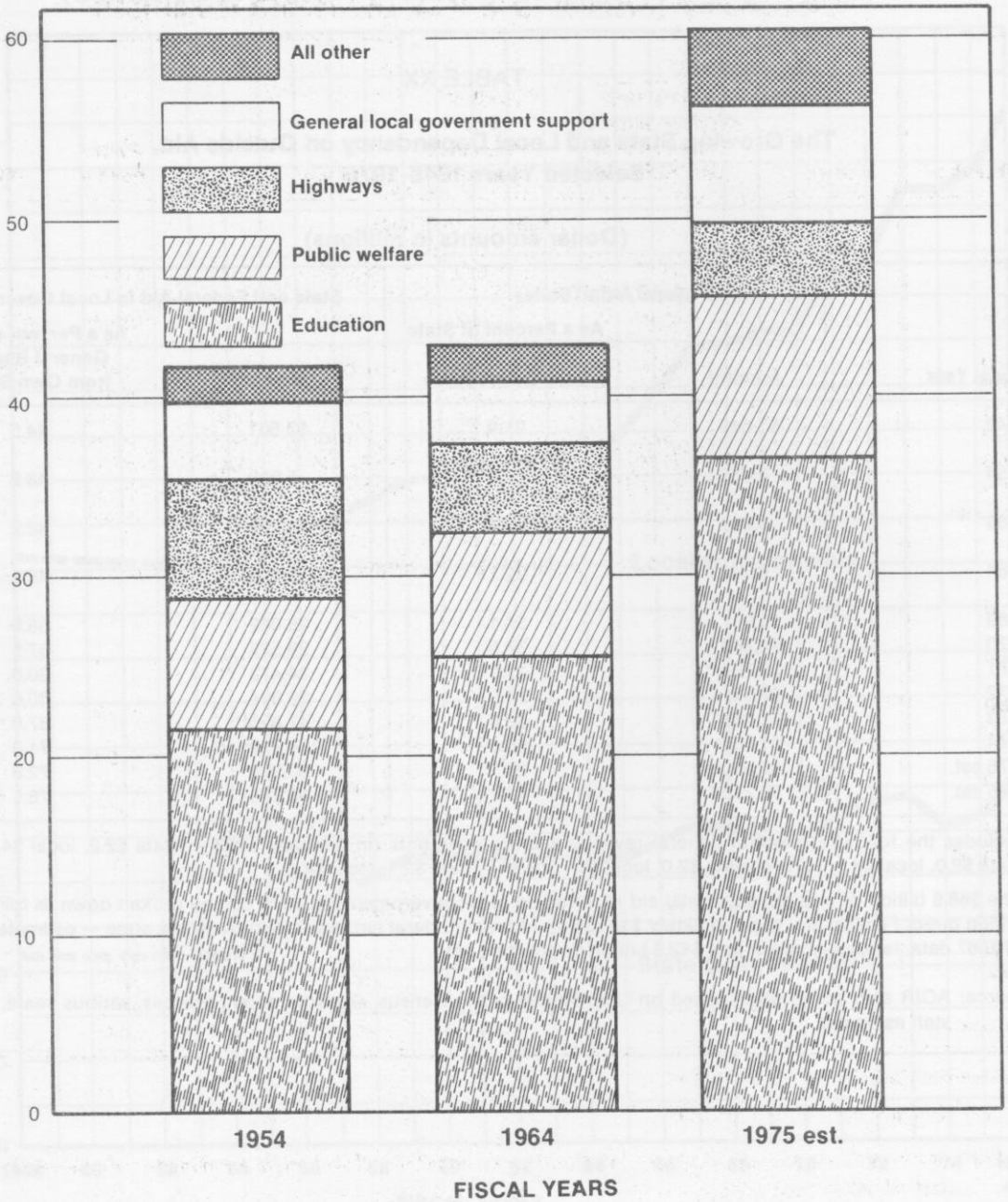
²The \$68.8 billion of intergovernmental aid received by local governments in 1976 can be broken down as follows: \$14.3 billion direct Federal aid, approximately \$12 billion indirect Federal aid (passed through the state — estimated on basis of 1967 data, latest available), and \$42.5 billion direct state aid.

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

CHART XXI

State Aid Registers Steady Increase in Relation to Local Own Source Revenue, 1954-1975

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



Source: Table XXI.

