THE WHITE HOUSE REQUEST

WASHINGTON

April 2, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM CANNON MAX FRIEDERSDORF

SUBJECT: Status Report: General Revenue Sharing

The House Government Operations Subcommittee has completed the first phase of its mark-up.

Congressman Fountain has directed the staff to draft a clean bill which reflects the Subcommittee's tentative substantive decisions. Representatives from the Treasury Department will participate in the actual drafting.

The Subcommittee plans to resume mark-up next Wednesday, April 7, 1976, and expects to report a bill to the full committee just prior to the April 15 recess date.

Since their first critical decisions to provide for a shorter, no-growth program dependent upon annual appropriations, the Subcommittee decisions have either endorsed your recommendations or been generally consistent with your conceptual objectives.

In summary, the Subcommittee bill would:

* extend the program for 3 3/4 years with funding frozen at its present level;
* subject funding to annual review by appropriation committees;
* retain the present distribution formula;
* tighten the definition of eligible recipients (in effort to delete some smaller, single-purpose governments)
* delete present priority expenditure categories;
* strengthen enforcement of nondiscrimination provisions; and

* improve present reporting and citizen participation requirements.

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THE WHITE HOUSE REQUEST

WASHINGTON

April 2, 1976

MEMORANDUM FOR JIM CANNON

FROM PAUL MYER

SUBJECT: Status of House General Revenue Sharing Mark-up

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* extend the program for 3 3/4 years with funding frozen at its present level;

* subject funding to annual review by appropriation committees;

* retain the present distribution formula;

* tighten the definition of eligible recipients (in effort to delete some smaller, single-purpose governments);

* delete present priority expenditure categories;

* strengthen enforcement of nondiscrimination provisions; and

* improve present reporting and citizen participation requirements.

It is possible that the Subcommittee will adopt a compromise with respect to the duration and method of funding of the program when they meet next week. This has been the subject of considerable private discussion, and I will have a paper on this matter for your review on Monday.

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THE WHITE HOUSE

WASHINGTON

April 6, 1976

MEMORANDUM FOR AGNES WALDRON
JIM SHUMAN
MARGARET EARL

FROM PAUL MYER

SUBJECT: Revised General Revenue Sharing Data (as of April 5, 1976)

On April 5, 1976, the Treasury Department distributed an additional $1.5 billion payment to the 50 States and 37,441 eligible units of local government. This regular quarterly payment covers the period of January 1, 1976-March 31, 1976, and brings the total of General Revenue Sharing payments to date to $25.1 billion.

Attached for your information are summary tables of this payment data by State.

cc: Jim Cannon
Jim Cavanaugh

Attachment

OFFICE OF REVENUE SHARING

NUMBER OF RECIPIENTS PAID THIS QUARTER

STATE NAME	CODE	COUNTIES	MUNICIPALITIES	TOWNSHIPS	INDIAN TRIBES & ALASKAN NATIVE VILLAGES	TOTALS
ALABAMA	1	66	396			463
ALASKA	1	9	81		28	119
ARIZONA	1	14	68		17	100
ARKANSAS	1	75	459			535
CALIFORNIA	1	57	412		36	506
COLORADO	1	62	248		2	313
CONNECTICUT	1		32	148		181
DELAWARE	1	3	54			58
DIST OF COLUMBIA	1					1
FLORIDA	1	66	378		2	447
GEORGIA	1	158	501			660
HAWAII	1	3	1			5
IDAHO	1	44	188		5	238
ILLINOIS	1	102	1,251	1,424		2,777
INDIANA	1	91	543	987		1,622
IOWA	1	99	936		1	1,037
KANSAS	1	105	596	965	3	1,670
KENTUCKY	1	119	380			500
LOUISIANA	1	62	292		1	356
MAINE	1	16	22	471	2	512
MARYLAND	1	23	148			172
MASSACHUSETTS	1	12	39	312		364
MICHIGAN	1	83	529	1,211	4	1,828
MINNESOTA	1	87	844	1,773	11	2,716
MISSISSIPPI	1	82	278		1	362
MISSOURI	1	114	838	320		1,273
MONTANA	1	56	125		7	189
NEBRASKA	1	93	511	422	3	1,030
NEVADA	1	16	17		14	48
NEW HAMPSHIRE	1	10	13	215		239
NEW JERSEY	1	21	331	232		585
NEW MEXICO	1	32	93		22	148
NEW YORK	1	57	615	925	6	1,604
NORTH CAROLINA	1	100	455		1	557
NORTH DAKOTA	1	53	329	1,328	4	1,715
OHIO	1	88	921	1,307		2,317
OKLAHOMA	1	77	514		24	616
OREGON	1	36	235		4	276
PENNSYLVANIA	1	66	1,010	1,542	1	2,620
RHODE ISLAND	1		8	31		40
SOUTH CAROLINA	1	46	246			293
SOUTH DAKOTA	1	66	295	887	8	1,257
TENNESSEE	1	93	315			409
TEXAS	1	254	974		2	1,231
UTAH	1	29	204		4	238
VERMONT	1	12	55	235		303
VIRGINIA	1	95	226		2	324
WASHINGTON	1	39	265		18	323
WEST VIRGINIA	1	55	225			281
WISCONSIN	1	72	573	1,263	10	1,919
WYOMING	1	23	87		2	113
NATIONAL TOTALS	51	3,041	18,155	15,998	245	37,490

