The question is not *whether* revenue sharing should put funds at the disposal of local governments, but *how*. Can one count on relief coming automatically from a general grant made to the States, or should a specific part of the State shares be specifically reserved for the local units?

All States give aid to local units and most give significant amounts. As a matter of fact, the State grant-in-aid system for local governments is much more highly developed than the Federal grant system. In the aggregate, transfers from State to local governments account for more than a third of State expenditures and about 30 percent of local general revenues. By contrast, Federal grants amount to only 17 percent of State-local revenues. Thus, even without any specific requirements, we would expect the local governments to receive at least a third of any general funds the States might receive from the Federal Government.

Nevertheless, in the light of urgent local needs and the observed tendency of State capitals to shortchange their major central cities, we have been persuaded that an explicit "pass-through" rule may be desirable to recognize the legitimate claims of local government. This can be done in one of three ways:

1. *State plans.*—The most flexible method of handling the problem is to require the governors to prepare plans for the use of the funds. As guidance for the development of these plans, the Congress might indicate the general areas which it regarded as most urgent, including the need for making funds available to local governments. To be sure that the plan represented a broad spectrum of opinion in the State, the governor might be directed to consult with local officials and representatives of local citizens associations before incorporating the plan in his budget. The development of such plans would provide the occasion for a complete review and possibly a revamping of State-local relations throughout the country.

2. *Minimum pass-through.*—The legislation might provide a minimum percentage pass-through for all States. In view of recent trends, the minimum should be at least 40 percent and might even be as high as 50 percent. This would prevent any State from short-changing its local governments (although it might be difficult to detect offsetting reductions in existing grants if the State legislature was of a mind to do so). The disadvantage of a fixed percentage is that the extent to which the States delegate responsibilities to, and share revenues with, local governments varies greatly. In some States, the appropriate percentage may well exceed the 50 percent mark, and in others it may be below it. The danger is that any minimum percentage is likely to become a maximum, so that stipulating the percentage may do more harm than good in some States.

3. *Minimum pass-through plus guaranteed share for cities.*—Providing a minimum pass-through percentage does not insure a fair allocation to the large central cities, most of which are in dire financial straits and need relatively more help than other communities because of their heavy public welfare loads and disappearing bases as the middle-class continues its exodus to the suburbs. A minimum per capita outlay from the revenue sharing grant to these central cities would solve the problem, but it is virtually impossible to settle on a simple cut-off rule for such cities. For example, if all cities with population above 50,000 were included in this special proviso, no city in Alaska, Idaho, North Dakota, Vermont, or Wyoming would be protected for the minimum. In other States, the counties are major operational units and should be eligible for special treatment if this approach is taken. Moreover, the existing distribution of State-local responsibilities for education, health, welfare, and highways differ greatly and it would be impossible, as well as unwise, to set a given figure that would be equitable in all States.

It is, nevertheless, true that the problem should not be insuperable, since there are only 50 States to deal with and our senators and congressmen are very familiar with their State-local patterns and problems. An objective review of these problems on a State-by-State basis by the congressional committees, or the Advisory Commission on Intergovernmental Relations, or an ad hoc commission that might be set up for this explicit purpose should be able to come up with acceptable solutions. Any formula or set of formulas that would be included in any revenue sharing plan could be made subject to periodic review. Furthermore, the legislation could provide escape clauses from the statutory minima in the event that the governor and mayors of the principal local governments make an official request to the trustee of the revenue sharing funds.

These approaches suggest the range of alternatives. Although the problem is complicated by the large number and variety of local government units and the varying State-local relationships throughout the country, it should be possible to arrive at an equitable solution—provided the problem is approached sympathet-