

ment of public welfare every \$1,000 of expenditures in a given month is divided as follows: \$100 for administration, and \$900 for assistance to 100 families at \$9 per month. Thus the administration is 10% of total expenditures. But let us assume that due to a sudden realization of how inadequate a \$9 per month grant is, this department increases the grant to \$18 per month, or double what it was before. It takes no more administrative money to care for the same 100 cases. But now, of a sudden, the agency spends not \$900 for assistance but \$1800; it still spends its \$100 for administration out of a new total of \$1900, and its percentage is now only slightly over 5% instead of 10% as before. Thus the mere moving up or down of the average assistance grant so affects the percentage that it is open to question and furnishes no basis of comparing one state with another.

After weighing carefully, however, the complexities faced in attempting to arrive at a mutually acceptable administrative cost breakdown, on the one hand, as against the financial penalties incurred by states of very limited resources under the 5% basis of payment, I am very definitely in favor of the Federal Government's participation in administrative costs in all the categories of relief on the basis of one half of actual cost. The percentage basis of total expenditures still in effect in the field of old age assistance seems to me to be unrealistic and unsound, and should be abandoned.

So much for Federal financial participation. What of the sharing as between states and local units? Looking at the Country as a whole we find some states in which the total cost is borne by the State. In others, the local community also pays its share. In Maryland we use the latter method. We believe in some assumption of the cost by the local unit, by which the people are made relief conscious, but there are numerous criticisms which can be made of the present method, criticisms which are applicable to many other states.

At the present time, in Maryland, the laws governing old age assistance and public assistance to the needy blind require the local units to contribute a stated proportion of the total costs. In old age assistance for example, the local units pay one-sixth, the State one-third, and the Federal Government one-half. Now, it is a well-known fact that in every local community a one cent levy on \$100 of assessable property will raise varying amounts, depending on the wealth of the community. In the poorer communities it will require a considerably higher tax in order to raise a sum sufficient to provide assistance for needy persons. In Maryland, for example, one local unit is taxing itself 8.45¢ on real property in order to raise the necessary funds for old age assistance, and doing it less adequately than another community which needs to tax itself only 1.41¢. It is also true that the poorer community will have a higher incidence of need.

It would therefore seem wise to explore the possibility, where local units are contributing to assistance costs, of equalizing this tax burden. This could be done by establishing a standard levy upon each \$100 of assessable property, and requiring this, uniformly, of all local units. Other means will then have to be found for supplying the difference. It would seem desirable to urge that the Social Security Board make a thorough study of the different methods of financing and place at the disposal of the states factual material which will aid in arriving at a sound basis of financial sharing.

Another shortcoming which one sees in the financial situation, viewing the Country as a whole, is the disproportionate amounts appropriated for the