TABLE XXI

**State Aid Registers Steady Increase in Relation to Local
Own Source Revenue, 1954, 1964, and 1969 Through 1975**

Fiscal Year	Total State Aid						
	Amount	As a Percent of Local General Revenue From Own Sources	General Local Government Support	Education	Highways	Public Welfare	All Other
Amount (in millions)							
1954	\$5,679	41.7	\$600	\$2,930	\$871	\$1,004	\$274
1964	12,968	42.9	1,053	7,664	1,524	2,108	619
1969	24,779	54.0	2,135	14,858	2,109	4,402	1,275
1970	28,892	56.2	2,958	17,085	2,439	5,003	1,408
1971	32,640	57.3	3,258	19,292	2,507	5,760	1,823
1972	36,759	57.0	3,752	21,195	2,633	6,944	2,235
1973	40,822	57.9	4,280	23,316	2,953	7,532	2,742
1974	45,600	59.4	4,805	27,107	3,211	7,369	3,108
1975 est.	50,500	60.3	5,350	30,500	3,500	7,600	3,550
Annual Percent Change							
1954	-	-	-	-	-	-	-
1964	8.6 ¹	--	5.8 ¹	10.1 ¹	5.8 ¹	7.7 ¹	8.5 ¹
1969	13.8 ²	--	15.2 ²	14.2 ²	6.7 ²	15.9 ²	15.6 ²
1970	16.6	--	38.5	15.0	15.6	13.7	10.4
1971	13.0	--	10.1	12.9	2.8	15.1	29.5
1972	12.6	--	15.2	9.9	5.0	20.6	22.6
1973	11.1	--	14.1	10.0	12.2	8.5	22.7
1974	11.7	--	12.3	16.3	8.7	-2.2	13.3
1975 est.	10.7	--	11.3	12.5	9.0	3.1	14.2
Percentage Distribution							
1954	100.0	-	10.6	51.6	15.3	17.7	4.8
1964	100.0	-	8.1	59.1	11.8	16.3	4.8
1974	100.0	--	10.5	59.4	7.0	16.2	6.8
1975 est.	100.0	--	10.6	60.4	6.9	15.0	7.0

¹Annual average increase 1954 to 1964

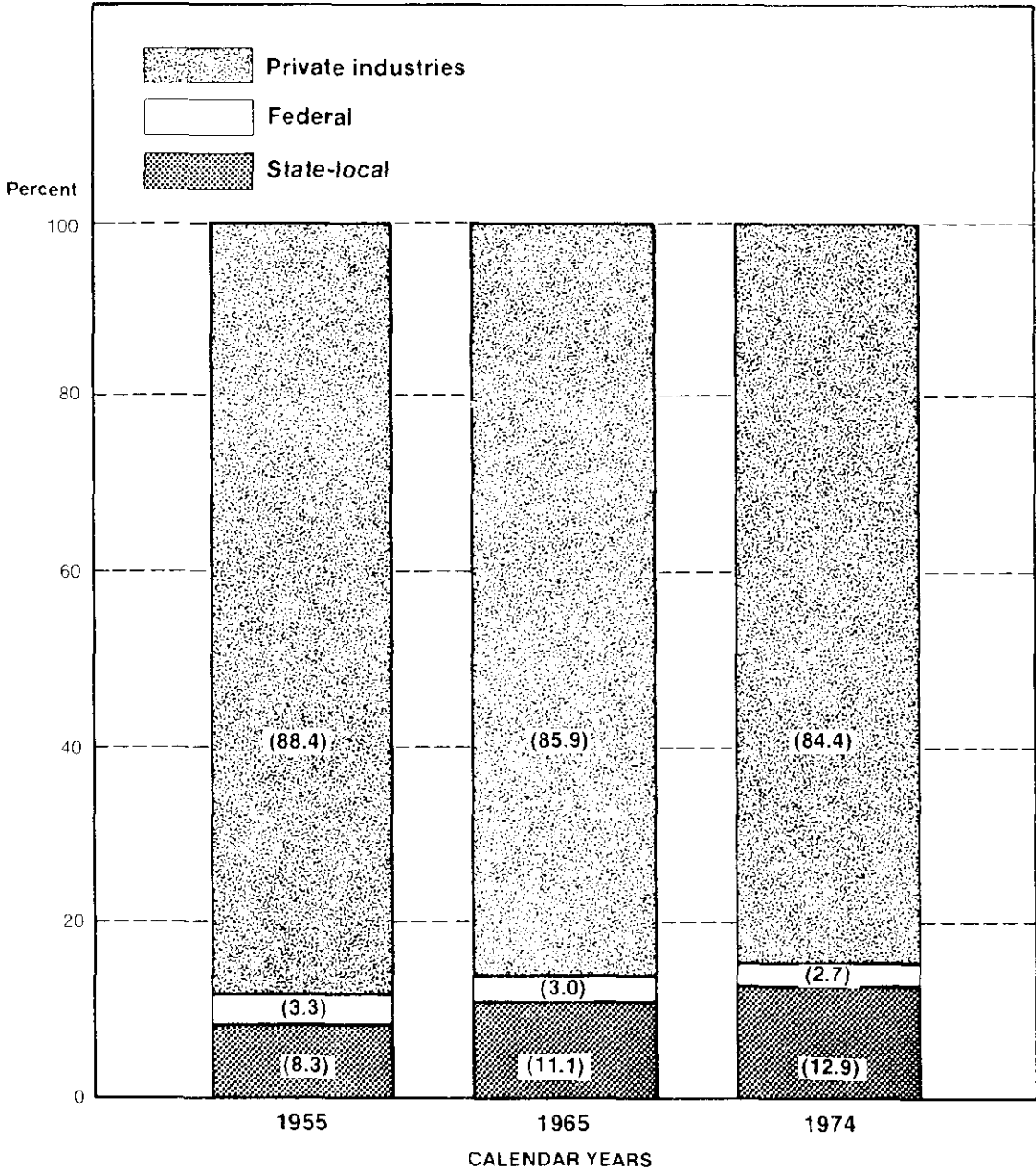
²Annual average increase 1964 to 1969.

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

CHART XXII

The State-Local Sector Provided the Greatest Employment Gains,
1955-1974¹

(Full-Time Equivalent Employment—Percentage Distribution)



Source: Table XXII.

¹Excluding government enterprises and military.

