total grants did not affect the States differentially in ways not contemplated in each grant. I pointed out in the paper that despite all the data that would characterize Wisconsin as an average State in personal income, as above average in tax effort, and as above average in government quality, the State ranks next to the bottom in grants in aid received in relation to tax effort.

It may be that 12 grants is too small a number, but it seems to me that if we wanted to have some additional specialized grants for limited periods, it would always be possible to experiment on a 3-year basis and then bring them back into the total of 12 or so.

If Congress not only consolidated present grants into a relatively small number but additionally differentiated among the States on the grounds of past program quality and administrative effectiveness, even greater progress might come. The differentiation among the States would not extend to withholding funds but to rewards in simplifying applications and reports. Broadening grants and rewarding effectiveness would give time and room for creativity in the States most likely to respond.

Shared national tax revenues can assist State governments. Tax sharing offers a flexibility to receiving governments that grants cannot fully do. A number of the American States have supplemented program grants to local governments with shared taxes over a period of five or six decades. The tax sharing has permitted local governments to continue in some programs without detailed State direction. Tax sharing, much more than grants-in-aid, strengthen the elected executive and legislative bodies of the recipient government. Some political power and decisionmaking would shift if shared taxes replaced a similar expansion in grants-in-aid. Governors and legislators would gain opportunities to make greater choices in program priorities. Shared taxes permit greater optimizing of budget decisions. Where the specialized matched grant may distort Government budget decisions merely through the incentive to collect "what belongs to us," the shared tax simply adds to the available revenues for whatever program decisions are made.

Administrators would lose some of their present influence on program emphasis to the chief executive and legislative bodies in their State. They might gain some opportunities for experimentation and innovation that would attract energetic young careerists to the State agency. Manpower problems in State and local governments have worsened, as prospective recruits see most of the exciting and creative administrative decisions being made in Washington.

The experience of shared taxes in the States offer some warnings. Devising a distribution formula is a sensitive political and technical problem. Subsequent change is politically difficult, and the wrong formula may fail to assist as intended or to have unforeseen and unwanted consequences. Where some equalization is intended, returning taxes in great part to the community from which collected will have the opposite effect. Such factors as population or per capita income and tax effort must constitute a major part of any formula that seeks to equalize revenues and needs. In the case of local governments, both State shared taxes and State and Federal grants-in-aids have played unfortunate roles in fragmenting our metropolitan areas into numerous government units.