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Charles Leppert

THE WHITE HOUSE
WASHINGTON

APR 9 1976

April 8, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF
JIM CANNON

FROM

Paul Myer
PAUL MYER

SUBJECT:

Review of House Subcom-
mittee Actions on General
Revenue Sharing Renewal --
Thursday, April 8, 1976

The House Government Operations Subcommittee resumed consideration of legislation to extend the General Revenue Sharing program this morning. Pending before the Subcommittee was a draft bill reflecting their earlier "conceptual" decisions.

In the only action taken today, the Subcommittee reversed its earlier decision to subject General Revenue Sharing to the annual appropriations process and voted to redesign General Revenue Sharing as a 3 3/4-year entitlement program. No action was taken to increase the level of funding.

While there is little difference between the entitlement approach and the combined authorization-appropriation method of funding proposed by the President, the Democratic Members advocating this amendment stressed that it was a satisfactory response to charges that the current funding provision by-passed the traditional Congressional appropriations process and circumvented newly-established Budget Act procedures designed to control long-term spending actions. Although the Republican Members voted for this amendment, they established an excellent record for future reconsideration of the President's proposal in the full committee.

Prior to the adoption of this entitlement amendment, the Subcommittee rejected, on a straight party roll call vote, the President's proposal, and a Drinan amendment by voice vote.



The Subcommittee will not meet again until Monday afternoon, April 12, 1976. Brooks urged the Subcommittee to complete its mark-up prior to the Easter Recess in order to allow time for all Committee Members to study the bill and proceed to early consideration after the recess. If the Subcommittee does not reconsider today's action or get delayed over the controversial civil rights issue, it should be possible for them to report a bill by April 14.

Attached is a complete record of all actions and roll call votes taken by the Subcommittee today.

Attachment



1. Adopted Levitas amendment making General Revenue Sharing a 3 3/4-year entitlement program by a vote of 7-6:

YEA

Fountain
Fuqua
Levitas
Wydler
Brown (proxy)
Steelman (proxy)
Horton

NAY

Mezvinsky
Jordan
Burton
Drinan
English
Brooks

2. Rejected Wydler amendment to adopt 5 3/4-year program with combined authorization-appropriation funding provision (President's proposal) by a vote of 9-4:

YEA

Wydler
Brown (proxy)
Steelman (proxy)
Horton (proxy)

NAY

Fountain
Fuqua
Mezvinsky
Jordan
Burton
Drinan
English
Levitas (proxy)
Brooks

3. Rejected Drinan amendment providing that GRS be an entitlement program for 1 3/4 years with annual appropriations thereafter by voice vote.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

April 29, 1976

MEMORANDUM FOR

 CHARLIE LEPPERT

FROM

PAUL MYER

Attached for your information is a copy of the paper for my discussion with Max and others yesterday. A briefing paper for the meeting with the President is being prepared and will be sent to you by mid-day tomorrow.

Attachment



THE WHITE HOUSE

WASHINGTON

April 28, 1976

MEMORANDUM FOR

JACK MARSH
MAX FRIEDERSDORF
JIM CANNON
ED SCHMULTS

FROM

PAUL MYER

SUBJECT:

Background for General
Revenue Sharing Meeting
Wednesday, April 28
4:30 p.m.

The House Government Operations Committee will soon begin consideration of the General Revenue Sharing renewal bill reported today by the Fountain Subcommittee. Although the Subcommittee did not endorse the President's proposal, the reported bill is not far from his position. Attached for your review is a comparative analysis of the current program, the President's proposal and the Subcommittee bill. (Attachment 1)

The following issues are relevant to our discussion of a legislative strategy from this point:

1. Length of Program and Level of Funding

President's Proposal: 5 3/4 years; total funding of \$39.5 billion, including \$150 million annual increase.

Subcommittee Bill: 3 3/4 years; total funding of \$24.9 billion, with no annual increase (funds frozen at 1976 level of \$6.65 billion).

Comment: 3 3/4 years represents a compromise after Democratic attempt to get only 1 3/4-year period. PIGS support compromise in light of funding level problems; longer extension obtainable in the Senate.

All attempts to increase funding, including those advanced by those wanting to change allocation formula to help big cities, were rejected.

\$150 million increment provision is not worth a fight; PIGS want greater increase; liberal Democrats want major formula change or add-on funds for distribution on basis of need.

Unless a substantial annual increase or other "sweetener" is advocated, it is advisable to hold Subcommittee position in House.

2. Method of Funding

President's Proposal: Continue present combined authorization-appropriation approach.

Subcommittee Bill: Establish "entitlement" financing approach.

Comment: Clearly the most controversial and sensitive issue. The entitlement financing approach adopted by the Subcommittee was developed as a realistic approach to the highly controversial question of how General Revenue Sharing should be funded. It does not substantially modify the basic tenets of the revenue sharing concept, but it does answer the argument of those Members who have charged that the existing funding provision by-passes the traditional Congressional appropriations process and circumvents the newly-established Budget Act procedures designed to control long-term spending actions (e.g. Brooks, Mahon). See Attachment 2 for a detailed explanation.

The entitlement financing approach is desirable because --

- a. its impact is identical to the President's proposal;
- b. it does not by-pass appropriations and is consistent with the new Budget Act;
- c. it negates the need for a special rule waiving points of order; and
- d. its chances of adoption are far greater than the combined authorization-appropriations approach and would place us in a favorable position in the Senate.

3. Civil Rights

President's Proposal: Clarifies the Secretary's authority to invoke one or more remedies where a recipient government is found to have used revenue sharing funds in a discriminatory fashion. This includes the authority to withhold all or a portion of entitlement funds due to the government and to require repayment of funds expended in a discriminatory fashion.

Subcommittee Bill: Discrimination prohibited on basis of handicapped status, age and religion in addition to race, color, sex, and national origin under all State and local programs except where recipient can prove "with clear and convincing evidence" that program was not funded, directly or indirectly, with GRS monies.

Extensive hearing and compliance procedures are spelled out requiring time limits for investigations, compliance, administrative procedures and court actions.

Private civil suits are authorized after the exhaustion of administrative remedies.

Comment: There has been a substantial amount of criticism, much of it legitimate, about the failure to enforce the nondiscrimination provision of the current Act. The Subcommittee bill contains a greatly strengthened provision, originally viewed as a compromise which would neutralize the issue.

Civil rights community now opposed, particularly to restriction on right of private action, but is a reflection of their total opposition to the program; most moderate and conservative Members may feel that Subcommittee provision goes too far.

Effort should be made to return to a position more consistent with, but stronger than, the President's proposal (e.g. a variation of Senate countercyclical bill nondiscrimination provision).

All other issues and points of difference are either relatively technical in nature or do not involve substantial policy decisions and may be worked out in Committee or can be easily revised in the Senate (e.g. citizen participation and reporting requirements).

