

The original documents are located in Box 40, folder “1976/02/13 HR5247 Public Works Employment Act of 1975 (vetoed) (2)” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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February 13, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE HOUSE OF REPRESENTATIVES:

I am returning without my approval H.R. 5247, the Public Works Employment Act of 1975.

Supporters of this bill claim that it represents a solution to the problem of unemployment. This is simply untrue.

The truth is that this bill would do little to create jobs for the unemployed. Moreover, the bill has so many deficiencies and undesirable provisions that it would do more harm than good. While it is represented as the solution to our unemployment problems, in fact it is little more than an election year pork barrel. Careful examination reveals the serious deficiencies in H.R. 5247.

First, the cost of producing jobs under this bill would be intolerably high, probably in excess of \$25,000 per job.

Second, relatively few new jobs would be created. The bill's sponsors estimate that H.R. 5247 would create 600,000 to 800,000 new jobs. Those claims are badly exaggerated. Our estimates within the Administration indicate that at most some 250,000 jobs would be created -- and that would be over a period of several years. The peak impact would come in late 1977 or 1978, and would come to no more than 100,000 to 120,000 new jobs. This would represent barely a one tenth of one percent improvement in the unemployment rate.

Third, this will create almost no new jobs in the immediate future, when those jobs are needed. With peak impact on jobs in late 1977 or early 1978, this legislation will be adding stimulus to the economy at precisely the wrong time: when the recovery will already be far advanced.

Fourth, Title II of the bill provides preferential treatment to those units of government with the highest taxes without any distinction between those jurisdictions which have been efficient in holding down costs and those that have not.

Fifth, under this legislation it would be almost impossible to assure taxpayers that these dollars are being responsibly and effectively spent.

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(OVER)



Effective allocation of over \$3 billion for public works on a project-by-project basis would take many months or years. The provision that project requests be approved automatically unless the Commerce Department acts within 60 days will preclude any useful review of the requests, and prevent a rational allocation of funds.

Sixth, this bill would create a new urban renewal program less than two years after the Congress replaced a nearly identical program -- as well as other categorical grant programs -- with a broader, more flexible Community Development block grant program.

I recognize there is merit in the argument that some areas of the country are suffering from exceptionally high rates of unemployment and that the Federal Government should provide assistance. My budgets for fiscal years 1976 and 1977 do, in fact, seek to provide such assistance.

Beyond my own budget recommendations, I believe that in addressing the immediate needs of some of our cities hardest hit by the recession, another measure already introduced in the Congress, H.R. 11860, provides a far more reasonable and constructive approach than the bill I am vetoing.

H.R. 11860 targets funds on those areas with the highest unemployment so that they may undertake high priority activities at a fraction of the cost of H.R. 5247. The funds would be distributed exclusively under an impartial formula as opposed to the pork barrel approach represented by the bill I am returning today. Moreover, H.R. 11860 builds upon the successful Community Development Block Grant program. That program is in place and working well, thus permitting H.R. 11860 to be administered without the creation of a new bureaucracy. I would be glad to consider this legislation more favorably should the Congress formally act upon it as an alternative to H.R. 5247.

We must not allow our debate over H.R. 5247 to obscure one fundamental point: the best and most effective way to create new jobs is to pursue balanced economic policies that encourage the growth of the private sector without risking a new round of inflation. This is the core of my economic policy, and I believe that the steady improvements in the economy over the last half year on both the unemployment and inflation fronts bear witness to its essential wisdom. I intend to continue this basic approach because it is working.

My proposed economic policies are expected to foster the creation of 2 to 2.5 million new private sector jobs in 1976 and more than 2 million additional jobs in 1977. These will be lasting, productive jobs, not temporary jobs payrolled by the American taxpayer.

This is a policy of balance, realism, and common sense. It is an honest policy which does not promise a quick fix.

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My program includes:

-- Large and permanent tax reductions that will leave more money where it can do the most good: in the hands of the American people;

-- Tax incentives for the construction of new plants and equipment in areas of high unemployment;

-- Tax incentives to encourage more low and middle income Americans to invest in common stock;

-- More than \$21 billion in outlays for important public works such as energy facilities, wastewater treatment plants, roads, and veterans' hospitals representing a 17 percent increase over the previous fiscal year;

-- Tax incentives for investment in residential mortgages by financial institutions to stimulate capital for home building.

I have proposed a Budget which addresses the difficult task of restraining the pattern of excessive growth in Federal spending. Basic to job creation in the private sector is reducing the ever-increasing demands of the Federal government for funds. Federal government borrowing to support deficit spending reduces the amount of money available for productive investment at a time when many experts are predicting that we face a shortage of private capital in the future. Less investment means fewer new jobs and less production per worker.