TABLE XXII

The State-Local Sector Provided the Greatest Employment Gains, 1955-1974

Industry	Number of Full-Time Equivalent Employees (in thousands)					Percent Increase or Decrease (—) 1955-1974
	1974	1970	1965	1960	1955	
All Domestic Industries	76.342	70.858	62.287	56.487	54.096	41.1
Private Industries	61.287	56.271	50.023	45.906	44,260	38.5
Agriculture, Forestry and Fisheries	1,321	1,237	1,461	1,748	1,842	-28.3
Mining	684	614	623	691	797	-14.2
Contract Construction	3,766	3,372	3,125	2,732	2,669	41.1
Manufacturing	19,499	18,874	17,592	16,165	16,475	18.4
Transportation	2,671	2,593	2,458	2,498	2,693	-0.8
Communication	1,134	1,066	844	807	811	39.8
Electric, Gas and Sanitation Services	718	667	610	600	577	24.4
Wholesale and Retail Trade	14,543	13,062	11,209	10,165	9,418	54.4
Wholesale Trade	4,049	3,621	3,160	2,918	2,681	51.0
Retail Trade	10,494	9,441	8,049	7,247	6,737	55.8
Finance, Insurance and Real Estate	4,037	3,504	2,877	2,551	2,207	82.9
Services	12,927	11,282	9,224	7,949	6,771	90.9
General Civilian Government	11,277	9,955	8,219	6,843	5,784	95.0
Federal	1,956	1,939	1,772	1,689	1,641	19.2
State and Local	9,321	8,016	6,447	5,154	4,143	125.0
Public Education	4,916	4,226	3,287	2,490	1,915	156.7
Non-School	4,405	3,790	3,160	2,664	2,228	97.7
Government Enterprises and Military ¹	3,778	4,632	4,045	3,738	4,052	-6.8
Government Employment as a Percentage of Private Industry Employment						
General Civilian Government	18.4	17.7	16.4	14.9	13.1	
Federal	3.2	3.4	3.5	3.7	3.7	
State and Local	15.2	14.2	12.9	11.2	9.4	
Public Education	8.0	7.5	6.6	5.4	4.3	
Non-School	7.2	6.7	6.3	5.8	5.0	
Government Enterprises and Military	6.2	8.2	8.1	8.1	9.2	
Private-Public Employment Growth: Percent Increase						
	1955-74	1970-74	1965-70	1960-65	1955-60	
Private	38.5	8.9	12.5	9.0	3.7	
Federal Gen. Civ. Gov.	19.2	0.9	9.4	4.9	2.9	
State-Local Gen. Gov.	125.0	16.3	24.3	25.1	24.4	
Public Education	156.7	16.3	28.6	32.0	30.0	
Non-School	97.7	16.2	19.9	18.6	19.6	

¹Federal military, 2.3 million in 1974; and Federal, state, local enterprises, 1.4 million in 1974.

Source: ACIR staff compilations based on U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976*.

The Federal Sector Registers the Greatest Wage Gains,
1955-1974

Average
Annual
Earnings

\$15,000





\$12,000

\$9,000

\$6,000

\$3,000

0

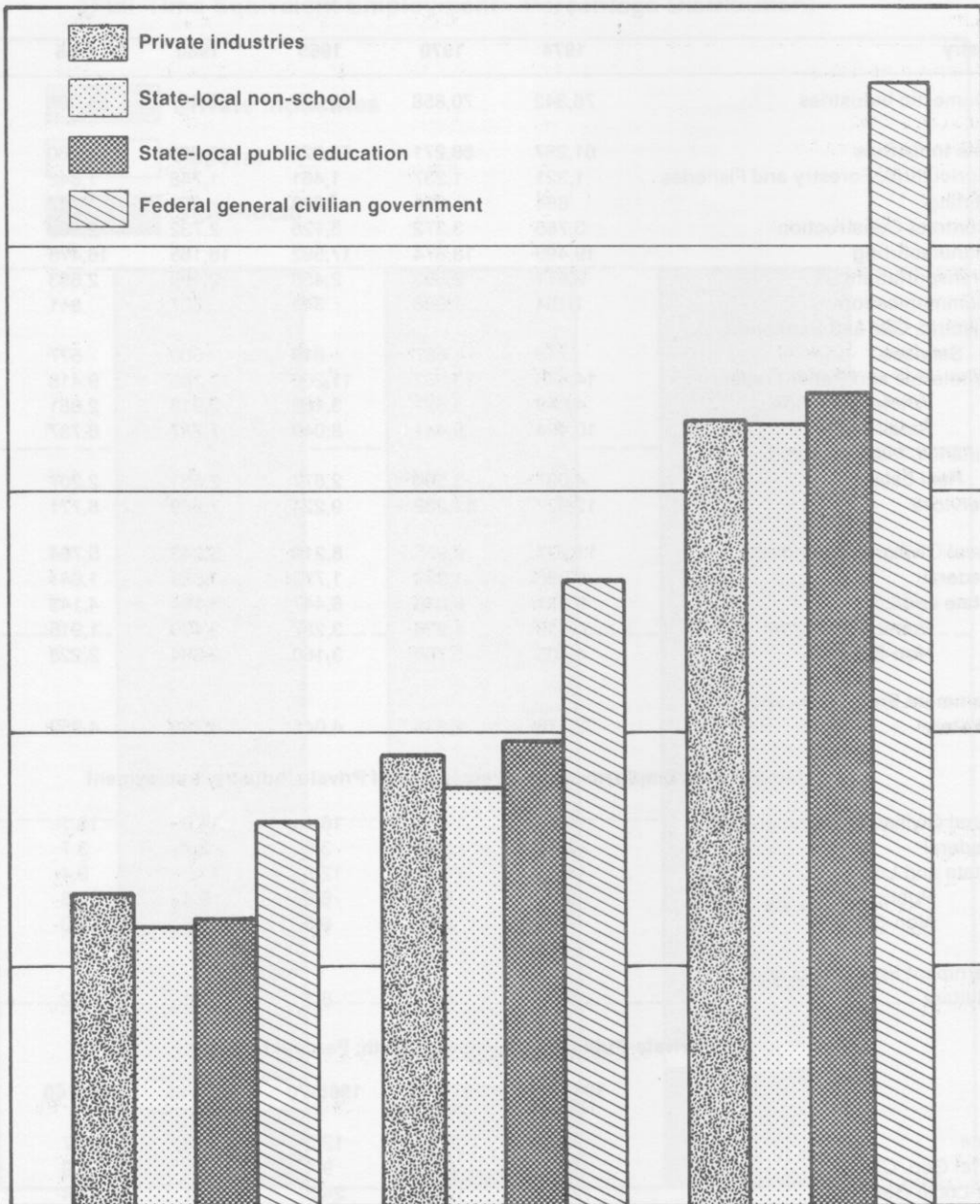
-  Private industries
-  State-local non-school
-  State-local public education
-  Federal general civilian government