Recommendation: The Subcommittee bill, with some modification, should be viewed as the best vehicle available to insure House passage of a General Revenue Sharing bill which maintains the basic program concept and will enable us to work for Senate adoption and eventual enactment of a bill consistent with the President's objectives.

Attachments

BASIC PROVISIONS

CURRENT LAW
(P. L. 92-512)PRESIDENT'S PROPOSAL
H. R. 6558

SUBCOMMITTEE DRAFT BILL

Funding level	\$30.2 billion to be distributed Jan. 1, 1972 to Dec. 31, 1976.	\$39.5 billion to be distributed Jan. 1, 1977 to Sept. 30, 1982.	\$24.9 billion to be distributed Jan. 1, 1977 to Sept. 30, 1980.
Funding Mechanism	5 year trust fund. (Funds authorized and appropriated for entire period.)	5 3/4 year trust fund. (Funds authorized and appropriated for entire period.)	3 3/4 year entitlement. (Note: an entitlement program is not the same as annual appropriations. Under the entitlement provision, the Appropriations Committee would only have jurisdiction if the amount authorized by the legislative committee (Government Operations) is greater than that approved by the Budget Committee. Under such circumstances the Appropriations Committee would have 15 days in which to adjust the legislative committee's action. If they do not, the discrepancy must be reconciled on the Floor.)
Annual Increment	\$150 million per year.	No change.	No increment. Funds are frozen at the 1976 level of \$6.65 billion.
Eligibility	All units of general purpose government are eligible to participate in the program.	No change.	To participate local government recipients must: <ol style="list-style-type: none"> 1) Be defined as a unit of general purpose government by the Census Bureau. 2) Impose taxes or receive intergovernmental transfer payments. 3) Provides "substantially" for at least two of the following services: police, courts and corrections, fire protection, health services, social services, recreation, libraries, sewage disposal and water supply, solid waste disposal, zoning or land-use planning, pollution abatement, roads, mass transit, and education. 4) Spend at least 10 percent of their total expenditure for two of the services or provide four of the listed services.
Formula Provisions	Money allocated by formula based on population, per capita income and tax effort.	No change.	No change.
	States receive 1/3 of funds distributed; local governments receive 2/3.	No change.	No change.

	government at 145 percent of the average statewide per capita entitlement.	by 6 percentage points per entitlement period in five steps.	
	Sets minimum entitlement to local government at 20 percent of the average statewide per capita entitlement.	No change.	No change.
	No local government to receive revenue sharing funds in excess of 50 percent of its own source non-school revenues plus any intergovernmental transfer.	No change.	No change.
	Any general purpose government due to receive less than \$200 annually will not participate in the program.	No change.	No change.
Citizen Participation and Public Hearing	Recipient governments must publish Planned and Actual Use Reports in newspapers of general circulation.	Same, but Secretary of the Treasury may authorize other methods to publicize use information where such are appropriate.	<ul style="list-style-type: none"> a) Recipient governments must hold public hearings on the Proposed Use Report at least 7 days before the submission of the report to ORS. b) Recipient governments must hold a second hearing, at least 7 days before the adoption of their budget, showing the relationship of GRS funds to functional items in their budget. c) Thirty days before the second hearing, the government must publish a summary of its budget and Proposed Use Report in a general circulation newspaper. d) Hearings must be at a place and time that "permits and encourages citizen participation."
	No requirement for public hearing or other means of public participation in use of funds.	Requires assurance that there will be a public hearing or other method by which the public may participate in deciding how the funds are to be spent.	
	Allocation of GRS monies must be in accordance with State and local law.	No change.	No change.
Reporting Requirements	Law prescribes reports on amounts and purposes of planned and actual expenditures.	No change.	Proposed Use Report must include comparative data use of GRS funds for the current and the two previous entitlement periods and must compare them to items in budget.

is for new or expanded program, a continuation of activity or tax stabilization or reduction.

Actual Use Reports must be filed with ORS. Any differences between planned and actual uses must be explained.

Budget documents and Use Reports must be available at principal government office and libraries.

Budget summary must be published in newspaper 30 days after adoption with explanation of changes between the Proposed and Actual Use Reports.

Discrimination prohibited on basis of handicapped status, age and religion in addition to race, color, sex, and national origin under all State and local programs except where recipient can prove "with clear and convincing evidence" that program was not funded, directly or indirectly, with GRS monies.

Extensive hearing and compliance procedures are spelled out requiring time limits for investigations, compliance, administrative procedures, and court actions.

Private civil suits are authorized after the exhaustion of administrative remedies.

Matching prohibition eliminated.

No change.

Priorities eliminated.

Anti-Discrimination Provisions

Law contains strong anti-discrimination requirement where activity is funded with revenue sharing. Secretary's enforcement powers are stated in general terms: to refer matter to Attorney General, to exercise powers and functions provided by Title VI of Civil Rights Act of 1964, or to take such other action as may be provided by law.

Clarifies the Secretary's authority to invoke one or more remedies where a recipient government is found to have used revenue sharing funds in a discriminatory fashion. This includes the authority to withhold all or a portion of entitlement funds due to the government and to require repayment of funds expended in a discriminatory fashion.

Matching Prohibition

Revenue sharing funds may not be utilized to meet Federal grant matching requirements.

No change.

Davis-Bacon Provision

Davis-Bacon (minimum-wage) applies to construction projects funded 25 percent or more with revenue sharing monies.

No change.

Priority Categories

Local governments may use funds for any capital projects but only for operating and maintenance expenses of programs in eight priority expenditure categories (public safety, environmental protection, public transportation, health, recreation, libraries, social services for the poor or aged, and financial administration.)

No change.

Congressional
Review

No general review of program
is required.

Secretary of the Treasury
to report to Congress two
years before expiration
date.

Secretary of Treasury must make an annual report
on program. Comptroller General is to review
ORS compliance activities.

State
Maintenance
of Effort

States must maintain level of
fund transfers to localities
as of Fiscal '72.

No change.

States must maintain level of funds transferred
to localities as of Fiscal '76.

Auditing
Requirements

Recipient governments must
follow standard fiscal
accounting and auditing
procedures. Federal govern-
ment is permitted to audit
any recipient.

No change.

Annual "independent" audit required of all State
and local finances except where the cost of such
audits is disproportionately large in relation
to GRS funds.

Anti-lobbying
Provisions

No provision.

No provision.

No recipient governments may use, directly or in-
directly, any GRS funds for "lobbying or to
influence any legislation regarding the Act."

THE WHITE HOUSE

WASHINGTON

April 9, 1976

MEMORANDUM FOR

FROM

SUBJECT:

 PAUL O'NEILL

PAUL MYER

Entitlement Financing
for General Revenue
Sharing

The funding provision of the current Act and the President's proposed legislation to extend General Revenue Sharing providing combined authorization-appropriation of funds over a long-term period has generated considerable opposition among many Members who otherwise support the revenue sharing concept and those Members who strongly oppose the program's continuation for other reasons. After rejecting the President's proposal, the House Subcommittee had tentatively adopted a short-term extension of the program's authorization only, making its funding subject to the annual appropriations process. The Subcommittee has now reversed that decision, voting to authorize continuation of General Revenue Sharing as a 3 3/4-year entitlement program.