Last month, under our balanced policies, seasonally adjusted employment rose by 800,000. That total is almost three times as large as the number of jobs that would be produced by this legislation and the jobs those men and women found will be far more lasting and productive than would be created through another massive public works effort.

I ask the Congress to act quickly on my tax and budget proposals, which I believe will provide the jobs for the unemployed that we all want.

GERALD R. FORD

THE WHITE HOUSE,

February 13, 1976.

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February 13, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

BACKGROUND INFORMATION

REASONS FOR THE PRESIDENT'S VETO
TO H.R. 5247, THE
"PUBLIC WORKS EMPLOYMENT ACT OF 1975"

Summary of Reasons for the Veto:

The President opposes this bill for the following principal reasons:

- It would not be effective in creating jobs for the unemployed.
- . Relatively few new jobs would be created. The estimates by the bill's sponsors that it will create 600,000 to 800,000 jobs are not supportable. A more realistic estimate is a total of 250,000 person-years of employment spread over a number of years, with a peak impact of only 100,000 to 120,000 jobs.
- . By comparison, the employment statistics for January 1976 showed a one month increase in employment of 800,000, and a reduction of over 450,000 in the number of unemployed in the labor force.
- . Most of the relatively small number of new jobs produced by these programs would come in late 1977 and 1978, not now. Because public works projects are notoriously slow in creating jobs, the peak impact would occur in late 1977 or in 1978, when the economy will be well along the road to full recovery and the added stimulus is likely to be counterproductive.
- . The cost to the taxpayers of producing jobs under this bill would be unreasonably high, probably in excess of \$25,000 per year of employment.
- . Many of the jobs funded under this bill would simply replace jobs funded from other sources, without a real increase in employment.
- . Excessive Federal spending as represented by this kind of bill can close the door on reducing income taxes of families and businesses, which is a far more effective way of stimulating the economy and investment and creating good jobs, both in construction and in the production of goods and services.
- . This bill will contribute significantly to excessive Federal deficits, which draw capital resources away from the private sector, due to increased Federal borrowing, and inhibit the growth of private employment which is needed to sustain economic prosperity.

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- The direct cash assistance to State and local governments under Title II of the bill would provide undesirable incentives and is inequitable.
 - . It addresses the cyclical problems of State and local governments just at the time when those problems are beginning to abate, and when, generally, the revenues of those governments will be rising faster than their expenditures.
 - . It gives preference to those with the highest taxes and the biggest budgets, without any distinction between those jurisdictions which have and those which haven't been efficient in holding down costs. This could weaken incentives to improve government productivity and end low-priority spending.
- The proposed public works programs would result in a poor allocation of capital resources.
 - . Unlike construction in the private sector, public works construction does not add to the tax base of the communities.
 - . Although it won't speed up the creation of jobs, the premium on speed in obligating the funds will encourage many to apply for money for projects which are of low community priority but which can be quickly packaged into a grant request.
 - . The 100% Federal funding of specific public works may encourage irresponsibility by State and local officials who would not have to account to their constituents for the construction of unnecessary or extravagant public facilities with Federal funds.
- The bill would authorize funding which would push Federal spending to even higher levels.
 - . 1977 spending could be increased by about \$2.5 billion. 1978 spending could grow by over \$1 billion, and spending in 1979 and beyond would be increased by another \$1.5 billion or more.
 - . Although over 90% of the outlays from the bill would occur after fiscal year 1976, Congress has proposed this without considering the total budget picture for 1977 and beyond. Congress has not identified acceptable program reductions that could offset the cost increases of this bill.
- Much of the bill is completely unrelated to current unemployment problems.
 - . The allocation formula for Title II does not limit the grants to areas of very high unemployment. The rate of local taxation is a large part of the allocation formula.

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- . The \$1.4 billion increase for wastewater treatment facilities grants is not an anti-recession action. It would have no impact on jobs now. With the current legislation expiring, it is important that the Congress consider the Administration's proposals for program reforms before authorizing additional funds.
- . The \$100 million for an urban renewal program to be administered by the Commerce Department clearly would have no short-term impact.
- The bill would be almost impossible to administer effectively.
 - . Effective allocation of \$2.5 billion for Title I public works on a project-by-project basis would take many months or years.
 - . The provision that project requests be approved automatically unless the Commerce Department acts within 60 days will preclude any useful review of the requests, and prevent a rational allocation of funds.
 - . The bill extends the Job Opportunities program, which is almost impossible to administer effectively due to the complex process for allocating funds through other Federal agencies on a project-by-project basis.
 - . The provision in Title III to permit interest subsidy grants to private businesses provides no criteria for allocating this subsidy. It would be very difficult, if not impossible, to provide this subsidy only to those firms which need it in order to maintain or increase their employment levels.
- The bill would resurrect an ineffective urban renewal program in the Commerce Department.
 - . It would create a new categorical grant program for urban renewal less than two years after the Congress replaced a nearly identical program, and others, with the broader, more flexible Community Development block grant program.
 - . All activities and cities eligible under the proposed program already are eligible under the block grant program; the bill merely duplicates existing authorities.
 - . The Commerce Department has no experience with urban renewal, and is not equipped to effectively administer such a program.
 - . The current program of the Commerce Department to assist economic development activities in areas of chronically high unemployment or low income would be disrupted and distorted.
- The President has proposed realistic alternatives to overcome the unemployment problems and avoid a new round of inflation. These proposals will avoid the problems mentioned above.