DISTRIBUTION OF QUARTER PAY

STATE NAME	STATE $	COUNTIES $	MUNICIPALITIES $	TOWNSHIPS $	INDIAN TRIBES & ALASKAN NATIVE VILLAGES $	TOTALS $
ALABAMA	8,488,993	6,231,673	10,700,653			25,421,319
ALASKA	764,132	641,613	777,239		18,681	2,201,665
ARIZONA	5,437,550	4,019,932	6,203,174		729,630	16,390,286
ARKANSAS	5,541,114	5,884,484	5,056,845			16,482,443
CALIFORNIA	54,934,544	62,908,587	46,973,764		45,072	164,861,967
COLORADO	5,762,672	3,894,938	7,675,653		9,568	17,342,831
CONNECTICUT	7,125,496		7,222,024	7,029,056		21,376,576
DELAWARE	1,675,966	1,969,870	1,140,614			4,786,450
DIST OF COLUMBIA	6,662,242					6,662,242
FLORIDA	16,722,636	16,366,317	17,073,734		6,015	50,168,702
GEORGIA	11,117,632	12,327,394	9,941,115			33,386,141
HAWAII	2,319,136	1,228,158	3,410,113			6,957,407
IDAHO	2,107,367	2,390,807	1,801,830		22,137	6,322,141
ILLINOIS	26,811,514	11,538,112	16,101,356	7,275,307		61,726,289
INDIANA	10,735,037	7,391,513	11,273,415	2,803,472		32,203,437
IOWA	6,904,851	8,030,840	5,775,910		2,992	20,714,593
KANSAS	4,846,728	4,749,398	4,471,517	489,774	5,957	14,563,374
KENTUCKY	9,152,700	7,727,822	8,831,858			25,712,380
LOUISIANA	11,395,012	8,845,300	13,997,926		1,405	34,239,643
MAINE	3,389,103	466,240	2,802,863	3,559,259	5,251	10,222,716
MARYLAND	10,511,829	12,942,079	8,089,341			31,543,249
MASSACHUSETTS	17,206,030	1,934,308	18,503,010	13,977,688		51,621,036
MICHIGAN	22,247,437	13,600,944	26,824,868	4,102,054	7,220	66,782,523
MINNESOTA	11,070,621	12,022,856	8,721,801	1,347,343	89,466	33,252,287
MISSISSIPPI	8,003,108	10,359,254	5,318,874		10,438	23,691,674
MISSOURI	10,190,713	6,893,675	13,069,070	428,343		30,581,801
MONTANA	1,976,124	2,637,400	1,171,154		144,039	5,928,717
NEBRASKA	3,512,749	3,517,152	3,285,739	206,887	18,427	10,540,954
NEVADA	1,225,466	1,554,915	878,456		15,434	3,674,271
NEW HAMPSHIRE	1,672,006	434,128	1,542,257	1,372,243		5,020,634
NEW JERSEY	16,540,166	11,385,273	14,275,872	7,416,429		49,617,740
NEW MEXICO	3,353,694	2,953,152	3,123,121		473,506	9,903,473
NEW YORK	59,933,132	26,553,169	79,861,936	12,819,041	45,018	179,212,296
NORTH CAROLINA	12,938,183	14,136,498	11,705,613		41,449	38,821,743
NORTH DAKOTA	1,604,837	1,689,061	1,064,718	395,331	51,767	4,805,714
OHIO	21,608,304	13,910,369	25,212,233	4,137,043		64,867,949
OKLAHOMA	5,863,667	3,848,786	7,768,908		109,879	17,591,240
OREGON	5,555,968	4,180,474	6,928,085		18,182	16,682,709
PENNSYLVANIA	28,062,494	15,662,749	30,496,095	10,007,204	94	84,228,636
RHODE ISLAND	2,285,294		3,155,894	1,414,681		6,855,869
SOUTH CAROLINA	7,396,174	8,055,660	6,869,185			22,321,019
SOUTH DAKOTA	2,105,377	2,246,129	1,472,906	267,238	208,975	6,300,625
TENNESSEE	9,771,053	8,027,066	11,492,974			29,291,093
TEXAS	25,754,203	19,821,896	31,598,134		2,925	77,177,158
UTAH	3,103,721	2,984,722	3,154,742		63,680	9,306,865
VERMONT	1,638,546	35,373	1,116,355	2,122,645		4,912,919
VIRGINIA	10,690,132	8,289,824	13,090,836		461	32,071,253
WASHINGTON	7,716,894	6,827,338	8,534,702		63,110	23,144,044
WEST VIRGINIA	5,586,241	4,023,260	4,663,731			14,273,232
WISCONSIN	13,379,243	12,974,508	11,703,576	2,044,052	40,780	40,142,159
WYOMING	835,479	1,176,667	468,955		25,437	2,506,538
NATIONAL TOTALS	535,235,510	401,291,683	546,394,744	83,215,090	2,276,995	1,568,414,022

