EARMARKING TAX FUNDS FOR WELFARE PURPOSES

Ewan Clague and Joel Gordon*

The assessment of special taxes, the proceeds of which are to be devoted exclusively to special purposes, is an increasingly familiar device adopted by legislators to finance governmental functions. Dedication of funds for specified purposes assumes so many different forms that no one term adequately describes the device. The term “earmarking” is used most frequently to express the direct relationship which exists between taxes and expenditures when the proceeds of special taxes are by law assigned exclusively to certain expenditures.

Special assessments on adjoining real estate for paving streets and constructing sewers and sidewalks are an accepted method for financing improvements. Special assessment for these purposes is based upon the benefit theory of taxation and may be regarded as an attempt to capture for the community some of the increase in land values arising from the new public utilities. Sometimes these special assessments are so definitive that the landowner is in effect buying his own share of the utility—a sidewalk, for example. The use of motor-vehicle and gasoline taxes for the building and maintenance of roads represents another form of earmarking in which the relationship between taxes and purposes for which expendable is not as direct, although it is assumed that the gasoline consumption of the automobile owner roughly corresponds to his use of the roads. The variation in motor-vehicle taxes in accordance with weight and size may be considered an example of the same general principle.

The principle of special taxation was applied on a large scale in the establishment of social security pay-roll taxes, both in old-age insurance and in unemployment compensation. In old-age insurance, the funds derived from both the employer and employee pay-roll taxes are paid into the general fund of the United States Treasury, but it is expected that the appropriations to the old-age reserve account (from which old-age insurance benefits are to be paid) will substantially equal the receipts derived from these taxes.¹ The earmarking of taxes for unemployment compensation is even clearer, since all the money collected by the States must be deposited to the account of each State in the United States Treasury from which it can be withdrawn for one purpose only: the payment of unemployment compensation benefits in accordance with State law.²

Earmarking for Welfare Purposes Prior to the Social Security Act

Earmarking for welfare purposes differs from the types of earmarking cited, since it is not based upon the benefit theory. The assessment of special taxes for welfare purposes, particularly by local governments, has been practiced for many years, usually in the form of fixed mill levies on real estate for county or town poor relief. On the whole, however, funds for welfare work, especially at the State level, came from general revenues.

The great expansion in welfare funds made necessary by the depression required hard-pressed State and local governments to find additional revenues. Unable to finance relief from the general fund, legislatures and governors, when vested with adequate authority, at first “borrowed” and later “diverted” funds dedicated for other special purposes, such as highway construction.

In the beginning, diversion took a rather simple form. Some States adopted high gasoline taxes in the late 1920’s to finance large-scale road-building programs. While other sources of revenue fell during the depression, the steady consumption of gasoline maintained revenues from gasoline taxes at relatively high levels. Not wishing to levy new taxes for relief purposes, some State legislatures decided to tap highway funds for relief purposes. Highway funds were appro-

¹ By the Social Security Act Amendments of 1939, approved Aug. 10, 1939, the old-age reserve account is replaced by the “Federal old-age and survivors trust fund,” effective Jan. 1, 1940. Beginning with the fiscal year 1940-41, collections from pay-roll taxes are to be transferred automatically to the trust fund.

² The Social Security Act Amendments of 1939 authorize withdrawals for payments to the railroad unemployment insurance account in connection with the establishment of the railroad unemployment insurance system.


Social Security
priated directly for relief, or indirectly by using highway funds to purchase State bonds issued for relief. Thus, in the latter case, cash from gasoline taxes flowed out of the treasury in the form of relief although the highway fund itself was invested in State bonds.

Diversion of gasoline taxes from highway purposes was met by protests from tax-paying motorists, who insisted that the State by previous legislation had pledged itself clearly to use these funds for road-building and for no other purposes. To meet this complaint, State legislatures levied additional emergency taxes on the same objects instead of diverting the money from the existing gasoline and motor-vehicle taxes. These additional taxes were paid into the general fund of the States, from which they could be appropriated for relief or other purposes.3

Earmarking Since the Social Security Act

As the depression lengthened, State legislatures found it necessary to take steps to provide funds for public welfare on a more permanent basis. The use of emergency taxes, of bond issues, of borrowing from other funds or temporarily from the banks became more and more unsatisfactory as the years passed. The establishment of the Works Progress Administration by the Federal Government and the return of responsibility for general relief to the States forced the legislatures to devote thought to the long-run relief problem. Subsequently, the passage of the Social Security Act brought home to the States the necessity for providing permanently for their share in the support of the aged, the blind, and the dependent children included in the public-assistance program.

