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12/16/74

THE PRESIDENT HAS SEEN. *J.F.*

THE WHITE HOUSE
WASHINGTON

December 13, 1974

MEMORANDUM FOR:

THE PRESIDENT

FROM:

[Signature]
ROY L. ASH

SUBJECT:

Governor Shapp's Television
Comments on General Revenue
Sharing

Attached is the information you requested regarding Governor Shapp's recent interview on the Today Show. As the memo indicates, the record does not support the Governor.

Recommendation(s)

- 1. That I write a letter to Governor Shapp including the information in the attached memo.

APPROVE *[Signature]* DISAPPROVE _____

- 2. That the story and the information in the attached memo be released to the press by Ron Nessen.

APPROVE *[Signature]* DISAPPROVE _____

Attachment

Also send copies to all members of Pa delegation (House & Senate). Also all G.O.P. members of House & Senate.

THE WHITE HOUSE

WASHINGTON

DEC 13 1974

INFORMATION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

~~ROY L. ASH~~

SUBJECT:

Governor Shapp's Television Comments on
General Revenue Sharing

In his recent interview on the Today Show, Governor Shapp expressed the opinion that Pennsylvania has suffered because Federal categorical grants were cut after the enactment of General Revenue Sharing.

The record does not support the Governor, as the attached table shows. Total Federal grants to Pennsylvania rose from \$1,621 million in 1972 to \$2,358 million in 1973, and an estimated \$2,470 million in 1974. These figures represent annual increases of 17% for 1971-72, 45% for 1972-73, and 4.7% for 1973-74. The Governor may be unhappy about the 4.7% increase in 1973-74, but continued increases in the range of the 1971-73 increases would be unreasonable. The percentage increase for Pennsylvania in 1973-74 is still higher than the percentage increase for total Federal aid to all States.

If we subtract Pennsylvania's 1973 and 1974 General Revenue Sharing payments of \$347 million and \$318 million from the State's total Federal aid, it received \$2,011 million and \$2,152 million in those two years. Under this assumption, annual increases for Federal aid to Pennsylvania were 17% for 1971-72, 24% for 1972-73, and 7.1% for 1973-74.

These figures, however, are somewhat distorted by unusually high payments in 1973 and 1974 for Federal disaster relief as a result of hurricane Agnes. Thus, the relevant base is Federal aid to Pennsylvania net of both General Revenue Sharing and Federal disaster relief. Subtracting out both General Revenue Sharing and Federal disaster relief gives Pennsylvania \$1,621 million in 1972, \$1,813 million in 1973, and an estimated \$2,045 million in 1974. If these figures represent the programs Governor Shapp was complaining about, they increased 17% in 1971-72, 12% in 1972-73, and an estimated 13% in 1973-74, and do not support his position.

Federal Aid to Pennsylvania
(millions of dollars; fiscal years)^{1/}

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u> (prel.)
Total Federal aid.....	\$1,343	\$1,391	\$1,621	\$2,358	\$2,470
(percent change).....	--	(3.6)	(16.8)	(45.2)	(4.7)
General Revenue Sharing....	--	--	--	347 ^{2/}	318
Total Federal aid less General Revenue Sharing....	1,343	1,391	1,621	2,011	2,152
(percent change).....		(3.6)	(16.8)	(24.1)	(7.1)
Disaster relief.....	--	--	1	198	107
Total Federal aid less General Revenue Sharing and Disaster Relief.....	1,343	1,391	1,621	1,813	2,045
(percent change).....	--	(3.6)	(16.8)	(11.8)	(12.8)

^{1/} Based on Department of the Treasury's Federal Aid to States. Note that 1974 figures are preliminary estimates.

^{2/} The 1973 General Revenue Sharing payment is larger than the 1974 payment because of Office of Revenue Sharing data base changes between 1973 and 1974, and because of the retroactive payment in 1973 for the 1972 entitlement.

THE WHITE HOUSE

WASHINGTON

DEC 13 1974

INFORMATION

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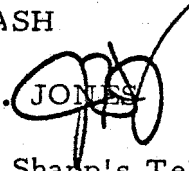
THE WHITE HOUSE

WASHINGTON

December 16, 1974

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: ROY L. ASH

FROM: JERRY H. JONES 

SUBJECT: Governor Shapp's Television
Comments on General Revenue
Sharing

Your memorandum to the President of December 13 on the above subject has been reviewed and both recommendations approved with the following notation:

-- Also send copies to all members of Pennsylvania delegation (House and Senate). Also all GOP members of House and Senate.

Please follow-up with the appropriate action.

Thank you.

cc: Don Rumsfeld