1955

1965

1974

CALENDAR YEARS



Source: Table XXIII.

TABLE XXIII

The Federal Sector Registers the Greatest Wage Gains, 1955-1974

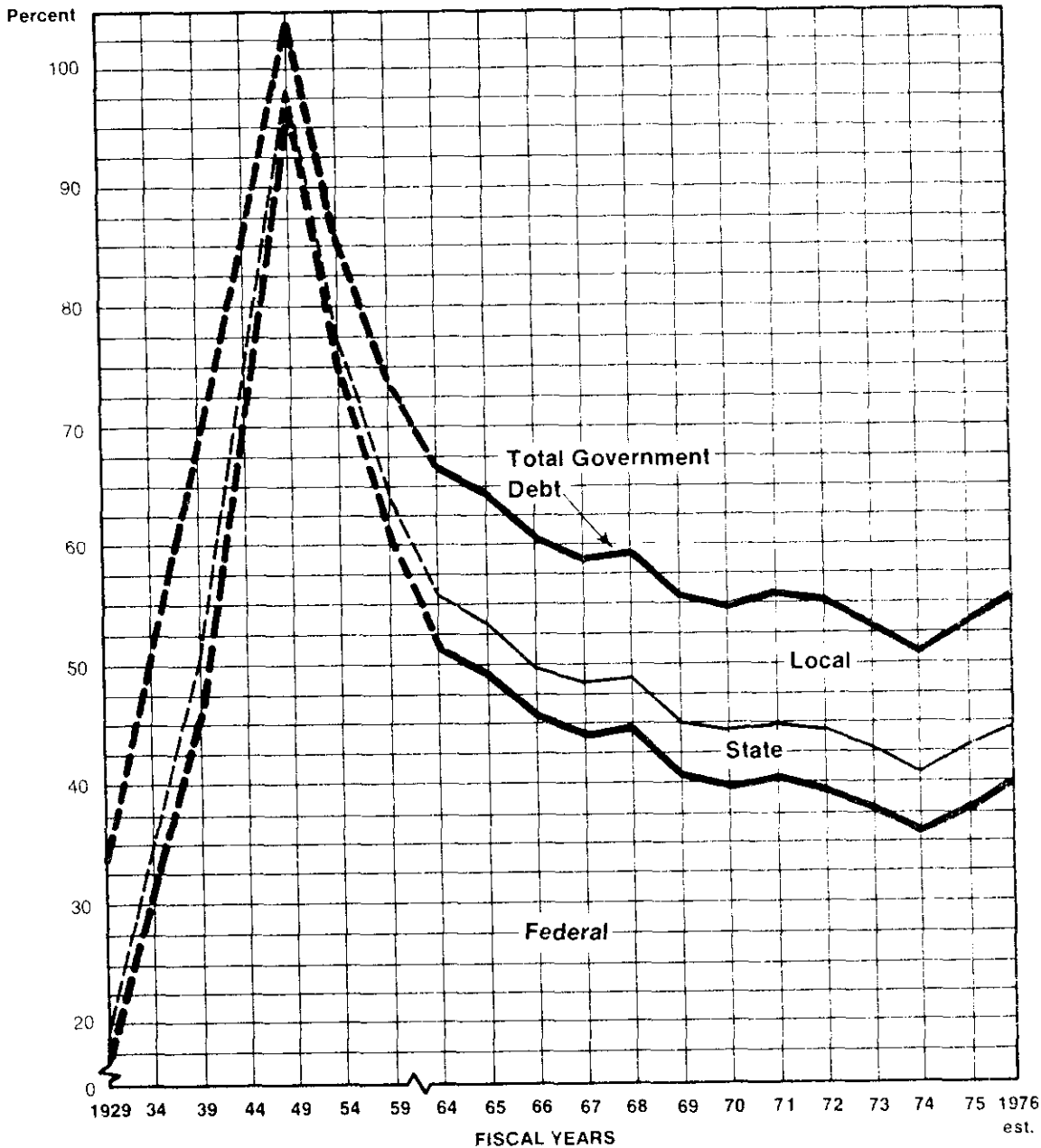
Industry	Average Annual Earnings Per Full-Time Employee					Percent Increase 1955-1974
	1974	1970	1965	1960	1955	
All Domestic Industries	\$9,994	\$7,711	\$5,812	\$4,817	\$3,915	155.3
Private Industries	9,840	7,649	5,673	4,851	3,959	148.5
Agriculture, Forestry and Fisheries	5,756	4,300	2,892	2,003	1,636	251.8
Mining	12,935	9,445	6,898	5,724	4,722	173.9
Contract Construction	12,206	9,835	6,933	5,756	4,615	164.5
Manufacturing	10,834	8,381	6,566	5,548	4,482	141.7
Transportation	12,616	9,391	6,994	5,836	4,623	172.9
Communication	12,352	8,752	6,820	5,531	4,338	134.8
Electric Gas and Sanitation Services	13,959	10,923	7,476	6,147	4,792	173.1
Wholesale and Retail Trade	8,749	6,571	5,328	4,478	3,680	137.7
Wholesale Trade	12,165	9,339	7,092	5,852	4,690	159.4
Retail Trade	7,430	5,925	4,636	3,924	3,279	126.6
Finance, Insurance and Real Estate Services	9,858	7,821	5,971	4,921	4,010	145.8
Services	9,141	6,244	4,557	3,684	2,956	170.4
General Civilian Government	10,743	8,411	6,055	4,919	3,916	174.1
Federal	14,111	10,975	7,860	6,074	4,802	193.9
State and Local	10,036	7,790	5,558	4,526	3,565	161.6
Public Education	10,236	8,140	5,848	4,762	3,608	163.7
Non-School	9,617	7,400	5,257	4,300	3,527	178.3
Government Enterprises and Military	10,295	6,964	4,970	4,162	3,438	199.4
Government Earnings as a Percentage of Private Industry Earnings						
General Civilian Government	109.2	110.0	106.7	101.2	96.9	
Federal	143.4	143.5	138.6	125.2	121.3	
State and Local	102.0	101.8	98.0	95.3	90.0	
Public Education	104.0	106.4	103.1	95.2	91.1	
Non-School	99.8	96.7	92.7	88.8	89.1	
Government Enterprises and Military	104.6	91.0	87.6	85.8	86.8	
Private-Public Wage Gains: Percent Increase						
	1955-74	1970-74	1965-70	1960-65	1955-60	
Private	148.5	28.6	34.8	16.9	22.5	
Federal General Civ. Govern.	193.9	28.6	39.6	29.4	26.5	
State-Local General Govern.	181.6	28.9	40.2	22.7	27.0	
Public Education	183.7	25.7	39.2	22.8	35.0	
Non-School	178.3	32.7	40.8	22.0	22.1	