Faced with the problem of raising a substantial amount of new revenue, the States, and to some extent also the localities, began to devise new or additional types of taxation which would yield the necessary funds. Many of the States and localities earmarked these funds in order to ensure their availability for relief purposes. The objective in much of this earmarking procedure was in many ways laudable. Since State treasuries were frequently empty, there could often be no assurance that the appropriations which had been made for relief and welfare purposes would at all times throughout the year materialize in the form of cash for payments to needy individuals. What then was more natural than that legislatures should earmark certain kinds of taxes to ensure that at least that much money would be available?

Federal agencies may have contributed unwittingly to this development through the operation of Federal grants-in-aid to the States. In the days of the Federal Emergency Relief Administration, 1933-35, persistent efforts were made by the Federal agency to get the States to contribute a reasonable share of the total relief cost, to prevent some States from placing the entire burden on the Federal Government. However, the effect of the Federal-State negotiations in such matters sometimes led to the development of earmarking in the State, since earmarking offered the easiest method for the State to pledge certain revenues for matching purposes.

The Social Security Act formally established a grant-in-aid system on a fixed matching basis for the special types of public assistance and thereby reduced the need for negotiation by the Federal Government with the States to assume part of the relief burden. The Federal agency (in this case the Social Security Board) was nonetheless under the necessity of obtaining pledges that State funds would be available for matching by Federal grants. The grant-in-aid procedure specified in the Social Security Act implies that State revenues need to be pledged for assistance purposes. The Social Security Act provides that the Board shall:

... prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter ... such estimate to be based on ... a report filed by the State containing its estimate of the total sum to be expended in such quarter ... , and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter ... 4

The Federal requirement concerning the availability of adequate State funds for the ensuing quarter may encourage earmarking as a device for giving assurance that such funds will be available.

Forms of Earmarking for Public Assistance Under the Social Security Act

Whatever the reasons, earmarking has become an accepted method for financing public assistance

---

3 For a detailed criticism of the justification and philosophy of this second type of diversion, see the Annual Report of the New York State Tax Commission, 1937, pp. 21-32.

4 Title I, sec. 3 (b) (1). Italics ours.
in the States. Although general revenues are used to finance a majority of the State programs for the special types of public assistance, State and/or local revenues are earmarked for at least one program in 25 of the 49 States. A detailed description of the sources of State and local revenues for each assistance program is contained in table 3.

Fifteen of the 49 States with plans for old-age assistance approved by the Social Security Board derive their State funds for old-age assistance entirely from earmarked revenues, 4 States from both earmarked and general revenues, and 30 States entirely from general revenues (table 1). In approximately the same proportions, the States with approved plans for aid to dependent children and aid to the blind finance their programs in these ways.

In general, earmarking is more common at the local than at the State level. Of the 23 States with approved plans for old-age assistance which provide for local financial participation, local revenues for old-age assistance are derived entirely from earmarked funds in 9 States, from both earmarked and general revenues in 1 State, and entirely from general revenues in 13 States; in 26 States, local governments do not participate financially. The methods of financing aid to dependent children and aid to the blind at the local level are similar.

Thus, all or part of State revenues for public assistance are earmarked in 19 States and local revenues in 12 States. State revenues are earmarked for all three public-assistance programs in 10 States and for two programs in 3 States, without specifying the amounts for individual programs (table 3). Two States earmark the same State revenues for all three public-assistance programs but specify the proportions for each program. State revenues are earmarked for individual programs in the other 4 States which earmark State funds. Variations occur at the local level also. In 6 States, local funds are earmarked for all three forms of public assistance and in 3 States for two forms, without specifying the amounts for individual programs; in 3 States local revenues are earmarked for a single program.