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- . The 1976 Budget includes more than \$18 billion in outlays for important public works such as roads, energy facilities, wastewater treatment plants, and veterans' hospitals. The 1977 Budget will increase spending for these public works by more than \$3 billion, or nearly 17%. The spending level already included in the Budget for 1977 will finance public works that are really needed and which can be funded efficiently in the next 15 to 18 months.
- . Tax incentives are proposed for private construction initiated in the next year in areas of high unemployment which will result in much quicker and much more effective creation of jobs.
- . Renewal of the General Revenue Sharing program will permit State and local governments to maintain employment in basic services.
- . Additional permanent income tax reductions of over \$10 billion will permit a quick and major increase in take-home pay, in buying power and in private investment, all of which will create real, rewarding jobs in the private sector.
- . The 1977 Budget provides \$3.2 billion for Community Development block grants to States and local governments -- about \$450 million more than in 1976. These grants are allocated on the basis of relative need, and permit the States and local governments to carefully plan for the use of these funds.
- . Tax incentives are proposed for investment in residential mortgages by financial institutions, to stimulate capital for homes rather than for public monuments.
- . Tax incentives are proposed to induce broader ownership of common stock to stimulate investment which will provide long-term productive jobs, rather than increasing public, make-work jobs.
- . The President's economic policies are expected to foster the creation of 2 to 2.5 million additional jobs in 1977. This will include jobs for nearly one million of those now unemployed, as well as about 2.5 million jobs for workers who will be entering the labor force during this period.
- In his veto message, the President indicated that he believes an alternative proposal before the Congress, H.R. 11860, represents a more reasonable approach in addressing the immediate needs of those areas of the country with exceptionally high unemployment rates.
- . Under H.R. 11860, the funds would be provided to communities with unemployment in excess of 8% and would provide them in direct proportion to unemployment beyond 8%. The program would be in effect only as long as national unemployment exceeds 7%.

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- . Also under H.R. 11860, funds would be provided for distribution each calendar quarter in an amount determined by multiplying \$15 million times each 1/10 of 1% by which unemployment in the next preceeding quarter exceeds 7%.
- . The Community Development Block Grant Program is already in place with an experienced staff and regulations and could be administered without the creation of a new bureaucracy and without the delay which would be encountered under H.R. 5247.
- . The program would fund eligible activities based on priorities identified by local governments as part of their community development programs.

The following paragraphs discuss several of the above points in more detail.

Public Works Construction Is Not Effective in Creating Jobs Quickly

The bulk of the funds that would be authorized by this bill would be used for public works, including \$2.5 billion for Title I, \$1.4 billion for EPA wastewater treatment facilities and \$600 million for other Commerce Department public works programs.

For more than four years the Economic Development Administration has been trying to find the fastest ways to create jobs through public works projects. This effort, the Public Works Impact Program (PWIP), has shown the difficulty of quickly creating jobs for the unemployed by funding public works.

The facts are as follows. During the year in which the funds are appropriated for accelerated public works, only 10% of the funds are actually spent. During the full second year after appropriations, half of the funds are used. And after four years, 10% of the funds are still not spent for the approved projects.

It is very time consuming for the Federal government to allocate a large amount of money on a project-by-project basis. Even with the small PWIP program, it has required about 9 months to allocate the funds to individual projects. It has taken about 17 months from the time of appropriation to get all of the approved projects under construction. And two years after appropriation of funds, only about 60% of the projects were completed.

Although Title I of the bill requires that the Commerce Department must approve or reject applications for funding within 60 days of receipt of the applications, this will not assure speedy allocation of these funds. The bill provides that appropriations may be provided at any time through the end of fiscal year 1977, which may delay

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allocations. Applications for funding may straggle in over a period of many months. Many of the initial applications might have to be rejected and resubmitted due to inadequate information. Accordingly, even with the 60 day approval or rejection requirement, it could take 18 months or longer to allocate all of the funds.