Source: ACIR staff compilations based on U.S. Department of Commerce, Bureau of Economic Analysis, *Benchmark Revision of National Income and Product Accounts: Advance Tables, March 1976*

CHART XXIV

In Relation to Gross National Product, Total Government Debt Has Remained Fairly Constant in Recent Years

(Government Debt Outstanding as Percentage of GNP)



Source: Table XXIV.

TABLE XXIV

**In Relation to Gross National Product, Total Government Debt
Has Remained Fairly Constant in Recent Years**

(Government Debt Outstanding at End of Year)

Fiscal Year	Gross Federal Debt	Total State Debt	Total Local Debt	Gross Federal Debt	Total State Debt	Total Local Debt
	Amount (in billions)			As a Percent of GNP		
1929	\$16.9	\$2.3	\$14.2	16.9	2.3	14.2
1939	40.4	3.5	16.6	46.1	4.0	18.9
1949	252.8	4.0	16.9	96.6	1.5	6.5
1954	270.8	9.6	29.3	74.5	2.6	8.1
1959	284.7	16.9	47.2	60.4	3.6	10.0
1964	316.8	25.0	67.2	51.4	4.1	10.9
1969	367.1 ¹	39.6	94.0	40.6	4.4	10.4
1970	382.6 ²	42.0	101.6	39.8	4.4	10.6
1971	409.5	47.8	111.0	40.2	4.7	10.9
1972	437.3	54.5	120.7	39.3	4.9	10.9
1973	468.4 ³	59.4	129.1	37.8	4.8	10.4
1974	486.2	65.3	141.3	35.8	4.8	10.4
1975	544.1	72.0 est.	155.5 est.	37.8	5.0	10.8
1976 est.	633.9	78.5	169.0	39.8	4.9	10.6
	Percent Distribution			Annual Percent Change ⁴		
1929	50.6	6.9	42.5	—	—	—
1939	66.8	5.8	27.4	9.1	4.3	1.6
1949	92.4	1.5	6.2	20.1	1.3	0.2
1954	87.4	3.1	9.5	1.4	19.1	11.6
1959	81.6	4.8	13.5	1.0	11.9	10.0
1964	77.5	6.1	16.4	2.2	8.1	7.3
1969	73.3	7.9	18.8	3.0	9.6	6.9
1970	72.7	8.0	19.3	4.2	6.1	8.1
1971	72.1	8.4	19.5	7.0	13.8	9.3
1972	71.4	8.9	19.7	6.8	14.0	8.7
1973	71.3	9.0	19.7	7.1	9.0	7.0
1974	70.2	9.4	20.4	3.8	9.9	9.5
1975	70.5	9.3	20.2	11.9	10.3	10.0
1976 est.	71.9	8.9	19.2	16.5	9.0	8.7

¹During 1969, three government-sponsored enterprises became completely privately owned, and their debt was removed from the totals for the Federal government. At the dates of their conversion, gross Federal debt was reduced \$10.7 billion.