Table 1.—Sources of State and local revenues for public assistance, by program

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of States financing specified public-assistance programs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From general revenues only</td>
</tr>
<tr>
<td>State revenues:</td>
<td></td>
</tr>
<tr>
<td>Old-age assistance</td>
<td>49</td>
</tr>
<tr>
<td>Aid to dependent children</td>
<td>41</td>
</tr>
<tr>
<td>Aid to the blind</td>
<td>41</td>
</tr>
<tr>
<td>Local revenues:</td>
<td></td>
</tr>
<tr>
<td>Old-age assistance</td>
<td>23</td>
</tr>
<tr>
<td>Aid to dependent children</td>
<td>27</td>
</tr>
<tr>
<td>Aid to the blind</td>
<td>19</td>
</tr>
</tbody>
</table>

1 No local financial participation provided in some States.

Earmarking is applied both to funds for assistance and to funds for administering the program. All but three of the States which earmark State funds pay administrative expenses as well as assistance payments from these funds. The exact amount to be used for administration is not specified except in Colorado, Nebraska, Oklahoma, and Texas, where expenses for administration are limited to specified percentages of earmarked funds. Expenses of administration are paid from earmarked local funds in all but three States which have such earmarking; in Tennessee no local funds are used for administrative expense, and in Colorado and Maryland

Table 2.—Types of State and local revenues earmarked for each public-assistance program

<table>
<thead>
<tr>
<th>Type of revenue earmarked</th>
<th>Number of States in which public assistance financed from specified earmarked revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old-age assistance</td>
<td></td>
</tr>
<tr>
<td>State revenues:</td>
<td></td>
</tr>
<tr>
<td>Liquor taxes</td>
<td>10</td>
</tr>
<tr>
<td>Racing taxes</td>
<td>2</td>
</tr>
<tr>
<td>Sales taxes</td>
<td>6</td>
</tr>
<tr>
<td>Gasoline taxes</td>
<td>2</td>
</tr>
<tr>
<td>Hotel taxes</td>
<td>3</td>
</tr>
<tr>
<td>Inheritance taxes</td>
<td>2</td>
</tr>
<tr>
<td>Corporation taxes</td>
<td>2</td>
</tr>
<tr>
<td>Property taxes</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
</tr>
<tr>
<td>Local revenues:</td>
<td></td>
</tr>
<tr>
<td>Property tax—fixed mill levy</td>
<td>9</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
</tr>
</tbody>
</table>

1 Included in "other" are the following: luxury, pool table, vending machine, advertising awards, storage or consumption of commodities, income, oil severance, coin-operated machines, amusement, and cigarette taxes.

2 Included in "other" are the following: tax on personal property, tax on net proceeds of mines, beverage tax, sales tax.

Forty-eight States and the District of Columbia. Data not available for Alaska and Hawaii.

Connecticut (old-age assistance and aid to the blind), Massachusetts (old-age assistance), and Wyoming (all 3 programs).
The feature common to all the earmarking provisions which have been described is that the particular tax or taxes earmarked must be used for the purposes specified and for no other. It is not earmarking when the proceeds of a special or additional tax go into the general fund with the idea that the general fund will then be adequate to provide the expenditures authorized. Thus, the old-age assistance head tax levied in Vermont is not an earmarked tax despite its title. Old-age assistance payments in Vermont are charged to the general fund, but the proceeds of the head tax are not earmarked within the general fund for payment of old-age assistance and need not be used for this purpose.

**Types of Revenues Earmarked for Public Assistance**

The types of special taxes levied for welfare purposes are a matter of considerable significance. Liquor and sales taxes are earmarked most commonly at the State level and property taxes at the local level (table 2).

Taxes earmarked for public assistance fall into four major groups: (1) luxury taxes—liquor, racing, amusement, and cigarette taxes; (2) taxes on the general population—sales, head, and, to a more limited extent, gasoline taxes; (3) taxes on income of corporations and on inheritances; and (4) taxes on property. While earmarking of each of these types of taxes reflects the common problem with which legislatures were faced of discovering additional revenues to finance growing relief needs, different theories of taxation lie behind each group of taxes.

In placing emphasis upon luxury taxes, legislatures seem to have been influenced by what one might call the "sin" theory of taxation for welfare purposes. This notion stems possibly from the old Puritan idea that poverty was in many instances the result of drinking, gambling, and other such vices and that, therefore, those who indulged in these should contribute liberally to the care of the needy. However, this relationship becomes somewhat inverted in practice and has resulted in such slogans as the following, pressed upon the voters prior to elections: "Vote for the dog-racing bill and help our destitute fellow citizens."

The desirability of earmarking as a fiscal device must be examined apart from the taxation theories underlying the specific taxes earmarked for public assistance.

