The original documents are located in Box C32, folder "Presidential Handwriting 12/11/1975" of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

THE WHITE HOUSE

WASHINGTON

December 11, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JIM CANNON

FROM: JIM CONNOR JEC

The attached newspaper clipping was returned in the President's outbox with the following notation:

"From the Grand Rapids Paper -- Very dangerous."

Please follow-up with appropriate action.

cc: Dick Cheney

Article Attached from The Grand Rapids Press
Sunday, December 7, 1975
"Local Governments Pay Little Heed to Talk of End to Revenue Sharing"

THE WHITE HOUSE
WASHINGTON

Jim Cannon

From the G. R.

Paper. Very dangerous.

THE PRESIDENT HAS SEEN....

Local Governments Pay Little Heed To Talk of End to Revenue Sharing

By Ron Cordray
Grand Rapids Press Bureau

WASHINGTON—Despite some of the doomsday rhetoric that surrounds the general revenue sharing program, local government officials aren't planning full-scale dollar evacuations in their budgets.

They view the warnings for what they are — rhetoric, even though some of it is coming from the very organizations which represent them in the capital. The National League of Cities says that revenue sharing is in trouble. A similar message comes from the National Association of Counties.

The cities' organization has even set up a revenue sharing control center in Washington, and about a week ago the counties held a mass rally to let Congress know revenue sharing must be renewed.

Leaders of the national organizations don't believe local officials are putting enough pressure on the Congress. That may be the case, but perhaps the reason is that the local officials are aware of the realities — including the politics — of the situation.

They probably don't see any compelling reason to exert a great deal of effort when it is a foregone conclusion that revenue sharing will be around for a long time to come.

And the more politically astute know that Congress is not a body that moves rapidly when it really doesn't have to. Revenue sharing expires Dec. 31, 1976. While Congress won't wait until then to renew it for another five years, it isn't about to act a year in advance, either.

Local officials would like Congress to act now on revenue sharing, they say, because the budget process for the next fiscal year is already under way. They argue that they can't budget realistically without revenue sharing on the books beyond 1976.

But it's a rare local official, indeed, who is designing a budget sans revenue sharing dollars.

The House Government Operations Committee probably will act on a revenue sharing bill sometime next spring. A staff spokesman said it would be unrealistic to assume the committee will kill the proposal despite the fact tht Chairman Jack Brooks, D-Tex., opposes the concept.

"Committee chairmen do have a lot of power, but you can bet this is one bill that will get a fair airing," the spokesman said. "A wide majority of the committee is for it," he added.

The bill is in a subcommittee headed by Rep. L. H. Fountain, D-N.C., who favors the revenue sharing concept.

New York City's financial woes, brought about largely through borrowing against anticipated revenues, could spread throughout the nation if Congress suddenly ended the revenue sharing program. Many cities went into long-term indebtedness because of the additional dollars that flowed from Washington.

Another reason Congress will renew revenue sharing is the state of the economy. A cut-off of the funds would add considerably to the nation's unemployment. The ripple effect from this would hit hard at states like Michigan which rely heavily on an income tax to pay for services.

Michigan is not unique in having financial difficulties, with Gov. William Milliken seeking ways to cut spending by [illegible] million to balance the budget. Without revenue sharing, that job would be considerably tougher since the state gets about $80 million annually from the program.

The states may have trembled a little last week when Democratic presidential hopeful Jimmy Carter of Georgia said he would, if elected, cut off revenue sharing dollars to the states. He favors giving the dollars to local units of government.

If carried forward, Carter's plan would doubtless cause a gnashing of governors' teeth, but would would probably in the long run make little difference. Deprived of these revenue sharing dollars — with the cities getting proportionately more — the states would simply balance their budgets by reducing state aid to these cities.

Other rhetoric that has surfaced recently is the threat by some Democrats to kill revenue sharing if President Ford persists in his program to cut federal spending by $28 billion next year as a prerequisite to a $28 billion tax cut.

"Revenue sharing will be the first to go," some Democrats have threatened. But no one is losing a great deal of sleep over this threat. Democrats could well hold revenue sharing hostage for awhile but ultimately would have to relent. The tax cut plan — whether it be Ford's or that of the Democrats — should be history before revenue sharing ever reaches the final committee stages.