²Gross Federal debt was increased \$1.6 billion due to a reclassification of the Commodity Credit Corporation certificates of interest from asset sales to debt.

³A procedural change in the recording of trust fund holdings of Treasury debt at the end of the month increased gross Federal debt by about \$4.5 billion.

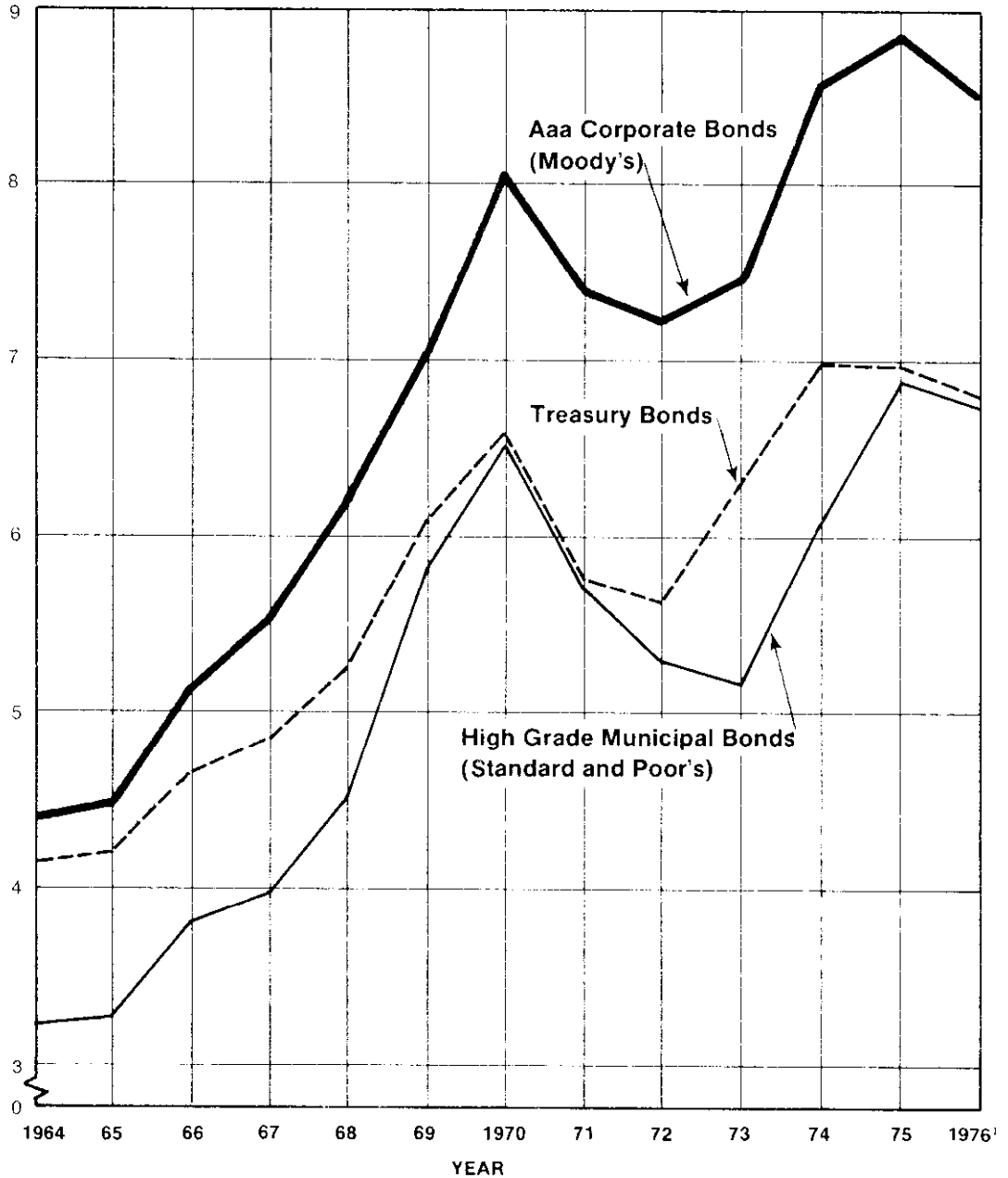
⁴The percent changes indicated for years prior to 1970 are annual average changes since the previous year shown.

Source: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances*, various years; Office of Management and Budget, *Special analysis, Budget of the United States Government, 1977*; and ACIR staff estimates.

CHART XXV

Municipal and Private Interest Rates Have Doubled Since 1964

Percent (Average Yields of Long-Term Treasury, Corporate, and Municipal Bonds)



Source: Table XXV.

¹For the week ending March 26.