OFFICE OF REVENUE SHARING

RECIPIENTS PAID TO DATE

STATE NAME	STATE $	COUNTIES $	MUNICIPALITIES $	TOWNSHIPS $	INDIAN TRIBES & ALASKAN NATIVE VILLAGES $	TOTALS $
ALABAMA	140,627,044	105,283,564	176,141,946			422,052,554
ALASKA	11,138,024	9,075,000	12,845,285		598,925	33,657,234
ARIZONA	84,307,136	66,566,459	94,046,502		9,274,942	254,195,039
ARKANSAS	91,551,054	94,308,059	75,309,407			261,168,520
CALIFORNIA	889,625,416	1,062,745,865	716,006,375		588,820	2,668,966,476
COLORADO	88,669,479	62,100,124	115,201,682		164,150	266,135,435
CONNECTICUT	107,679,644		113,746,481	101,771,654		323,197,779
DELAWARE	28,174,562	28,506,445	18,921,894			75,602,901
DIST OF COLUMBIA	111,001,733					111,001,733
FLORIDA	249,084,111	225,939,278	272,669,797		91,646	747,784,832
GEORGIA	175,524,141	201,447,304	149,413,293			526,384,738
HAWAII	36,952,190	18,621,297	55,283,079			110,856,566
IDAHO	33,706,705	38,729,081	28,322,548		369,848	101,128,182
ILLINOIS	427,876,369	190,337,627	438,869,032	112,743,574		1,169,826,602
INDIANA	176,268,248	120,121,733	189,493,365	42,893,022		528,776,368
IOWA	116,790,380	135,882,346	97,716,133		51,056	350,439,915
KANSAS	79,806,578	80,746,811	70,160,756	8,626,939	35,172	239,376,256
KENTUCKY	155,488,843	118,149,402	136,366,531			410,004,776
LOUISIANA	192,529,756	153,443,646	224,504,208		25,656	570,503,266
MAINE	51,632,432	6,912,364	42,716,146	53,486,898	182,336	154,930,176
MARYLAND	166,192,432	195,767,487	136,609,331			498,569,250
MASSACHUSETTS	266,339,600	30,566,001	297,730,773	205,386,969		800,023,343
MICHIGAN	355,467,954	209,085,124	437,146,148	64,779,291	115,775	1,066,594,292
MINNESOTA	167,904,058	179,735,987	135,255,469	20,529,240	1,034,998	504,459,752
MISSISSIPPI	140,136,163	171,032,855	94,320,765		180,733	405,670,516
MISSOURI	158,162,495	104,951,399	204,061,664	7,022,502		474,198,060
MONTANA	32,829,305	43,654,665	19,815,647		2,388,089	98,487,706
NEBRASKA	59,241,021	58,982,095	55,518,859	3,710,324	258,573	177,710,872
NEVADA	18,605,375	23,330,641	13,586,948		286,782	55,809,746
NEW HAMPSHIRE	26,754,213	7,014,886	25,244,848	21,308,322		80,322,269
NEW JERSEY	263,060,657	183,445,342	232,818,023	110,063,487		789,387,509
NEW MEXICO	54,281,729	43,869,906	53,019,167		7,631,645	158,802,447
NEW YORK	938,340,865	404,921,906	1,270,528,566	198,898,790	541,188	2,813,231,315
NORTH CAROLINA	213,035,201	229,817,670	196,446,649		501,028	639,800,548
NORTH DAKOTA	31,648,503	32,694,132	21,120,525	8,175,088	1,258,445	94,896,693
OHIO	336,186,594	213,320,842	393,801,409	65,231,651		1,008,540,496
OKLAHOMA	93,769,051	67,454,285	118,367,279		1,696,522	281,287,137
OREGON	84,191,748	63,946,023	104,178,074		274,572	252,590,417
PENNSYLVANIA	441,475,118	248,794,640	491,322,712	143,391,256	682	1,324,984,408
RHODE ISLAND	37,448,586		52,994,404	21,902,731		112,345,721
SOUTH CAROLINA	117,602,767	121,905,867	107,150,711			346,659,345
SOUTH DAKOTA	36,393,249	41,798,181	23,126,531	5,087,039	3,016,873	109,421,873
TENNESSEE	157,940,605	135,969,282	182,382,611			476,292,498
TEXAS	399,985,730	299,737,686	498,820,237		75,378	1,198,619,031
UTAH	49,443,013	48,845,651	49,154,692		879,229	148,322,585
VERMONT	24,027,616	574,980	16,535,583	31,032,549		72,170,728
VIRGINIA	186,795,555	124,662,225	209,492,782		7,551	500,958,113
WASHINGTON	121,259,478	108,396,283	133,086,234	3,401	1,036,588	363,781,984
WEST VIRGINIA	104,318,936	64,648,636	74,810,267			243,777,839
WISCONSIN	211,108,331	208,481,442	180,302,644	33,190,875	647,820	633,731,132
WYOMING	15,065,421	21,798,738	7,889,371		443,572	45,197,102
NATIONAL TOTALS	8,537,445,214	6,408,121,262	8,864,173,403	1,259,235,602	33,658,594	25,102,634,075