The entitlement financing amendment adopted by the Subcommittee was developed as a realistic approach to the highly controversial question of how General Revenue Sharing should be funded. The amendment does not substantially modify the basic tenets of the revenue sharing concept, but it does answer the argument of those Members who have charged that the existing funding provision by-passes the traditional Congressional appropriations process and circumvents the newly-established Budget Act procedures designed to control long-term spending actions.

One of the principle objectives of the Budget Act was to bring so-called backdoor spending within the scope of the appropriations process. The Budget Act (section 401) defines three types of "new spending authority" and sets forth their relationship to the appropriations process in order to promote more comprehensive and consistent control over spending actions. The Budget Act draws distinctions between these types of spending legislation and establishes special procedures for their consideration. With respect to new contract authority and borrowing authority legislation, such bills must contain a provision that funding is effective only to the extent or in such amounts as are provided in appropriations acts. However, the Budget Act established different procedures with respect to the third type of new spending authority, entitlement financing.

As defined in the Budget Act (section 401(c)(2)(C)), entitlement legislation provides temporary or permanent authority to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation acts, to any person or government if, under the provision of law containing such authority, the Federal Government is obligated to make such payments to persons or governments who meet the requirements established by such law.

In recognition of the need to provide for long-term funding of certain Federal programs, the Budget Act established specific procedures for consideration of legislation providing entitlement authority (section 401(b)(1), (2) and (3)).

First, since legislation providing entitlement authority could not become effective prior to the start of the new fiscal year, the Budget Act provides that such legislation would be fully subject to the reconciliation process.

Second, legislation providing entitlement authority would be referred to the respective Appropriations Committees if it would generate new budget authority in excess of the allocation made under the latest Congressional Budget Resolution for the new fiscal

year. Such legislation would be referred for no more than 15 days, with the Appropriations Committee automatically discharged from consideration if it has not reported during this period. The Appropriations Committee may report the legislation with an amendment limiting the total amount of new entitlement authority; however, their jurisdiction extends only to the cost of the program involved and not to substantive changes.

Further, entitlement financing does not violate either the jurisdiction of the Appropriations Committee or Rule XXI of the House. Appropriations Committee jurisdiction was specifically rejected by the House-Senate Conference Committee on the Budget Act (the House-passed bill would have made all new entitlements effective only as provided in appropriation acts), except to the extent that entitlement authority is contained in annual appropriations acts (and therefore consistent with Rule XXI).

Not only is legislation providing entitlement authority clearly recognized as a form of spending and within those provisions of the Budget Act designed to control long-term spending actions, the Budget Act specifically contemplates the application of the entitlement financing approach to legislation extending the General Revenue Sharing program. In fact, when stipulating certain exceptions to the Budget Act provisions for consideration of entitlement programs (e.g., Social Security), Section 401(d)(2) specifically provides that the current Act authorizing General Revenue Sharing payments or legislation extending it could also be exempted from these procedures if Congress were so inclined.

Based upon this analysis, it appears that the entitlement financing approach for General Revenue Sharing represents both an acceptable legislative and substantive resolution of the funding method issue.

The approach is consistent with the Budget Act and the President's objective. While subject to the provisions of the Budget Act and the annual appropriations process, in practice, since these are entitlement payments which the Federal Government is obligated to make to eligible

recipients, the annual process is pro forma and the results would be nearly identical to the funding provisions of the current Act and the President's renewal bill.

Attached per your request is a copy of the entitlement financing amendment adopted by the Subcommittee on Thursday, April 8. As I noted in our phone conversation, it does not address the level of funding or duration of the program issues. These matters are still open and will be considered in full committee.

Attachment

cc: Jim Cannon
Max Friedersdorf
Art Quern

THE WHITE HOUSE

WASHINGTON

April 30, 1976

STAFF BRIEFING ON GENERAL REVENUE SHARING
RENEWAL LEGISLATIVE SITUATION

Saturday, May 1, 1976
The Oval Office

From: Jim Cannon *JAC*

I. PURPOSE

To brief the President on the status of General Revenue Sharing renewal legislation, and to get Presidential guidance on strategy as the bill is taken up by the full Committee.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: On Tuesday, May 4, the House Government Operations Committee will begin consideration of the General Revenue Sharing bill reported by the Fountain Subcommittee. Although the Subcommittee did not endorse the President's proposal, the reported bill includes most of the major elements proposed by the President.

Congressmen Frank Horton and Jack Wydler, ranking minority members of the Committee and Subcommittee respectively, need guidance on your strategy for the Committee sessions next week and the floor battles to follow.

Four major issues will dominate full Committee consideration:

1. length of program and level of funding;
2. method of funding;
3. civil rights; and
4. formula revision.

Tab A is a summary of these points.

- B. Legislative Assessment: There has been a 36.5% turnover in the House since 1972 when General Revenue Sharing was enacted.

The key House vote in 1972 was on a motion to adopt a "closed rule" for consideration of the General Revenue Sharing bill.

In 1972, the motion passed by a vote of 223-185 (R 113-57; D 110-128). Today, 63% of the Members (141 Members) who supported General Revenue Sharing on this critical vote are still serving, while nearly 70% (126 Members) of those opposed remain Members. There are 157 new Members since 1972 (103 D; 54 R). Tab B is a statistical display of the key rule vote.

The opposition represented a coalition of liberal Democrats opposed to "no strings" spending, and conservative Democrats and Republicans who opposed the program for a variety of philosophical reasons including increased spending and the funding method which by-passed the traditional appropriations process. With respect to the latter, current Members of the Appropriations Committee voted 31-15 (R 8-7; D 23-8) against General Revenue Sharing on this vote. Members of the new Budget Committee voted 14-9 (R 4-4; D 10-5) against. Tab C is a list of all current Republican Members who voted "wrong" on this rule vote in 1972.

The nature of the opposition in the 94th Congress closely parallels that expressed in 1972, reflecting the same philosophical differences over the control and distribution of Federal funds and appropriate Congressional procedures.

- C. Participants: See Tab D.
- D. Press Plan: To be announced.

TAB A -- REVIEW OF MAJOR ISSUES

1. Length of Program and Level of Funding

President's Proposal: 5 3/4 years; total funding of \$39.5 billion, including \$150 million annual increase.

Subcommittee Bill: 3 3/4 years; total funding of \$24.9 billion, with no annual increase (funds frozen at 1976 level of \$6.65 billion).

Comment: Committee Democrats may attempt to get a 1 3/4-year extension. Governors and Mayors are willing to accept a 3 3/4-year compromise. A longer extension may be obtainable in the Senate.

All attempts to increase funding, including those advanced by Members wanting to change the formula, were rejected. No serious effort is anticipated to increase the level of funding, except to the extent the formula is modified.

2. Method of Funding

President's Proposal: Continue the present combined authorization-appropriation approach.