TABLE XXV

Municipal and Private Interest Rates Have Doubled Since 1964

(Average Yields of Long-Term Treasury, Corporate, and Municipal Bonds)

Year	Treasury Bonds ¹	Aaa Corporate Bonds (Moody's)	High Grade Municipal Bonds (Standard & Poor's)	The Bond Buyer's 20 Bond Index ²
(Percent Per Annum)				
1929	—	4.73	4.27	4.17
1939	—	3.01	2.76	2.78
1949	2.31	2.66	2.21	2.19
1954	2.55	2.90	2.37	2.54
1959	4.07	4.38	3.95	3.40
1964	4.15	4.40	3.22	3.26
1965	4.21	4.49	3.27	3.07
1966	4.66	5.13	3.82	3.53
1967	4.85	5.51	3.98	3.76
1968	5.25	6.18	4.51	4.38
1969	6.10	7.03	5.81	4.85
1970	6.59	8.04	6.51	6.61
1971	5.74	7.39	5.70	5.74
1972	5.63	7.21	5.27	5.03
1973	6.30	7.44	5.18	5.06
1974	6.99	8.57	6.09	5.18
1975	6.98	8.83	6.89	7.08
1976	6.80 ³	8.50 ³	6.75 ³	7.13

¹First issued in 1941. Series includes bonds which are neither due or callable before a given number of years as follows: April 1953 to date, ten years; April 1952-March 1953, 12 years; October 1941-March 1952, 15 years.

²Yield as of the first Thursday in January from 1946 to date. For prior years, the yield is as of the first trading day in January.

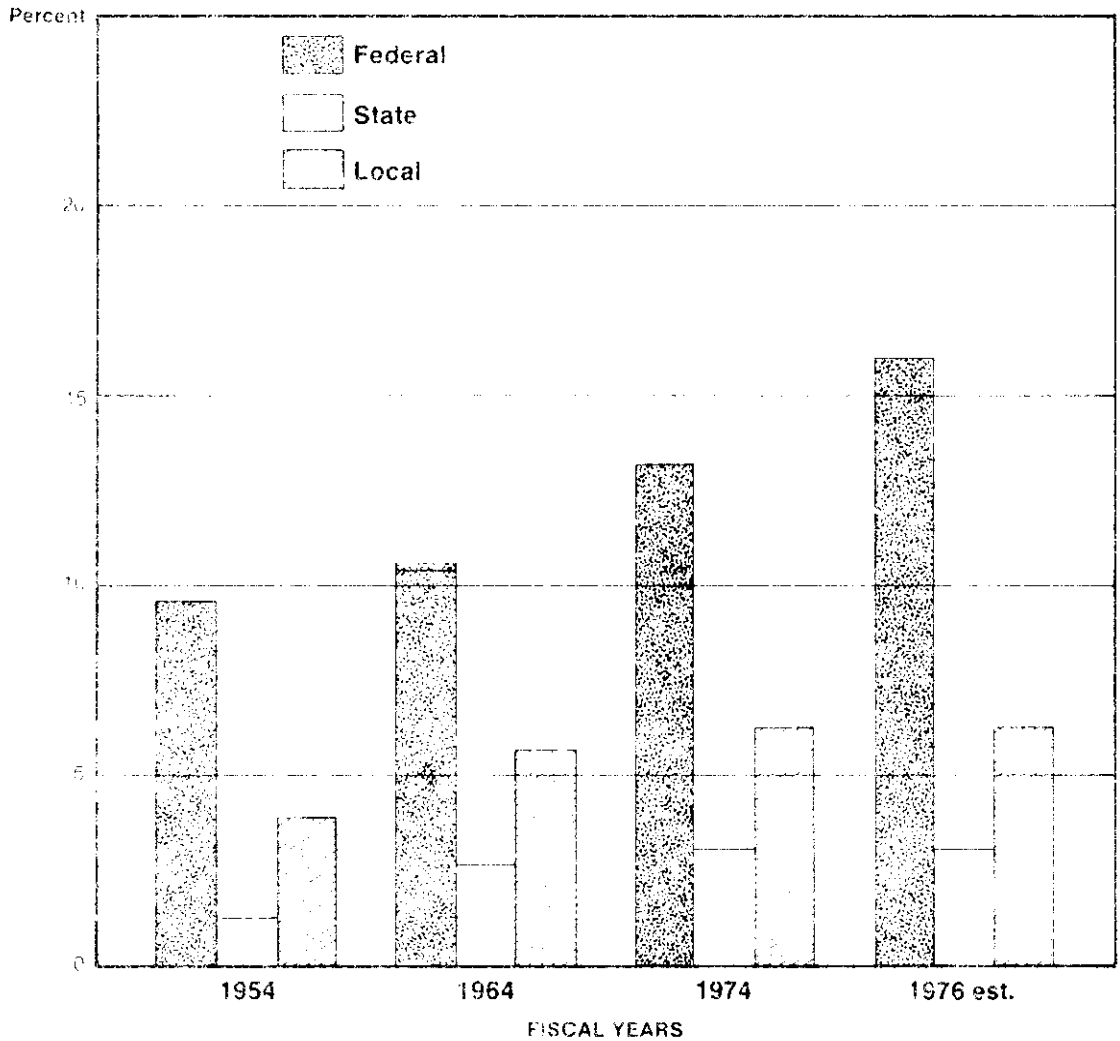
³For the week ending March 26.

Source: ACIR staff compilation based on *Economic Report of the President, February 1976*, Council of Economic Advisors, *Economic Indicators, March 1976*, and *The Weekly Bond Buyer*.

