

Representative GRIFFITHS. Of course, you audit. You put it into Arkansas; for every dollar they put on welfare we pay 87 cents of it. There is not any problem with that.

Mr. PECHMAN. All right. But you said——

Representative GRIFFITHS. All right. Now you are going to go into a State and say, "Here is some unattached money, you can spend it on education," and you are going to go in and say, "Right, you spent \$120,000 on education."

But you must have in there surely some place that they cannot reduce their own efforts.

Mr. PECHMAN. Oh, no.

Representative GRIFFITHS. You are not going to have that?

Mr. PECHMAN. You do not have that with respect to present grants.

Representative GRIFFITHS. You are going to let them substitute that. Then you are going to let the most important needs be met, the needs where the people themselves may lobby, and you are going to wipe out all other needs. This is the problem of the States now. The only people who are listened to in the State legislature are the lobbyists, in general.

Mr. PECHMAN. That is also an exaggeration.

Representative GRIFFITHS. Not too much; not too much. One of the ways that Michigan put through that tax, I understand, was that the Governor of Michigan asked every lobbyist to lay off, and accordingly, they did.

Mr. PECHMAN. With respect to the other point regarding the use of the fund, let me give you some other data about Michigan. I am sorry to bother you with facts.

Representative GRIFFITHS. I want it, because you have a lot of theories that are not workable. I mean your theory on how people are going to react really does not hold water. Let us hear your facts.

Mr. PECHMAN. The fact is that, of all State-local expenditures in Michigan in 1964-65, 44.6 percent of total expenditures went for education, and for the country as a whole, 38.6 percent of all expenditures went for education.

If you look at the record, you will find that, over the past 10 years, close to half of the additional money that the States, not the local governments, received went into education.

I submit to you that, if you want two and a half billion to three billion dollars to go into vitally needed educational services, give the States \$6 billion of unencumbered funds. That is the way to do it.

I am not saying you should scuttle the categorical grant-in-aid programs. They are needed. But if you add resources at the State level, this will float down to the local governments. It has in the past, and I see no reason why one should assume, as you have, that it will not in the future.

With respect to the particular pass-through formula for local units of government, I was surprised to hear Senator Proxmire worrying about the State of Wisconsin.

Well, the fact that one-third of total local expenditures in Wisconsin comes from the State. I have not been in the State except for a visit in over 25 years, but as I recall it, the grant-in-aid system in the State of Wisconsin has been undergoing change over many years.

Senator PROXMIRE. If the Chairman would yield, Wisconsin, I think, has a wonderful system of making sure that the localities do