Proponents of earmarking see in this device a means of assuring the availability of funds for welfare needs. In practice, however, earmarking has proved to be a double-edged weapon. When yields from earmarked taxes are high, adequate funds are available for relief. Yields of most taxes fluctuate with business and other conditions; some taxes are more sensitive to changing conditions than others. A fall in revenues earmarked for relief may wreak havoc with the relief program. Since this program has specific revenues assigned for its use, it has no claim on general revenues. The reduced tax base to which the relief program is related may result in violent fluctuations in revenues for relief.
Earmarking may cause the uneven development of one governmental function at the expense of others. Earmarking gasoline taxes for highway purposes has been responsible, in the opinion of many students of government, for disproportionate expenditures for highway purposes, to the detriment of other equally important governmental functions. Because of decreased revenues, many States curtailed governmental expenditures drastically during the depression. At the same time, highway departments in several of these States continued the relatively high rates of expenditures made possible by the relatively stable yields from gasoline taxes earmarked for their use.

Much the same situation has developed within the relief area. The programs for old-age assistance, aid to dependent children, and aid to the blind have been expanded in some States while at the same time expenditures on general-relief programs have declined for lack of funds. Earmarking is not solely responsible for this situation, but it unquestionably has contributed to it.

Colorado furnishes the most striking example of the effects of earmarking for old-age assistance upon other assistance and relief programs and upon other governmental functions as well. The State constitution (which can be altered only by a referendum of the voters) allocates to old-age assistance “85 percent of all net revenues accrued or accruing, received or receivable from any and all excise taxes now or hereafter levied” upon sales at retail or any other purchase transaction; upon the storage, use, or consumption of any commodity or product; upon all malt, vinous, or spirituous liquors (including license fees); and upon all inheritance taxes and incorporation fees appropriated for old-age pensions. The law further provides: “All monies deposited in the old-age pension fund shall remain inviolate for the purposes for which created, and no part thereof shall be transferred to any other fund, or used or appropriated for any other purpose.”

In other words, this amendment pledges 85 percent of a significant segment of the revenues of the State to old-age assistance.

If the practice of earmarking is carried to its logical conclusion, each function of government will be financed from specifically designated revenues. A series of air-tight compartments will be established. Budgetary planning and control of all expenditures of State and local governments will become exceedingly difficult or even impossible. The legislature will have abdicated its function of reviewing proposed expenditures periodically and evaluating expenditures for each governmental function in relation to all others.

Conclusion

The development of earmarking for relief purposes has created a dilemma for welfare workers. Eager to obtain adequate funds for relief, they have been complacent in accepting earmarking, even if they have not actually promoted it. In the beginning, earmarking may have attained its objective of assuring revenues for meeting the relief problem. As time goes on, however, the advantages gained appear to be questionable. Earmarking may result in limiting the amount of funds instead of providing adequate funds. The welfare program cannot be planned properly because of the uncertainty of revenues. It can be planned more intelligently if all taxes levied flow into the general fund and all appropriations are made from that fund.

Although they have not been responsible for the selection of regressive taxes for public assistance, welfare workers cannot ignore the implications of these taxes. Regressive taxes which bear heavily on the lowest income groups will not constitute, in the long run, a sound basis for welfare programs in this country, to the degree that such taxes further reduce the incomes of those whose poverty or near-poverty the revenues are being used to alleviate. Welfare workers, therefore, might achieve their objectives better by supporting the establishment of well-rounded systems of taxation and by accepting the principle that the welfare program cannot be considered apart from the taxes used to finance it.

---

1 Italic ours. Constitution of Colorado, art. XXIV, sec. 2.
2 Ibid., sec. 7.
<table>
<thead>
<tr>
<th>State</th>
<th>Program</th>
<th>Sources of State funds</th>
<th>Sources of local funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>Old-age assistance</td>
<td>Partly from general revenue and partly from earmarked revenues.</td>
<td>Following revenue (less cost of collection) assigned to State Assistance Account: 10 percent of beverage tax. No part of account specifically earmarked for any single program. Expenses of administering programs also financed from account. Partly from general and partly from earmarked revenues in all counties.</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aid to the blind</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arizona</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues.</td>
<td>No local funds.</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aid to the blind</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arkansas</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues.</td>
<td>No local funds.</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aid to the blind</td>
<td></td>
<td></td>
</tr>
<tr>
<td>California</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues.</td>
<td>Entirely from general revenues in all counties.</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aid to the blind</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues.</td>
<td>OAA: No local funds.</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aid to the blind</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. As far as possible changes resulting from legislation during 1939 have been incorporated.
### Table 3—Sources of State and local funds for financing payments to recipients of public assistance under plans approved by the Social Security Board, by States—Continued