CHART XXVI

**Government Interest Payments Are Increasing at a Faster Rate Than
Government Revenue**

(Interest on Debt as Percentages of Own Source General Revenue)



Source: Table XXVI.

TABLE XXVI

Government Interest Payments Are Increasing at a Faster Rate Than Government Revenue

(Interest Payments on Government Debt)

Fiscal Year	Federal ¹	State ²	Local ²	Federal	State	Local
	Amount (in millions)			As a Percent of GNP		
1929	5678	\$95	\$550	0.7	0.1	0.5
1939	941	129	534	1.1	0.1	0.6
1949	5,339	97	330	2.0	*	0.1
1954	6,382	193	525	1.8	0.1	0.1
1959	7,593	453	963	1.6	0.1	0.2
1964	10,666	765	1,590	1.7	0.1	0.3
1969	16,588	1,275	2,457	1.8	0.1	0.3
1970	19,304	1,499	2,875	2.0	0.2	0.3
1971	20,959	1,761	3,328	2.1	0.2	0.3
1972	21,849	2,135	3,894	2.0	0.2	0.4
1973	24,167	2,434	4,351	2.0	0.2	0.4
1974	29,319	2,863	4,803	2.2	0.2	0.4
1975	32,665	3,150 est.	5,275 est.	2.3	0.2	0.4
1976 est.	37,700	3,450	5,750	2.4	0.2	0.4
	Percent Distribution			As a Percent of General Revenue ³		
1929	51.2	7.2	41.6	19.2	4.8	10.0
1939	58.7	3.0	33.3	20.9	3.6	10.7
1949	92.6	1.7	5.7	13.2	1.6	3.7
1954	90.6	2.7	7.4	9.1	1.6	2.9
1959	84.3	5.0	10.7	10.0	2.5	4.6
1964	81.9	5.9	12.2	10.4	2.7	5.3
1969	81.6	6.3	12.1	10.2	2.6	5.4
1970	81.5	6.3	12.1	11.8	2.6	5.5
1971	80.5	6.8	12.8	13.2	2.9	5.8
1972	78.4	7.7	14.0	12.5	3.0	6.0
1973	78.1	7.9	14.1	12.4	3.0	6.2
1974	79.3	7.7	13.0	13.5	3.2	6.5
1975	79.5	7.7 est.	12.8 est.	14.5	3.2	6.6
1976 est.	80.4	7.4	12.3	16.0	3.2	6.3

*Less than .05 percent

¹Interest on the public debt. Data for 1929-1949 are administrative budget figures, for 1954-1976, unified budget figures

²Interest on general debt.

³General revenue from own sources (before intergovernmental transfers)

Source: ACIR staff compilation based on U.S. Bureau of the Census, *Governmental Finances*, various years; Office of Management and Budget, *Special Analysis, Budget of the United States Government, 1977*, U.S. Treasury Department, *Treasury Bulletin*, various issues; and ACIR staff estimates.

SELECTED ACIR PUBLIC FINANCE REPORTS

- The Role of the States in Strengthening the Property Tax*, A Commission Report A-17, (Washington, D.C.: Government Printing Office, Revised 1976), Vol. I, 187 pp.
- State-Local Taxation and Industrial Location*, A Commission Report A-30, (Washington, D.C.: Government Printing Office, April 1967), 114 pp.
- Fiscal Balance in the American Federal System*, A Commission Report A-31, (Washington, D.C.: Government Printing Office, October 1967), Vol. I, 355 pp.
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- The Value-Added Tax and Alternative Sources of Federal Revenue*, An Information Report M-78, (Washington, D.C.: Government Printing Office, August 1973), 86 pp.
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- ACIR State Legislative Program*, Part 3, State and Local Revenue (M-94) and Part 4, Fiscal and Personnel Management (M-95), (Washington, D.C.: Government Printing Office, November 1975).
- Understanding the Market for State and Local Debt*, An Information Report M-104, (Washington, D.C.: Government Printing Office, May 1976), 56 pp.

What is ACIR?



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

The Commission is composed of 26 members—nine representing the Federal government, 14 representing state and local government, and three representing the public. The President appoints 20—three private citizens and three Federal executive officials directly and four governors, three state legislators, four mayors, and three elected county officials from slates nominated by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The three Senators are chosen by the President of the Senate and the three Congressmen by the Speaker of the House.

Each Commission member serves a two year term and may be reappointed.

As a continuing body, the Commission approaches its work by addressing itself to specific issues and problems, the resolution of which would produce improved

cooperation among the levels of government and more effective functioning of the federal system. In addition to dealing with the all important functional and structural relationships among the various governments, the Commission has also extensively studied critical stresses currently being placed on traditional governmental taxing practices. One of the long range efforts of the Commission has been to seek ways to improve Federal, state, and local governmental taxing practices and policies to achieve equitable allocation of resources, increased efficiency in collection and administration, and reduced compliance burdens upon the taxpayers.

Studies undertaken by the Commission have dealt with subjects as diverse as transportation and as specific as state taxation of out-of-state depositories; as wide ranging as substate regionalism to the more specialized issue of local revenue diversification. In selecting items for the work program, the Commission considers the relative importance and urgency of the problem, its manageability from the point of view of finances and staff available to ACIR and the extent to which the Commission can make a fruitful contribution toward the solution of the problem.

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

