in Alaska, Idaho, North Dakota, Vermont, or Wyoming would be protected by the minimum. In other States, the counties are the major operational units and they should be eligible for treatment if this approach is taken. For example, in the State of Maryland, there is one major city, Baltimore, and the rest of the State is broken up into 23 counties, several of which are very urbanized and ought to receive a specific allotment if you require a pass-through to urban communities.

An alternative plan that I much prefer to the cutoff point is that the legislation might stipulate various formulas for the 50 States. I haven't done it State by State, but—for the few States that I do know—I feel sure the committee that wrote the legislation in consultation with the Governor and the local governmental units could come up with an equitable distribution of the funds as between the urban communities and the State government. I don't think this is too difficult a job for only 50 States and it could be done on a provisional basis to see how it worked. After a few years, the results might be subject to review and revision.

On the whole, while the mayors and people concerned with local government problems have been very worried about this aspect, I think people of good will could get together on this problem—if they were of a mind to do so.

I turn now to the question of whether the States and local governments need financial assistance. You apparently had a session on projections, and perhaps I am out of order, but I do want to call to your attention a few things that the projections I have seen suggest to me.

As you know, past projections of State-local revenues and expenditures have always tended to understate the growth in demand for State-local services. In this particular instance it is hard to pinpoint why these projections will be off, but I feel very strongly that they will be. Moreover, I think I can prove to you that they are already off in important respects.

Before I do so, let me remind you that the projections you have seen are projections for all State-local governments. If the total comes out too close to zero or with a small cash surplus, it means that roughly half the States will have deficits, and the other half will have surpluses.

Now, the States that have had funds available to them have used them for increasing their services, so that the surpluses will be wiped out as the State and local governments build up to the higher revenues. The State and local governments with deficits will raise their taxes. In effect, the projections understate the level of services to the extent that the projected deficits have not been made up by increased receipts from higher tax rates.

The other point that I would like to mention is that the recent activity, at least at the State level, indicates there is just no letup in the tax rate increases.

I have a table, Madam Chairman, which I would like to insert in the record.

Representative GRIFFITHS. Without objection you may do so.

(The table referred to above follows:)