Subcommittee Bill: Establishes an "entitlement" financing approach.

Comment: The entitlement financing adopted by the Subcommittee was developed as a realistic approach to the highly controversial question of how General Revenue Sharing should be funded. It does not substantially modify the basic tenets of the revenue sharing concept, but it does answer the argument of influential Members such as George Mahon and Jack Brooks who have charged that the existing funding provision bypasses the traditional Congressional appropriations process and circumvents the newly-established Budget Act procedures designed to control long-term spending actions.

3. Civil Rights

President's Proposal: Retains current nondiscrimination requirement, but clarifies the Secretary's authority to withhold all or a portion of entitlement funds,

to require repayments, and terminate eligibility where revenue sharing funds have been expended in a discriminatory fashion.

Subcommittee Bill: Expands nondiscrimination requirements to cover all State and local programs except where recipient can prove "with clear and convincing evidence" that the program was not funded, directly or indirectly, with revenue sharing funds.

Extensive hearing and compliance procedures are spelled out requiring time limits for investigations, compliance, administrative procedures and court actions. Private civil suits are authorized only after the exhaustion of administrative remedies.

Comment: There has been substantial criticism of the enforcement record under the current Act. The subcommittee provision was drafted as a compromise which the Members hoped would neutralize the issue and gain some liberal support.

It now appears that the civil rights community and their Congressional allies will not support the bill without more drastic changes, and the Subcommittee provision may go too far for most moderate and conservative Members. An effort will be made to return to a position more consistent with, but possibly stronger than, the President's proposal.

4. Formula Provisions

President's Proposal: Retains current formula with a slight increase in upper constraint.

Subcommittee Bill: Retains current formula without change, but attempts to tighten eligibility criteria.

Comment: Liberal Democrats will renew their attempts to modify formula or add a new provision for the distribution of increased payments to "needy" governments.

TAB B --

STATISTICAL DISPLAY

House vote on motion to end debate and adopt "closed rule" for consideration of H. R. 14370. Motion agreed to, 223-185, June 21, 1972. A yea vote was in support of General Revenue Sharing.

	Republicans		Democrats		Total	
	1972	1976	1972	1976	1972	1976
YEA	113	57	110	84	223	141
NAY	57	32	128	94	185	126
NOT VOTING	8	2	16	6	24	8
TOTAL, 92nd Congress	178	91	254	184	432*	267
"NEW" MEMBERS	--	54	--	103	--	157
TOTAL, 94th Congress	--	145	--	287	--	432*

* 2 vacancies, Speaker not voting.

TAB C -- ALL CURRENT REPUBLICAN MEMBERS VOTING
AGAINST GENERAL REVENUE SHARING ON KEY
VOTE IN 1972

Republicans

Andrews
Archer
Ashbrook
Broyhill
Burke
Carter
Cederberg
Clancy
Clawson
Collins
Crane
Derwinski
Devine
Edwards
Findley
Frey

Hutchinson
Lujan
Michel
Myers (Ind.)
Rhodes
Robinson
Rousselot
Ruppe
Schneebeli
Sebelius
Skubitz
Spense
Snyder
Talcott
Vander Jagt
Young (Fla.)

TAB D -- PARTICIPANTS

The Vice President

Jack Marsh, Counsellor to the President

James Cannon, Assistant to the President

James Lynn, Director of the Office of
Management and Budget

Ed Schmults, Deputy Counsel to the
President

Paul O'Neill, Deputy Director of the
Office of Management and
Budget

Charles Leppert, Deputy Assistant to
the President

Robert Wolthuis, Deputy to the Assistant
to the President

Paul Myer, Assistant Director, Domestic
Council

Richard Albrecht, General Counsel,
Department of the Treasury

THE WHITE HOUSE

WASHINGTON

May 5, 1976

MAY 6 1976

MEMORANDUM FOR

MAX FRIEDERSDORF
JIM CANNON

FROM

PAUL MYER

SUBJECT:

Review of House Government
Operations Committee Actions
on General Revenue Sharing
Wednesday, May 5, 1976

The House Government Operations Committee today rejected two attempts to subject the General Revenue Sharing formula to annual appropriations. The key vote was on an amendment offered by Congressman Moss. It was rejected 15-26, with twelve Democrats joining the Republican Members. This vote reaffirmed the commitment to long-term funding which the President has insisted is an essential provision of his renewal proposal. This vote took on added significance since both Mahon and Adams made special appearances before the Committee to appeal for annual appropriations. While this issue will be revisited on the floor, the wide margin will place us in a strong position to defend this provision at that time.

The Committee also rejected, 15-26, an attempt by Congressman Drinan to extend the program for only 2 3/4 years.

In other actions, the Committee not only rejected all attempts to modify the current distribution formula, but also adopted a Burton amendment which lessened the impact of a provision in the Subcommittee Bill which was designed to limit the General Revenue Sharing funds distributed to smaller communities and townships.

The Committee should complete action on the bill tomorrow when it considers the citizen participation, civil rights and reporting requirements provisions and takes up miscellaneous amendments. In the latter category, an attempt is anticipated to add a provision to distribute some additional funds on the basis of a "need" factor.

Attached is a copy of the roll call vote on the Moss amendment to subject the revenue sharing program to annual appropriations.

Attachment

Rejected an amendment by Mr. Moss to subject General Revenue Sharing to annual appropriations by a vote of 15-26 (15 D; 0 R & 12 D; 14 R):

YEA

Brooks
Moss
Moorhead
Randall
Rosenthal
Wright (proxy)
Conyers (proxy)
Ryan (proxy)
Burton
Drinan
Mezvinsky
Jordan
English (proxy)
Evans (proxy)
Maguire (proxy)

NAY

Fountain
Fascell
St. Germain (proxy)
Hicks
Fuqua
Stanton (proxy)
Abzug
Preyer
Harrington
Levitas
Moffett
Aspin (proxy)
Horton
Erlenborn
Wydler
C. Brown (proxy)
Gude
McCloskey (proxy)
G. Brown
Thone
Steelman (proxy)
Pritchard
Forsythe
Kasten
Gradison
Steiger (proxy)

NOT VOTING -- Collins
Macdonald

THE WHITE HOUSE

WASHINGTON

May 7, 1976

MAY 7 1976

MEMORANDUM FOR

MAX FRIEDERSDORF
JIM CANNON

FROM

PAUL MYER

SUBJECT:

House Government Operations
Committee Actions on General
Revenue Sharing
Thursday, May 6, 1976

The House Government Operations Committee reported a General Revenue Sharing renewal bill by a vote of 39-3. Republican Members expressed strong reservations and reluctantly voted to report this bill. A report, including minority and individual views, will be filed on Wednesday, May 12, 1976.