Revenue Sharing

THE WHITE HOUSE

WASHINGTON

INFORMATION

April 8, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON, MAX FRIEDERSDORF

SUBJECT: Status Report: General Revenue Sharing

The House Government Operations Subcommittee today 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.

While there is little practical difference under the Budget Act 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	NAY
Fountain	Mezvinsky
Fuqua	Jordan
Levitas	Burton
Wydler	Drinan
Brown(proxy)	English
Steelman (proxy)	Brooks
Horton	

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	NAY
Wydler	Fountain
Brown (proxy)	Fuqua
Steelman (proxy)	Mezvinsky
Horton (proxy)	Jordan
	Burton
	Drinan
	English
	Levitas (proxy)
	Brookd

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

GRS

THE WHITE HOUSE

WASHINGTON

INFORMATION

April 8, 1976

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Attachment

THE WHITE HOUSE

WASHINGTON

April 9, 1976

MEMORANDUM FOR PAUL O'NEILL

FROM PAUL MYER

SUBJECT: 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

EXTENSION OF PROGRAM AND FUNDING

SEC. 4 (a) Section 105 of the Act is amended--

(1) by redesignating subsection (c) as subsection (d);

(2) by inserting immediately after subsection (b) the following new subsection:

"(c) AUTHORIZATION OF APPROPRIATION FOR ENTITLEMENTS. --

"(1) IN GENERAL. -- There are authorized to be appropriated to the Trust Fund to pay the entitlement herinafter provided --

"(A) For the period beginning January 1, 1977, and ending September 30, 1977, $4,987,500,000; and

"(B) For the Fiscal Years beginning October 1, 1977, 1978, and 1979, $6,650,000,000.

"(2) NON-CONTIGUOUS STATES ADJUSTMENT AMOUNTS. -- There are authorized to be appropriated to the Trust Fund to pay the entitlement hereinafter provided --

"(A) For the period beginning January 1, 1977, and ending September 30, 1977, $3,585,000; and

"(B) For each of the Fiscal Years beginning on October 1, 1977, 1978, 1979, $4,780,000."; and

(3) by inserting "; AUTHORIZATIONS" in the heading of such section immediately after "APPROPRIATIONS".

(b) (1) Section 104(c) of the Act is amended --

(A) by inserting "or three-fourths" after "one-half"; and

(B) by striking out "period of 6 months" and inserting in lieu thereof "period of 6 or 9 months, respectively".

(2) Section 106(a) of the Act is amended --

(A) by inserting "an entitlement" after "shall be allocated"; and

(B) by inserting "and from the sums authorized under section 105(c)(1) for succeeding entitlement periods" after "that entitlement period,".

(3) Section 106(c) of the Act is amended by striking out "section 105(b)(2)" each place it appears and inserting in lieu thereof "subsection (b) (2) or (c) (2) of section 105".

