other hand, these states will receive only \( \$x \) of federal funds for every dollar of their own which they spend on medical care.

As between hospital construction and medical care, a state will obviously receive more for its money by investing in new hospitals than by spending money on the care of patients in existing institutions. But hospitals and medical care are to a large extent mutually complementary. Moreover, the relative need for the one as compared to the need for the other will vary from place to place. The arbitrary weighting in favor of hospital construction might, therefore, prove inimical to the economic budgeting of public funds.

Federal grants-in-aid are, of course, not limited to the field of health and medical care. The Social Security Act provides for grants to the states on a 50-50 matching basis for old-age assistance, aid to dependent children and aid to the blind. A Federal Aid to Education Bill providing for grants to the states on a non-matching basis was introduced at the last regular session of Congress. In view of the possible influence which the formulae under which these grants are made might exert on state and local budgetary policies, it would appear desirable to correlate all of them as far as possible in the interest of a rational allocation of public funds.

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