The legislation does preserve the long-term funding concept and the current distribution formula. However, a number of Democratic amendments were adopted which must be either substantially modified or deleted before the bill can be viewed as acceptable legislation. The amendments are:

1. A greatly expanded civil rights provision (adopted, 23-19);
2. A provision calling for submission of reports by State and local governments on modernization and revitalization -- the old Humphrey-Reuss proposal (adopted, 21-20);
3. An additional allocation formula which would distribute any revenue sharing funds in excess of \$6.5 billion on the basis of a poverty factor (adopted, 21-20); and
4. A provision expanding the Davis-Bacon Act to any capital project using revenue sharing funds (adopted, voice vote).

In other actions the Committee did clean up certain troubling features of the Subcommittee bill concerning the citizen participation, reporting and auditing requirements.

A detailed analysis of the Committee bill and the prospective legislative situation is now being developed. I believe we should schedule a meeting some time early next week to review this matter.



THE WHITE HOUSE

WASHINGTON

May 13, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF
JIM CANNON

FROM

PAUL MYER

SUBJECT:

Preparation for House
Floor Consideration of
General Revenue Sharing
Legislation

Legislation to revise and extend the General Revenue Sharing program has been reported by the House Government Operations Committee. The report should be filed Friday, May 14.

The bill, as reported, preserves the basic revenue sharing concept and does not modify the current distribution formula. However, a number of provisions were added in Committee which make the bill unacceptable.

Based upon my discussions with appropriate Committee Members and the public interest groups, it appears that our most viable floor strategy is to amend the Committee bill in an effort to fashion an acceptable vehicle for subsequent Senate and Conference action. It is my opinion that as long as the House can pass a "revenue sharing" bill, the final result will be legislation consistent with the President's objectives. The other option, a complete substitute, is unrealistic.

To achieve our legislative objective, we must be able to develop coalition support for our position on all key votes. In this regard, a strong base of 110-120 Republicans is mandatory.

I need your assistance in gaining this support.

A meeting has been scheduled by Frank Horton with all Republican Committee Members for Tuesday, May 18, at 3:00 p.m. in Room H-227 of the Capitol to discuss floor strategy, and we have been invited to participate.

Following the above meeting we should see Congressmen Rhodes, Michel, Anderson, Cederberg and Quillen.

Our participation in the meeting and subsequent visits with the above individuals would be to relay the President's strong personal interest in this matter. In our individual meetings, we must stress the point that retention of the long-term entitlement financing provision is essential to maintaining support for the President's position. Mahon will seek to delete this provision. If Mahon were to succeed, it would be interpreted as a major legislative defeat for the President.

Four items deserve your attention:

1. Timing -- the Committee bill may be sequentially referred to Appropriations under the new Budget Act procedures. The Committee would have 15 working days to review the funding level. However, due to a technical error in a key amendment, it is also possible that the bill would not be referred. In either case, it is unlikely that Rules Committee consideration would take place until late next week at the earliest and floor action should come after the Memorial Day recess. The delay is to our benefit.

2. Rule -- the bill will not require any extraordinary rule; however, we should seek some protection on formula issues. We have a good case for a rule requiring that amendments which would alter the distribution of funds be submitted in advance.

3. Funding Level -- if the bill is referred to Appropriations, Mahon could seek to reduce the funding level. A more likely effort would be an attempt to gain support for a Committee amendment to delete entitlement and substitute annual appropriations.

4. Substance -- the Committee adopted four amendments which will be opposed by Republicans. They are:

A. The "Rosenthal" amendment dealing with reports on modernization and revitalization by State and local governments;

B. the "Jordan" amendment to expand the scope of the present program's nondiscrimination provisions;

C. the "Moorhead" amendment to extend the Davis-Bacon coverage; and

D. the "Fascell" amendment which adds a supplementary formula for the distribution of additional revenue sharing funds in accordance with a "need" factor.

Attached for your information are summaries of these four amendments.

Attachments

ROSENTHAL AMENDMENT

This amendment would require that each State shall establish as a goal a master plan and timetable for modernizing and revitalizing the state government and all of its local governments. The proposed master plan and timetable shall be published for comments in newspapers throughout the State. The final plan shall be submitted to the state legislature and the legislators shall vote on whether to submit the plan to the Secretary of the Treasury.

The Secretary of the Treasury shall make an annual report to Congress on progress made by each State in developing and carrying out its plan and timetable and the Secretary shall make recommendations on this requirement.

Detailed specifics of each plan "may" include such specifics as:

- 1) assignment of government functions, 2) local government consolidation,
- 3) state and local tax structure and administration, 4) management capacity, 5) citizen participation, 6) interstate agreements, 7) personnel systems, 8) local home rule, 9) zoning powers and 10) the planning process.

This amendment is a blank check for galloping centralism to be administered by appointed federal bureaucrats.

JORDAN AMENDMENT

This amendment would expand Federal nondiscrimination laws to include the aged and handicapped and cover all activities of states and local government funded in whole or in part, directly or indirectly, with revenue sharing funds. The amendment is based on current Federal laws but clarifies and substantially increases the administrative remedies to enforce the law. Specifically the amendment adds time-tables and deadlines for decisions on charges of discrimination.

Most sections of the amendment are supported by a majority of committee members as well as state and local governments. However, one section calls for automatic suspension of revenue sharing funds in 45 days after the U. S. Attorney General has made a complaint of discrimination, even if a court has not made a finding pro or con and the issue is still in court.

This section would give a Federal administrator the power to suspend funds after 45 days on the presumption of guilt.

MOOREHEAD AMENDMENT

This amendment would mandate that the prevailing wage (not minimum wage) in each labor market area would apply to all public construction projects funded in whole or in part, either directly or indirectly, with revenue sharing funds. The amendment deletes the 25 percent rule under the current revenue sharing law which says that Davis-Bacon applies if a construction project is funded with 25 percent or more of revenue sharing funds.

The current law is fair, workable and in no need of change. No rationale for change was ever presented in the Subcommittee or Full Committee. The only presumed defense is added but unnecessary restrictions that would benefit few and substantially increase the paperwork costs at all levels of government.

Since a strong case has been made and accepted that revenue sharing funds are "fungable", that is, not traceable under clear and convincing evidence, then the total construction budget of all local governments would be subject to the Davis-Bacon law. The case for such a broad expansion of the law has not been made, especially as a pre-condition for receiving revenue sharing funds.

FASCELL AMENDMENT

This amendment would allocate all revenue sharing funds above \$6.5 billion according to a new formula based on the percent of people below the poverty line.