<table>
<thead>
<tr>
<th>State</th>
<th>Program</th>
<th>Sources of State funds</th>
<th>Sources of local funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>General and/or earmarked revenues</td>
<td>Specific revenues earmarked</td>
</tr>
<tr>
<td>Connecticut</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues</td>
<td>Following revenue assigned to Old Age Assistance Tax Fund: Per capita tax. No part of fund specifically earmarked for either program. Expenses of administering programs not financed from fund.</td>
</tr>
<tr>
<td></td>
<td>Aid to the blind</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delaware</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>District of Columbia</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Florida</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues</td>
<td>Following revenue (less cost of collection) assigned to Old Age Assistance and Aid to Blind Account: Beverage tax. No part of account specifically earmarked for either program. Expenses of administering programs also financed from account.</td>
</tr>
<tr>
<td></td>
<td>Aid to the blind</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Georgia</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Idaho</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Aid to the blind</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Illinois</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Aid to the blind</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indiana</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Iowa</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues</td>
<td>Following revenue assigned to State Old Age Assistance Fund: (1) Per capita tax, (2) First $5 million of sales tax, income tax, and corporation tax. Expenses of administering old-age assistance also financed from fund.</td>
</tr>
<tr>
<td>State</td>
<td>Old-age assistance</td>
<td>Aid to dependent children</td>
<td>Aid to the blind</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------</td>
<td>----------------------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Iowa</td>
<td>Entirely from general revenues</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td>Kansas</td>
<td>Entirely from earmarked revenues</td>
<td>Entirely from earmarked revenues</td>
<td>None</td>
</tr>
<tr>
<td>Kentucky</td>
<td>Entirely from general revenues</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td>Louisiana</td>
<td>Entirely from earmarked revenues</td>
<td>Entirely from earmarked revenues</td>
<td>None</td>
</tr>
<tr>
<td>Maine</td>
<td>Entirely from general revenues</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td>Maryland</td>
<td>Entirely from general revenues</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>Partly from general revenues and partly from earmarked revenues</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
<tr>
<td>Michigan</td>
<td>Entirely from general revenues</td>
<td>Entirely from general revenues</td>
<td>None</td>
</tr>
</tbody>
</table>

1 The towns and cities are assessed by the State department, in accordance with their population, an amount sufficient to yield $2,250,000 a year. If more is collected, the towns retain the balance.
2 Counties permitted to levy an ad valorem tax to finance old-age assistance but very few, if any, take advantage of this means of raising revenue.
3 Except $75,000 which is earmarked for blind treatment and prevention.
4 A portion of sales-tax revenue allocated to Public Assistance Fund by Governor, and balance to State Hospital Board.
### Table 3.—Sources of State and local funds for financing payments to recipients of public assistance under plans approved by the Social Security Board, by States—Continued