(4) Section 107 (b) of the Act is amended by redesignating paragraphs (6) and (7) as paragraphs (7) and (8), respectively, and by inserting after paragraph (5) the following new paragraph:

"(6) SPECIAL RULE FOR THE PERIOD BEGINNING JANUARY 1, 1977.--In the case of the entitlement period beginning January 1, 1977, and ending September 30, 1977, the aggregate amount taken into account

under paragraph (1) (A) for the preceding entitlement period and the aggregate amount taken into account under paragraph (1) (B) shall be three-fourts of the amounts which (but for this paragraph) would be taken into account.".

(5) Section 108(c) (1) (C) of the Act is amended by striking out "December 31, 1976," and inserting in lieu thereof "September 30, 1980,".

(6) Section 141(b) of the Act is amended by inserting at the end thereof the following new paragraphs:

"(6) The period beginning on January 1, 1977, and ending September 30, 1977.

"(7) The one-year periods beginning on October 1 of 1977, 1978, and 1979."

THE WHITE HOUSE

WASHINGTON

April 9, 1976

MEMORANDUM FOR PAUL O'NEILL

FROM PAUL MYER

SUBJECT: 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

GRS

The Washington Star April 12, 1976

Mayors' Man Warns Democrats

Associated Press

Congressional Democrats who oppose the renewal of federal revenue sharing are being warned they may hand President Ford a political plum this election year if they delay extending the program.

At the height of the 1972 presidential campaign, Richard M. Nixon signed the federal revenue-sharing law with an entourage

the legislation before the summer recess, revenue-sharing opponents in the House may be able to pressure the Senate into accepting provisions that revenue-sharing advocates feel would weaken the program.

The legislation has strong bipartisan support in the Senate, and it is unlikely to become a political issue there.

in 1972, is scheduled to expire Dec. 31.

Ford is advocating a 5 ¾-year program that would expire on Sept. 30, 1982, when fiscal 1982 ends. The program's opponents are seeking to limit any extension to 21 months. A shortened program would give them the opportunity to begin chipping away at the renewed program next January, when they would

legislation as a way to get back at him. "It's all political and they don't know how to get to Ford any other way," he said. "You have to remember this is the only spending program the guy is asking for."

Block grants

THE WHITE HOUSE

WASHINGTON

INFORMATION

April 14, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: JIM CANNON

SUBJECT: Support of Block Grants

Attached is a copy of a letter jointly signed by Governor Andrus (D-Idaho) and Governor Evans (R-Washington) expressing to the other Governors of this country their support for your block grant proposals. In their letter, these Governors request that other chief executives help stimulate the discussion and support for these proposals in order that they receive a due hearing and consideration by the Congress.

The Governors' Conference has been extremely interested and cooperative in these block grant proposals. Governor Andrus has taken special effort to go beyond party line and to support a concept that he believes in very strongly.

We are continuing to work with Governor Andrus and Governor Evans and their Human Resource Committee on a number of items, and I am hopeful that this continued cooperation will help move the block grants from their current stalemate position.

National Governors' Conference
1150 Seventeenth Street N.W. Suite 600
Washington, D.C. 20036
(202)785-5600

Robert D. Ray
Governor of Iowa
Chairman

March 29, 1976

Honorable (ALL GOVERNORS)
Governor of

Dear :

We take this opportunity to express our mutual belief that Congress should shortly hold public hearings on the Administration's block grant proposals.

During the past ten years we have all become painfully aware of the program and management conditions caused by federal categorical funding of human services. One of our biggest challenges in the next years will be revamping the intergovernmental funding and management of education and human services so that these services may become more responsive, realistic, and meaningful to recipients of the services as well as to the people who pay for them.

While neither of us endorses all the specific details of the Administration's block grant proposals, we firmly believe it is important that the concepts be publicly discussed. Furthermore, we believe that Congress must be given a concise message that this is a direction in intergovernmental funding that Governors believe to be vital to the successful exercise of our joint responsibility for the funding and management of human service programs

We are asking that you join us in communicating to our respective Congressional delegations and appropriate Committee chairmen our belief that hearings should be soon held for the purpose of discussing the concepts contained in the Administration's block grant proposals. The list of block grant proposals and the Committee to which they have been referred is attache for your reference. Through our united efforts we hope to impress upon Congress the necessity of addressing these issues promptly and directly.

Sincerely,

Cecil D. Andrus
Chairman, NGC Committee on
Human Resources

Daniel J. Evans
Vice Chairman, NGC Committee on
Human Resources

Dan

Dear ~~Governor Evans:~~

I would like to thank you and Governor Andrus for your March 29th letter in which you expressed to your fellow Governors your joint support for the Administration's block grant proposals.