1. This is a permanent lid on the program at \$6.5 billion for over two-thirds of all recipient governments. This amendment addresses one specific issue, in this case the cost of services to poor people. Equally legitimate reasons exist to modify the formula to accomplish other objectives such as excessive unemployment, eroding tax bases, progressive tax systems, and reorganization of local government. All of these goals have legitimate arguments but would substantially change the basic purpose of the revenue sharing program.
2. This amendment is the first major categorization of the revenue sharing program. It establishes a separate revenue sharing category based on the number of poor people. Substantial federal funds are already provided for this specific purpose such as AFDC, Social Security, Title XX social services, child nutrition, special education, and food stamps. This amendment carries no guarantee that the extra funds would be spent for poor people.
3. The Fascell amendment in part would reduce future payments to most governments because no annual increase is provided to cover increased costs, due to population, inflation and citizen demands for more services common to all governments.
4. The current formula already has a special emphasis on state and local needs because inverse per capita income and urbanized population are two out of five factors in the determination of each government's allocation.
5. The Fascell amendment also changes the formula in other significant ways for distribution of any funds over \$6.5 billion. Other changes include: raise the minimum payment from \$200 to \$2500, change the per capita allocations from 145% to 300% maximum and from 20% to 50% floor. The number of poor in central cities would receive extra funds by raising the poverty income level by 25 percent. Once adopted into law, future amendments would be offered to apply the Fascell formula to all revenue sharing funds.

THE WHITE HOUSE

WASHINGTON

May 24, 1976

MEMORANDUM FOR

CHARLIE LEPPERT

FROM

PAUL MYER

SUBJECT:

General Revenue Sharing
(H. R. 13367) -- House
Appropriations Committee

The House Appropriations Committee is scheduled to take up the General Revenue Sharing bill on Thursday, May 27. Mahon has circulated a letter to all Members of the Committee indicating that he would not lead a fight to reduce the entitlement amount (\$6.65 billion for FY77), but would seek support for an amendment to strike the entitlement financing provision in favor of annual appropriations.

The Appropriations Committee is considering this bill under the sequential referral provisions of the Congressional Budget Act regarding entitlement legislation and limits the Committee's jurisdiction to a decision on the level of funding only. The \$6.65 billion level of the Government Operations Committee bill is higher than both the First Concurrent Budget Resolution and the President's submission (\$6.542 billion). We do not plan to fight the additional \$112 million.

With respect to the annual appropriations issue, a "Committee amendment" is prohibited under these procedures; however, Mahon will probably ask for support from the Committee for his anticipated floor amendment. We strongly oppose annual appropriations or advanced funding and will seek to limit support for such amendments.

Attached for your use is information on the Appropriations Committee Members' 1972 record on the key votes.

Secretary Simon has sent a letter to all Republican Committee Members setting forth our strong support for the entitlement financing provisions. The letter is silent on the funding level issue. Both Max and I have talked to Cederberg and a meeting with Bob Michel is scheduled for 3:00 p.m. tomorrow.

I have asked Hal Eberle to touch base with the Democratic and Republican Members of the Treasury Appropriations Subcommittee. The interest groups representing State and local governments are in accord with Administration policy and will work the Democratic side.

Also attached is a copy of the telegram I mentioned at this morning's staff meeting.

Attachments

cc: Max Friedersdorf
Jim Cannon
Alan Kranowitz

HOUSE COMMITTEE ON APPROPRIATIONS --
1972 VOTES ON GENERAL REVENUE SHARING

1. Adoption of Closed Rule -- Y was a vote against Mahon.
2. Final Passage -- Y was a vote for passage.

Democrat	1	2	Republican	1	2
George Mahon	N	N	Elford Cederburg	N	Y
Jamie Whitten	N	N	Robert Michel	N	N
Robert Sikes	N	N	Silvio Conte	Y	Y
Otto Passman	N	N	Garner Shriver	Y	Y
Joe Evins	Y	Y	Joseph McDade	Y	Y
Edward Boland	N	Y	Mark Andrews	N	
Wm. Natcher	N	Y	Burt Talcott	N	Y
Daniel Flood	N	Y	Jack Edwards	N	Y
Tom Steed	N	N	Robert McEwen	Y	Y
George Shipley	Y	Y	John Myers	N	N
John Slack	N	N	J. Kenneth Robinson	N	N
John Flynt	N	N	Clarence Miller (Ohio)	Y	Y
Neal Smith (Iowa)	N	Y	Lawrence Coughlin	Y	Y
Robert Giaimo	N	X	C. W. Bill Young	N	N
Joseph Addabbo	Y	Y	Jack Kemp	Y	Y
John McFall	N	N	Wm. Armstrong		
Edward Patten	N	Y	Ralph Regula		
Clarence Long (Md.)	N	N	Clair Burgener		
Sidney Yates	N	Y			
Frank Evans	N	X			
David R. Obey	N	Y			
Edward Roybal	N	N			
Louis Stokes	Y	Y			
J. Edward Roush	N	Y			
Gunn McKay	N	N			
Tom Bevill	Y	Y			
Bill Chappell	N	N			
Bill Burlison	Y	Y			
Bill Alexander	Y	N			
Edward Koch	Y	Y			
Yvonne Burke					
John Murtha					
Bob Traxler					
Robert Duncan					
Joseph Early					
Max Baucus					
Charles Wilson					

U.S. House
Washington, D.C.

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PMS THE PRESIDENT

THE WHITE HOUSE DC 20500

DEAR MR. PRESIDENT:

SINCE REVENUE SHARING IS SO IMPORTANT TO THE ORGANIZATIONS AND PEOPLE REPRESENTED BY THE MEMBERS OF THE NEW COALITION, THE LEADERS OF THE NEW COALITION BELIVE IT WOULD BE EXTREMELY HELPFUL IF YOU WOULD CALL A MEETING OF THE DEMOCRATIC AND REPUBLICAN LEADERS OF THE HOUSE AND A MEMBER OF EACH COALITION ORGANIZATION IN ORDER TO DISCUSS OUR MAJOR CONCERNS OVER THE REVENUE SHARING BILL SCHEDULED TO COME BEFORE THE FULL HOUSE IN THE NEAR FUTURE.

IF YOU, TOO SEE THAT THERE WOULD BE VALUE IN SUCH A MEETING AND WOULD BE WILLING TO CALL US TOGETHER WITH THE LEADERSHIP, WE WOULD BE MOST APPRECIATIVE.

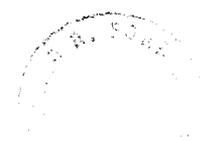
GOVERNOR ROBERT D RAY CHAIRMAN
THE NEW COALITION AND NATIONAL GOVERNORS' CONFERENCE

MAYOR HANS TANZLER, CHAIRMAN
NATIONAL LEAGUE OF CITIES

SUPERVISOR VANCE WEBB, PRESIDENT
NATIONAL ASSOCIATION OF COUNTIES

MAYOR MOON LANDRIEU, PRESIDENT
U.S. CONFERENCE OF MAYORS

REPRESENTATIVE TOM JENSEN, PRESIDENT
NATIONAL CONFERENCE OF STATE LEGISLATURES



NNNN

THE WHITE HOUSE
WASHINGTON

May 26, 1976

MEMORANDUM FOR: MAX FRIEDERSDORF
THROUGH: CHARLES LEPPERT, JR. *CL*
FROM: TOM LOEFFLER *TL*
SUBJECT: HOUSE Appropriation Committee
Consideration of Revenue Sharing
Legislation

Attached is information provided by Mike Hugo, Minority Counsel to the Appropriations Committee. For your information, specific reference should be made to page 3 of Chairman Mahon's letter to committee members.