<table>
<thead>
<tr>
<th>State</th>
<th>Program</th>
<th>Sources of State funds</th>
<th>Sources of local funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minnesota</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>OAA and ADC: Entirely from earmarked revenues in all counties.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>None</td>
<td>OAA and ADC: Following revenue assigned to County Welfare Fund: Special levy on general property.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>No part of fund specifically earmarked for either program. Expenses of administering programs also financed from fund.</td>
</tr>
<tr>
<td>Mississippi</td>
<td>Old-age assistance, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>AB: No local funds.</td>
</tr>
<tr>
<td>Missouri</td>
<td>Old-age assistance, Aid to dependent children.</td>
<td>Entirely from general revenues.</td>
<td>No local funds.</td>
</tr>
<tr>
<td>Montana</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>Entirely from earmarked revenues in all counties. Following revenue assigned to Poor Fund: 6-mill levy on general property.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>None</td>
<td>No part of fund specifically earmarked for any single program. Expenses of administering programs also financed from fund.</td>
</tr>
<tr>
<td>Nebraska</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from earmarked revenues.</td>
<td>No local funds.</td>
</tr>
<tr>
<td>Nevada</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues.</td>
<td>Following revenues assigned to County Old-Age Assistance Fund:</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(1) Sale of Old-Age Assistance Bonds.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(2) Ad valorem tax on real and personal property, including net proceeds of mines, necessary to meet costs of old-age assistance.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Expenses of administering program also financed from fund.</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>OAA: Entirely from general revenues in all cities and towns.</td>
</tr>
<tr>
<td>New Jersey</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>ADC and AB: No local funds.</td>
</tr>
<tr>
<td>New Mexico</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from earmarked revenues.</td>
<td>No local funds.</td>
</tr>
<tr>
<td>State</td>
<td>Programs</td>
<td>Revenue Source</td>
<td>Local Funds</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>-------------</td>
</tr>
<tr>
<td>New York</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>None</td>
</tr>
<tr>
<td>North Carolina</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>None</td>
</tr>
<tr>
<td>North Dakota</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Partly from general revenues and partly from earmarked revenues.</td>
<td>None</td>
</tr>
<tr>
<td>Ohio</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>None</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from earmarked revenues.</td>
<td>None</td>
</tr>
<tr>
<td>Oregon</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Partly from general revenues and partly from earmarked revenues.</td>
<td>None</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>Old-age assistance, Aid to dependent children.</td>
<td>Entirely from general revenues.</td>
<td>None</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>Old-age assistance, Aid to dependent children.</td>
<td>Entirely from general revenues.</td>
<td>None</td>
</tr>
<tr>
<td>South Carolina</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>None</td>
</tr>
<tr>
<td>South Dakota</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>None</td>
</tr>
<tr>
<td>Tennessee</td>
<td>Old-age assistance, Aid to dependent children, Aid to the blind.</td>
<td>Entirely from general revenues.</td>
<td>None</td>
</tr>
</tbody>
</table>

1 Bonds issued in amount of $175,000 for period ended June 30, 1939.

2 Revenues used for retirement of special bond issues and for current financing of program.
<table>
<thead>
<tr>
<th>State</th>
<th>Program</th>
<th>Sources of State funds</th>
<th>Sources of local funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues.</td>
<td>No local funds</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Following revenues (less cost of collection) assigned to Old Age Assistance Commission Fund: (1) 75 percent of coin operated machine tax. (2) Amusement tax. (3) Cigarette tax. (4) 75 percent of liquor license fees and liquor stamp tax. Expenses of administering program also financed from fund.</td>
<td>No local funds.</td>
</tr>
<tr>
<td>Utah</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues.</td>
<td>Entirely from earmarked revenues in all counties.</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children.</td>
<td>Following revenue (less cost of collection) assigned to Public Welfare Fund: Sales and use tax. No part of fund specifically earmarked for any single program. Expenses of administering programs also financed from fund.</td>
<td>Following revenue assigned to county welfare fund: General property levy up to 5 mills. No part of fund specifically earmarked for any single program. Expenses of administering programs also financed from fund.</td>
</tr>
<tr>
<td>Vermont</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues.</td>
<td>OAA and AB: Entirely from general revenues in all cities and towns.</td>
</tr>
<tr>
<td></td>
<td>Aid to the blind.</td>
<td>None</td>
<td>OAA and AB: None.</td>
</tr>
<tr>
<td>Virginia</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues.</td>
<td>Entirely from general revenues in all localities.</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children.</td>
<td>None</td>
<td>None.</td>
</tr>
<tr>
<td>Washington</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues.</td>
<td>Entirely from earmarked revenues in all counties.</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children.</td>
<td>None</td>
<td>Following revenue assigned to County Welfare Fund: 3-mill levy on general property. Expenses of administering programs also financed from fund.</td>
</tr>
<tr>
<td>West Virginia</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues.</td>
<td>No local funds</td>
</tr>
<tr>
<td></td>
<td>Aid to dependent children.</td>
<td>None</td>
<td>No local funds.</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>Old-age assistance</td>
<td>Entirely from general revenues.</td>
<td>Entirely from general revenues in all counties.</td>
</tr>
<tr>
<td></td>
<td>Aid to the blind.</td>
<td>None</td>
<td>None.</td>
</tr>
<tr>
<td>Wyoming</td>
<td>Old-age assistance</td>
<td>Entirely from earmarked revenues.</td>
<td>OAA and ADC: Entirely from earmarked revenues in all counties.</td>
</tr>
</tbody>
</table>

1 Receipts from old-age assistance head tax go into general fund.
2 If any balances remain after general relief costs are met from a 3-mill levy required in each county, State bills county for reimbursement of public-assistance payments made.