

In 1956 the Congress made the first appropriation for subsidies to municipalities. The amount allocated to each State for distribution to municipalities was, and still is, proportioned to a formula based on a ratio of population coupled with per capita income of that State to the entire United States. However well this may satisfy equitable distribution from a political standpoint, it has not been well suited to meeting pollution-abatement needs. A recent amendment will seek to remedy this in part by providing that, when funds should be appropriated in excess of current authorization, the excess will be allotted on the basis of population.

Under the prevailing allocation scheme it turns out that States whose sewered population is quite high may not be eligible for much more Federal aid to stimulate treatment plant construction than are, for example, the Virgin Islands or the island of Guam. Each of the latter are eligible for about \$1,500,000. Yet, a State like Indiana receives only \$2 million. Since few municipalities now show any disposition to build treatment works without a Federal grant, the result is that State programs are geared to the amount of Federal money allocated for distribution among municipal claimants.

It may well be concluded that consideration should be given to a more rational procedure for allocating Federal funds to municipalities. Up to and including 1965, over 30 Federal grant-in-aid authorizations for State and local subsidy have been provided. In each instance, elaborate administrative machinery had to be established to handle these in accordance with legislative intent and with maximum equity. Such machinery normally requires at all levels of Government, increasing numbers of advisory groups, fiscal reviewers, auditors, and post-checkers. It is about time to reconsider this whole procedure and hopefully evolve a blanket tax return to local areas to be used for the purposes intended. When it is recognized that, in addition to the grants in the pollution abatement category, myriads of other grants have been initiated, it is no surprise that many officials are appalled by the labyrinth of Federal supplements through which he must now wander.

The search for a simpler fiscal relationship does not denigrate the leadership function of the Federal Government or the unevenness of correctives in the Nation. The general grant, sometimes used in the depression thirties, was attractively simple in contrast to today's increasingly intricate web of Federal grants. Unfortunately, the flexible general grant has declined, while the closely controlled categorical grants have multiplied greatly.

Quite aside from exploring possibilities of a more rational formula for allocating Federal aid—but allied to it—is a recommendation that an appraisal be made of the merits and shortcomings of the sewage-disposal grant program. Ten years of experience have been accumulated on this relatively new form of Federal aid. How effective has it been? Are appropriations realistically geared to aspirations? What can be learned from the experiences of various States who have acted as "middlemen" in the distribution of funds? These questions are merely illustrative of what it would be useful to know in further development of national policy.

A similar inquiry would be justified in connection with Federal aid made available to the States for administrative purposes.