Attach.

cc: Pat Rowland

May 20, 1976

Notation to the Staff

SUBJECT: Entitlement legislation referred to the Committee

Please note the attached verbage which proposes procedures for handling entitlement legislation referred to the Committee under Section 401(b)(2) of the Budget Act. As you know, two such bills -- Revenue Sharing and the CIA Retirement bill -- were referred to the Committee on Monday. Because of the mechanics of Sec. 401 (b)(2) which hinge on the entitlement reported by legislative committees pursuant to Sec. 302(b)(2), we can expect more bills to be referred to us.

Keith

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Congress of the United States
House of Representatives
Committee on Appropriations
Washington, D.C. 20515

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CLERK AND STAFF DIRECTOR
KEITH F. MAINLAND

TELEPHONE:
CAPITOL 5-3121
EXT. 5271
OR
225-2711

May 20, 1976

Dear Committee Member:

The Speaker on Monday referred to the Committee two authorization bills--H.R. 13367 the Revenue Sharing Bill and H.R. 13615 Amendments to the CIA Retirement Act of 1964.

These are the first such referrals under section 401(b) of the Budget Control Act. The Committee can expect many more.

Explanation of New Requirement

Section 401(b) provides that when an authorizing committee reports a bill containing entitlement authority and the entitlement authority is in excess of the amount allocated to the authorizing committee under the budget resolution, the bill is referred to the Committee on Appropriations. The Appropriations Committee then has 15 legislative days in which to deal with the bill. Our authority over the bill relates only to the cost provisions of the bill and not to the legislative policy it contains. After 15 days the Committee is automatically discharged from further consideration of the bill.

Once a bill is referred to the Committee, we then have the following options:

- (1) Do nothing and let the Committee be discharged at the end of the 15 days.
- (2) Report the bill without amendment with the recommendation that the portion of the bill under the Committee's jurisdiction be passed as reported
- (3) Report the bill without amendment with the recommendation that it not be passed

(4) Report the bill with an amendment that reduces or increases the amount of budget authority.

Procedure for Handling Referred Bills

I would like to recommend to the Committee the following procedures for handling these referred bills. In doing so I am trying to establish procedures that will be least disruptive to the regular work of the Committee and still allow all Members ample opportunity to work their will on these bills.

I would propose the following:

After a bill is referred to the Committee, it will be analyzed to determine whether it poses any significant or substantive fiscal or legislative problems. If it does, the bill will be referred to the appropriate subcommittee for action. If no subcommittee has jurisdiction, then jurisdiction would have to be determined and the bill then assigned.

If the bill does not pose any significant problem or was referred to the Committee for mainly technical reasons, I would confer with the Subcommittee Chairman and ranking Minority Member involved and other interested Committee Members and then make appropriate recommendations to the Members for Full Committee action without referring the bill to a subcommittee. Members will receive a draft bill and report which reflect these recommendations. I would do this sufficiently in advance so that the Members of the Committee would have full opportunity to propose any changes they wish. If any Member wants a bill to be considered by a subcommittee, I would certainly work this out in accordance with the Committee and Democratic Caucus rules.

If these procedures are satisfactory to the Committee Members, I would propose the following recommendations concerning the two bills before us.

Revenue Sharing (H. R. 13367)

Presently, no subcommittee has jurisdiction over the revenue sharing program.

This bill was referred to the Committee because it proposes entitlement authority of \$4,987,500,000 for January 1, 1977 through September 30, 1977, and the Budget Resolution allocated only \$4,880,000,000 in entitlement authority to the Government Operations Committee -- a difference of \$107.5 million.

The reason for this difference is that the amount contained in H.R. 13367 would continue revenue sharing at the same level as exists for the last six months of the currently authorized program. While on the other hand the amount in the budget resolution would result in a cut in that level

of \$107.5 million. The budget resolution contains essentially the same level as proposed by the President in his Budget. The President's recommendations were based on his proposals for a change in the existing revenue sharing program which would have reduced the authorized increase in the last six months of the current program by \$150 million and then applied this level to the remaining nine months of the fiscal year assuming operation under the new law.

Thus realistically the Committee is confronted with the situation of either recommending adoption of the level in the bill which would continue the present level of the revenue sharing program or recommending a lower amount which would reduce the program.

Under the circumstances, I see little realistic alternative but to recommend continuing the program at its current level, that is, the level proposed in the bill before the Committee. Accordingly, I would plan on making such a recommendation to the Full Committee on Thursday, May 27. Of course, any other Member may propose amendments to the cost provisions of the bill at that time.

I hope that Committee Members will realize that even though the Committee reports back the Revenue Sharing bill without any recommended change, this does not preclude any Member from proposing or supporting amendments to any part of the bill when it reaches the Floor. In fact some of us may possibly want to do this in regard to striking the entitlement provision and making the bill a straight authorization for appropriations.

CIA Retirement Bill (H. R. 13615)

Appropriations for the CIA are under the jurisdiction of the Defense Subcommittee. The bill by the Armed Services Committee was referred to the Committee because its estimated cost is \$50 million in FY 1977 and only \$28 million in entitlement authority is allocated to the Armed Services Committee for this purpose in the Budget Resolution. The \$28 million figure is also contained in the Budget.

The reason for the difference is due to a required new analysis of the actuarial data of the Treasury Department that is used for such computations.

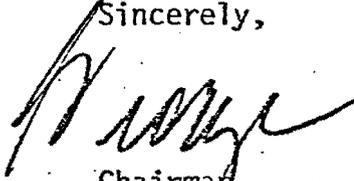
The purpose of the bill is to give the same retirement benefits to about 30% of the CIA employees that obtain under Civil Service and the Foreign Service for employees who serve in hazardous positions. The bill would make their benefits equivalent to certain law enforcement officials and other federal employees who serve in hazardous positions. The bill would also provide authorization for the unfunded liability that has developed in the system.

Since the Congress has previously provided these retirement programs for employees who work in positions similar to those of the CIA, I see little choice but to recommend that the Committee report the bill without change.

I would propose that we deal also with this bill at our Thursday meeting.

This has been a long and somewhat complex letter. If you have any questions or would like to propose other ways of dealing with these matters, please let me know. The staff, of course, is also always available to help you.

Sincerely,

A handwritten signature in cursive script, appearing to read "A. W. King", written in black ink.

Chairman

A long, thin, horizontal line drawn in black ink, extending across the width of the signature area.

TITLE IV—ADDITIONAL PROVISIONS TO IMPROVE FISCAL PROCEDURES

BILLS PROVIDING NEW SPENDING AUTHORITY

SEC. 401. (a) LEGISLATION PROVIDING CONTRACT OR BORROWING AUTHORITY.—It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which provides new spending authority described in subsection (c) (2) (A) or (B) (or any amendment which provides such new spending authority), unless that bill, resolution, or amendment also provides that such new spending authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

(b) LEGISLATION PROVIDING ENTITLEMENT AUTHORITY.—

(1) It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which provides new spending authority described in subsection (c) (2) (C) (or any amendment which provides such new spending authority) which is to become effective before the first day of the fiscal year which begins during the calendar year in which such bill or resolution is reported.