As I am sure you are aware, these proposals reflect the President's desires to improve the delivery of Federal categorical programs. Needless to say, there has not been overwhelming support shown for these proposals in the Congress. The support that you express in your letter and the support which your letter will hopefully create within the Governors' Conference are much needed and appreciated.

I would like to again express my appreciation for your support and hope that it will, along with other efforts, generate a positive response in the Congress.

Sincerely,

Jim

James M. Cannon
Assistant to the President
for Domestic Affairs

The Honorable Daniel J. Evans
Governor of Washington
Olympia, Washington 98501

OUSE

WASHINGTON

Dear Governor Andrus:

I would like to thank you and Governor Evans for your March 29th letter in which you expressed to your fellow Governors your joint support for the Administration's block grant proposals.

As I am sure you are aware, these proposals reflect the President's desires to improve the delivery of Federal categorical programs. Needless to say, there has not been overwhelming support shown for these proposals in the Congress. The support that you express in your letter and the support which your letter will hopefully create within the Governors' Conference are much needed and appreciated.

I would like to again express my appreciation for your support and hope that it will, along with other efforts, generate a positive response in the Congress.

Sincerely,

James M. Cannon
Assistant to the President
for Domestic Affairs

The Honorable Cecil D. Andrus
Governor of Idaho
Boise, Idaho 83701

National Governors' Conference
1150 Seventeenth Street N.W. Suite 600
Washington, D.C. 20036
(202)785-5600

Robert D. Ray
Governor of Iowa
Chairman

Steve

April 1, 1976

1) Ack w/ thanks

2) Info copy to President w/ brief comment

Note

Jim

Mr. James Cannon
Assistant to the President
for Domestic Affairs
The White House
Washington, D.C. 20500

Dear Jim:

I thought you might like to see a copy of the enclosed letter from Governor Andrus and Governor Evans to their fellow Governors on the subject of the President's block grant proposals.

Sincerely,

Steve

Stephen B. Farber
Director

Enclosure

cc: McConahey

Paul —
Thanks —
Let's get you and
I down on
Strategy
Session.

THE WHITE HOUSE

WASHINGTON

April 15, 1976

MEMORANDUM FOR: MAX FRIEDERSDORF
JIM CANNON

FROM: PAUL MYER

SUBJECT: Review of House Subcommittee Actions on General Revenue Sharing Renewal

On Wednesday, April 14, 1976, the House Government Operations Subcommittee completed markup of legislation to extend and revise the General Revenue Sharing program. A clean bill will be introduced and reported to the full Committee after the recess.

During the final days of the markup, the Subcommittee reversed a number of earlier tentative decisions, taking actions which improved the bill. While it does not endorse the President's proposal, it is generally consistent with its basic principle and represents a good markup vehicle in the full Committee for purposes of strengthening the bill further.

In summary, the Subcommittee bill would:

* extend the program's authorization for 3 3/4 years;

* establish entitlement financing for the program, providing funds for the total authorization period;

* freeze funding at its present level ($6.6 billion) specifically rejecting any annual increase;

* retain the present distribution formula;

* delete present priority expenditure categories and matching prohibition;

* strengthen scope and enforcement of non-discrimination provisions, however, providing that all administrative remedies be exhausted prior to court action; and

* expand present, reporting, auditing and citizen participation requirements.

I have asked Treasury to prepare a detailed analysis of the Subcommittee bill.

Full Committee markup should begin shortly after the recess. Jack Brooks and the Subcommittee's liberal Democrats are not happy with the final bill. Brooks will clearly revisit all the major issues in Committee (i.e., method of funding and civil rights) and liberals may seek to revise the distribution formula in some way. It is anticipated that the Committee will report a bill prior to the May 15 deadline.

THE WHITE HOUSE

WASHINGTON

April 26, 1976

MEMORANDUM FOR: MAX FRIEDERSDORF
JIM CANNON

FROM: PAUL MYER

SUBJECT: Summary and Analysis of House Subcommittee Action on General Revenue Sharing Legislation

Attached for your information are two documents which summarize the House Subcommittee's action on General Revenue Sharing renewal legislation and compares the Subcommittee bill with current law and the President's proposal.

The Subcommittee is scheduled to report a clear bill on Wednesday, April 28. The Full Committee should consider this item the following week.

Attachment

Actions Taken by the Subcommittee

Listed below are the major actions that have been taken by the Subcommittee concerning the General Revenue Sharing Program. The extent to which these actions deviate from the President's proposal is shown in parenthesis.

