

having the most acute public service needs and showing maximum local tax effort.

13. In order to reduce educational disparities, the Commission recommends that each State make a critical review of its present school grant formula to insure that it provides for an educational level below which no community should fall. The grant formula should contain factors designed to measure as accurately as possible local tax effort and diverse community educational requirements (for example, taking into account higher per pupil costs in slum areas), and should reflect such measurements in the allocation of aid funds.⁸⁷

The economic well-being of the individual is now largely shaped by the level of his educational attainment. It is critically important, therefore, to insure that the State financial contribution is geared to equalizing educational opportunity by bringing fiscal capabilities and needs into close alinement.

Over half the States have refined their measurement of local tax effort by adopting the equalized property tax assessment concept, thereby warding off any attempt on the part of local officials to receive a disproportionate share of the State's school aid fund through the expedient practice of competitive undervaluation. Seven other States have turned to some index of capacity unrelated to property values because of the lack of reasonably comparable information.

Some States have gone beyond equalization grants for the purpose of meeting educational problems in cities and suburbs. Grants are made, for example, to help finance school construction in municipalities. New York State has special programs of aid for education of non-English speaking pupils, culturally disadvantaged children, and aid for educational services to children with special behavior problems.

14. The Commission recommends that the States finance at least one-half the cost of general assistance welfare programs, accompanied by adoption of State standards for such programs.⁸⁸

The cost of public welfare assistance is borne mainly by States and the Federal Government, but concentrations of disadvantaged groups still impose major fiscal burdens on some communities. Federal, State, and local governments finance the "categorical" public assistance programs. These programs, which amounted to \$4,218 million in 1963 and accounted for over 90 percent of all public assistance payments, are old-age assistance and medical assistance for the aged, aid and services to needy families with children, aid to the blind, and aid to the permanently and totally disabled. In fiscal year 1964, the Federal Government paid for 60 percent of the categorical aids. Of the total State-local share, State governments as a whole paid 80 percent, and local governments 20 percent. The smallest percentage of State participation in the non-Federal share of categorical public assistance was 44 percent in the State of Minnesota.

"General assistance" programs, however, are still a very heavy charge on many local governments. General assistance recipients are the residual group of poor who are ineligible under any Federal categorical aid program. These include needy unemployed people

⁸⁷ A model State act for financial assistance for primary and secondary education will be included in the Commission's 1967 *State Legislative Program*.

⁸⁸ See "General Public Assistance," ACIR 1966 *State Legislative Program* (Washington, D.C.: October 1965), pp. 443-465.