(2) If any committee of the House of Representatives or the Senate reports any bill or resolution which provides new spending authority described in subsection (c) (2) (C) which is to become effective during a fiscal year and the amount of new budget authority which will be required for such fiscal year if such bill or resolution is enacted as so reported exceeds the appropriate allocation of new budget authority reported under section 302(b) in connection with the most recently agreed to concurrent resolution on the budget for such fiscal year, such bill or resolution shall then be referred to the Committee on Appropriations of that House with instructions to report it, with the committee's recommendations, within 15 calendar days (not counting any day on which that House is not in session) beginning with the day following the day on which it is so referred. If the Committee on Appropriations of either House fails to report a bill or resolution referred to it under this paragraph within such 15-day period, the committee shall automatically be discharged from further consideration of such bill or resolution and such bill or resolution shall be placed on the appropriate calendar.

(3) The Committee on Appropriations of each House shall have jurisdiction to report any bill or resolution referred to it under paragraph (2) with an amendment which limits the total amount of new spending authority provided in such bill or resolution.

(c) DEFINITIONS.—

(1) For purposes of this section, the term "new spending authority" means spending authority not provided by law on the effective date of this section, including any increase in or addition to spending authority provided by law on such date.

(2) For purposes of paragraph (1), the term "spending authority" means authority (whether temporary or permanent)—

(A) to enter into contracts under which the United States is obligated to make outlays, the budget authority for which is not provided in advance by appropriation Acts;

(B) to incur indebtedness (other than indebtedness incurred under the Second Liberty Bond Act) for the repayment of which the United States is liable, the budget authority for which is not provided in advance by appropriation Acts; and

Referral to Appropriations Committee.

Discharge from consideration.

Placement on calendar.

Committee jurisdiction.

40 Stat. 208. 31 USC 774.

(C) to make payments (including loans and grants), the budget authority for which is not provided for in advance by appropriation Acts, to any person or government if, under the provisions of the law containing such authority, the United States is obligated to make such payments to persons or governments who meet the requirements established by such law.

Such term does not include authority to insure or guarantee the repayment of indebtedness incurred by another person or government.

(d) EXCEPTIONS.—

(1) Subsections (a) and (b) shall not apply to new spending authority if the budget authority for outlays which will result from such new spending authority is derived—

(A) from a trust fund established by the Social Security Act (as in effect on the date of the enactment of this Act); or

(B) from any other trust fund, 90 percent or more of the receipts of which consist or will consist of amounts (transferred from the general fund of the Treasury) equivalent to amounts of taxes (related to the purposes for which such outlays are or will be made) received in the Treasury under specified provisions of the Internal Revenue Code of 1954.

(2) Subsections (a) and (b) shall not apply to new spending authority which is an amendment to or extension of the State and Local Fiscal Assistance Act of 1972, or a continuation of the program of fiscal assistance to State and local governments provided by that Act, to the extent so provided in the bill or resolution providing such authority.

(3) Subsections (a) and (b) shall not apply to new spending authority to the extent that—

(A) the outlays resulting therefrom are made by an organization which is (i) a mixed-ownership Government corporation (as defined in section 201 of the Government Corporation Control Act), or (ii) a wholly owned Government corporation (as defined in section 101 of such Act) which is specifically exempted by law from compliance with any or all of the provisions of that Act; or

(B) the outlays resulting therefrom consist exclusively of the proceeds of gifts or bequests made to the United States for a specific purpose.

REPORTING OF AUTHORIZING LEGISLATION

31 USC 1352.

SEC. 402. (a) REQUIRED REPORTING DATE.—Except as otherwise provided in this section, it shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless that bill or resolution is reported in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

(b) EMERGENCY WAIVER IN THE HOUSE.—If the Committee on Rules of the House of Representatives determines that emergency conditions require a waiver of subsection (a) with respect to any bill or resolution, such committee may report, and the House may consider and adopt, a resolution waiving the application of subsection (a) in the case of such bill or resolution.

49 Stat. 620. 42 USC 1305.

68A Stat. 3. 26 USC 1 et seq.

86 Stat. 919. 31 USC 1221 note.

59 Stat. 600; 87 Stat. 1005. 31 USC 856. 59 Stat. 597; 86 Stat. 1274. 31 USC 846.

THE WHITE HOUSE
WASHINGTON

MAY 28 1976

File

May 27, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF
JIM CANNON

FROM

PAUL MYER

SUBJECT:

House Appropriations
Committee Action on
General Revenue Sharing
Legislation

The House Appropriations Committee today reported, by voice vote and without amendment, the General Revenue Sharing renewal bill (H. R. 13367), earlier reported by the House Government Operations Committee. The Appropriations Committee had obtained jurisdiction under the sequential referral procedures of the Congressional Budget Act related to the consideration of entitlement legislation and could have modified the funding level of the bill.

As reported, the bill would result in outlays of \$6.65 billion for General Revenue Sharing payments in FY77, an increase of \$107.5 billion over the First Congressional Budget Resolution. Actually, the bill proposes new entitlement authority of \$4,987,500,000 for January 1, 1977, through September 30, 1977 and the Budget Resolution allocated only \$4,880,000,000 in entitlement authority -- a difference of \$107.5 million. The reason for this difference is that the amount contained in H. R. 13367 would continue revenue sharing payments at the same level as those for the last six months of the currently authorized program. While on the other hand, the amount in the budget resolution would result in a cut in that level of \$107.5 million. The budget resolution contains essentially the same level as proposed by the President in his Budget. However, the President's recommendations were based on his legislative proposals to change the existing revenue sharing program by reducing the authorized increase in the last six months of the current program by \$150 million and then applying this amount to the remaining nine months of the fiscal year. Since the committee bill did not modify the amount currently authorized and appropriated, the Appropriations Committee's decision simply reflects their desire to continue the program at the present level as opposed to recommending the lower amount which would have the effect of reducing the payments.

Since the Appropriations Committee had jurisdiction only over the cost provisions of the bill, no action was taken on other matters of legislative policy which many Members of the Committee are opposed to -- specifically, the entitlement financing provision itself. Chairman Mahon indicated, in response to questions, that he intends to offer a motion to strike the entitlement provision and make the bill a straight authorization for appropriations when the matter is considered on the House floor. He further indicated that this issue will be the subject of further discussion by the Committee.

It is anticipated that the bill will be considered by the Rules Committee some time next week. It is possible that House floor action will be scheduled for the week of June 7. If not, it is unlikely that the bill would be considered until just prior to the July 4 recess (the week of June 28), since the House begins two weeks of scheduled consideration of appropriations measures on June 15. Indications are that the leadership would like to have this bill out of the way before the appropriations measures are considered.