1. The program has been extended for 3 3/4 years.
   (The President's proposal would extend the program for 5 3/4 years.)

2. The level of funding will be kept at the present level of $6.65 billion annually.
   (The President's proposal would have increased that amount at 2.4 percent yearly for 5 3/4 years.)

3. The program will be funded through an entitlement mechanism. While this is not as insulated from Congressional dabbling as a joint authorization and appropriation, it has several advantages along the same lines. The Appropriations Committee would only have jurisdiction if the amount authorized by the legislative committee (in this case Government Operations) is greated than that approved by the Budget Committee. Then 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. The other major benefit is that since entitlements are specifically authorized in the Budget Control and Impoundment Act of 1974, there is no need for a special rule as there would be with a joint authorization and appropriation.

4. Participation in the program will be restricted to general purpose units of government that satisfy the following two requirements:
   (The President's proposal would have maintained the existing eligibility requirements to all general purpose governments.)

   a. levy taxes or receives intergovernmental transfers.

   b. performs two or more municipal type services from a specified list of such services.

   (It is not clear how many governments would be impacted by this. We suspect that it will not be many.)

5. The formula for disbursing funds has been left basically unchanged.
   (The President's bill had requested raising the 145 percent upper constraint to 175 percent.)

6. Priority expenditure categories have been eliminated. (The President's proposal would retain these categories.)

7. The prohibition against the use of revenue sharing monies for matching purposed has been eliminated.

8. States are required to maintain their local aid at a level equivalent to that of Fiscal Year 1976.

9. Construction projects using 25 percent of more revenue sharing monies must comply with the Davis-Bacon Act.

10. Non-discrimination provisions have been substantially strenthened to apply to all activities of a recipient government unless that government can show with "clear and convincing evidence" that General Revenue Sharing funds have been placed solely in a program that does not violate civil rights laws. The non-discrimination provisions have been expanded to include the handicapped, and aged in addition to race, color, religion, sex and national origin. Extensive hearing and compliance procedures are spelled out requiring time limits for investigations compliance, administrative procedure, and court actions.

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

11. Citizen participation requirements have been strengthened.

12. Plan and actual use reports have been expanded to include comparative information on a jurisdiction's total budget and how revenue sharing funds relate to particular items in the budget.

13. All governments will be required to conduct an independent audit of General Revenue Sharing accounts.

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 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.	5 3/4 year trust fund.	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 each	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: 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.
	The maximum entitlement to local government of 145 percent of the average statewide per capita entitlement.	Raised to 175 percent.	No change.
	The minimum entitlement to local government of 20 percent of the average statewide per capita entitlement.	No change.	No change.
	No local government will receive more than 50 percent of its non-school revenues plus its intergovernmental transfers.	No change.	No change.

	Any general purpose government receiving less than $200 will not receive any money.	No change.	No change.
	States receive 1/3 of funds distributed, local governments receive 2/3.	No change.	No change.
Citizen Participation and Public Hearing	Recipient governments must publish planned and actual Use Reports in newspapers of general circulation.	No change.	Recipient governments must hold public hearings on the proposed Use Report at least 7 days before the submission of the report to ORS.
	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.	No change.	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. 30 days before the second hearing, the government must publish a summary of its budget and proposed Use Report in a general circulation newspaper.
	Allocation of GRS monies must be in accordance with State and local law.	No change.	Hearings must be at a place and time that "permits and encourages citizen participation."
Reporting Requirements	Law prescribes reports on amounts and purposes of planned and actual expenditures.	No change.	Proposed Use Report must include comparative data on the use of GRS funds for the current and the two previous entitlement periods and must compare them to items in budget. Proposed Use Reports must specify whether the use is for new expanded, a continuation of activity or tax stabilization or reduction. Actual Use Reports must be filed with ORS. Any differerences between planned and actual uses must be explained. Budgets 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.
Anti-Discrimination Provisions	Law contains strong anti-discrimination requirement. Secretary's enforcement powers are stated in general terms: to refer matter to Attorney General for 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 require repayment of funds expended in a discriminatory fashion.	Discrimination prohibited on basis of race, color, religion, sex, age, national origin, or handicapped status under any State or local program except where recipient can prove "with clear and convincing evidence" that program was not funded 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 permitted after the exhaustion of administrative remedies.

Matching Prohibition	Revenue Sharing funds may not be utilized to meet Federal grant matching requirements.	No change.	Matching prohibition eliminated.
Davis-Bacon Provision	Davis-Bacon (minimum-wage) applies to construction projects using 25 percent or more of revenue sharing monies.	No change.	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.	Priorities eliminated.
Congresssional Review	No general review of program is required.	No general review of the program is required.	Secretary of Treasury must make an annual report. Comptroller General is to review compliance.
State maintenance of Effort	States must maintain level of fund transfers to localities as of Fiscal '72.	No change.	State must maintain level of funds transferred to localities as of Fiscal '76.
Auditing Requirements	Recipient governments must use fiscal accounting and auditing procedures that permit Federal government to audit.	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 indirectly any GRS funds for "lobbying or to influence any legislation regarding the Act."

OFFICE OF THE VICE PRESIDENT

WASHINGTON, D.C.

April 29, 1976

Jim Cannon -

Attached from the VP.

Dick Allison

File
R-S

OFFICE OF THE VICE PRESIDENT
WASHINGTON

April 27, 1976

The Vice President

1. Attached is your copy of the latest status report on revenue sharing.

2. Tomorrow the bill will be reported to the full committee, which is now scheduled to take it up next week.

Dick Albright

THE WHITE HOUSE

WASHINGTON

April 26, 1976

Jim — It looks to me as tho you'd done a great job on this! Congratulations — Max

MEMORANDUM FOR: MAX FRIEDERSDORF
JIM CANNON

FROM: PAUL MYER

SUBJECT: Summary and Analysis of House Subcommittee Action on General Revenue Sharing Legislation

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9. Construction projects using 25 percent of more revenue sharing monies must comply with the Davis-Bacon Act.

10. Non-discrimination provisions have been substantially strenthened to apply to all activities of a recipient government unless that government can show with "clear and convincing evidence" that General Revenue Sharing funds have been placed solely in a program that does not violate civil rights laws. The non-discrimination provisions have been expanded to include the handicapped, and aged in addition to race, color, religion, sex and national origin. Extensive hearing and compliance procedures are spelled out requiring time limits for investigations compliance, administrative procedure, and court actions.

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Funding Mechanism	5 year trust fund.	5 3/4 year trust fund.	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 each	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: 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.
	The maximum entitlement to local government of 145 percent of the average statewide per capita entitlement.	Raised to 175 percent.	No change.

	The minimum entitlement to local government of 20 percent of the average statewide per capita entitlement.	No change.	No change.
	No local government will receive more than 50 percent of its non-school revenues plus its inter-governmental transfers.	No change.	No change.
	Any general purpose government receiving less than $200 will not receive any money.	No change.	No change.
	States receive 1/3 of funds distributed, local governments receive 2/3.	No change.	No change.
Citizen Participation and Public Hearing	Recipient governments must publish planned and actual Use Reports in newspapers of general circulation.	No change.	Recipient governments must hold public hearings on the proposed Use Report at least 7 days before the submission of the report to ORS.
	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.	No change.	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. 30 days before the second hearing, the government must publish a summary of its budget and proposed Use Report in a general circulation newspaper. Hearings must be at a place and time that "permits and encourages citizen participation."
	Allocation of GRS monies must be in accordance with State and local law.	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 on the use of GRS funds for the current and the two previous entitlement periods and must compare them to items in budget. Proposed Use Reports must specify whether the use is for new expanded, a continuation of activity or tax stabilization or reduction. Actual Use Reports must be filed with ORS. Any differerences between planned and actual uses must be explained. Budgets 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.

Anti-Discrimination Provisions	Law contains strong anti-discrimination requirement. Secretary's enforcement powers are stated in general terms: to refer matter to Attorney General for 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 require repayment of funds expended in a discriminatory fashion.	Discrimination prohibited on basis of race, color, religion, sex, age, national origin, or handicapped status under any State or local program except where recipient can prove "with clear and convincing evidence" that program was not funded 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 permitted after the exhaustion of administrative remedies.
Matching Prohibition	Revenue Sharing funds may not be utilized to meet Federal grant matching requirements.	No change.	Matching prohibition eliminated.
Davis-Bacon Provision	Davis-Bacon (minimum-wage) applies to construction projects using 25 percent or more of revenue sharing monies.	No change.	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.	Priorities eliminated.
Congresssional Review	No general review of program is required.	No general review of the program is required.	Secretary of Treasury must make an annual report. Comptroller General is to review compliance.
State maintenance of Effort	States must maintain level of fund transfers to localities as of Fiscal '72.	No change.	State must maintain level of funds transferred to localities as of Fiscal '76.
Auditing Requirements	Recipient governments must use fiscal accounting and auditing procedures that permit Federal government to audit.	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 indirectly any GRS funds for "lobbying or to influence any legislation regarding the Act."