Once the funds are allocated, it can be expected that startup and construction of the projects will be no faster, and more likely slower, than the experience with PWIP projects.

Thus, we can expect that it would be late 1977 or early 1978 before all of the projects to be authorized by this bill will be under construction. It will be 1980 or later before all of the projects are completed.

Appendix A is a table that provides the most optimistic estimate of the speed with which the funds would be spent. It is likely to be more realistic to move most of these spending estimates to about one year later than shown on the table.

Estimate that 600,000 to 800,000 Jobs Would be Created is Unfounded

Sponsors of the bill have asserted that it would provide work for 600,000 to 800,000 people, primarily as a result of public works projects. This estimate is entirely unrealistic. A much more likely estimate is 250,000 years of employment over the next five years with a peak of about 100,000 to 120,000 in 1977 or early 1978.

When the House acted on its original bill to provide \$5 billion for public works grants, it was estimated by the Congress that it would produce about 250,000 jobs. We now have a \$6.3 billion bill, which includes \$1.5 billion in programs with almost no new job impact, and yet the employment estimates have suddenly increased by 320%.

Although there are no firm figures on jobs generated by construction, studies of employment in construction conducted by the Bureau of Labor Statistics show that a \$1 billion (1974 dollars) public works program would provide only about 40,000 years of employment, off-site and on-site. Including multiplier efforts there would be 60,000 years of employment created by \$1 billion in public works spending. Based on the optimistic spending estimates shown in Appendix A, the peak spending for public works in 1977 would produce a maximum of about 90,000 years. Since construction wages and other costs will be higher in 1977 and beyond than they were in 1974, these estimates of jobs could be high.

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It is very difficult to estimate the number of jobs that would be created by the \$1.6 billion in countercyclical grants (Title II).

There is substantial indication that State and local governments would not use much of these funds to hire additional personnel. Studies of revenue sharing have shown that State and local governments increased their purchases of goods and services by roughly one-third of the amount they received. The remainder was used to repay debt and reduce taxes. In addition, recent experience with public service employment indicates that, after the first year of funding, State and local governments may increase employment by only 10 to 40 percent of the number of public service jobs directly funded by the Federal government. Despite numerous regulations to make it difficult to substitute public service employment for regular employment, the practice is widespread. Title II of this bill would contain no requirements that these funds be used for additional jobs or even to maintain existing jobs.

The maximum expected payment under Title II of the bill is \$375 million per quarter. If as much as 50% of this were used for added jobs, it might create as many as 75,000 jobs. Given the experience with similar programs, it is more likely that only 10 to 20% of the funds would be used for added jobs, providing only 15-30,000 new jobs.

In summary, the peak employment impact is unlikely to exceed about 150,000, and is more likely to be near 100,000 to 120,000 sometime in fiscal year 1977 or 1978. Total employment is likely to be about 250,000 years, spread over five years or more.

If the bill provided a total of 250,000 years of employment, the average cost per job would be about \$25,000.

The Title II Countercyclical Assistance Grants Would Encourage Government Inefficiency and Would be Inequitable

The recent financial difficulties which have been facing many cities and other local governments have forced many to undertake a long-needed examination of their spending programs to identify the excesses and the inefficiencies. There is no doubt but that some local governments had reached a spending level that they simply will be unable to sustain in the long-term.

Title II allocates funds in large part on the basis of what the governments spend rather than what they need. More funds would be provided to those States and local governments with higher taxes, including those which have been least efficient in holding down costs. The proposed countercyclical assistance grants would take pressures off those States and local governments to more carefully evaluate their activities in terms of benefits produced. If the program becomes permanent, it will allow those governments to avoid economy measures, and then to further expand their programs as their tax revenue increases with the resurgence of the economy. They would be led to expect still more Federal assistance the next time they are in financial difficulty.

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The estimates of allocations to specific states and cities clearly show some of the distortions created by the formula. Eight States would receive about 65% of the Title II funds, including both the local and State allocations. This is over \$1 billion of the \$1.6 billion estimated for the Title. Also the program would disproportionately aid New York City, which would receive about \$150 million of the total of \$1.6 billion. This is more than three times as much as any other city would receive. New York City already is receiving special Federal assistance to alleviate its financial problems.

In addition to the above problems with the program, it would be very costly to administer. The Treasury Department's preliminary estimates show that it would require approximately 750 additional employees and approximately \$43 million to administer the countercyclical aid program, as contrasted to 110 employees and \$11 million currently devoted to administration of the entire General Revenue Sharing program.

\$1.4 Billion for EPA Sewage Treatment Grants is Unneeded and Irrelevant to Current Unemployment Problems

The purpose of this provision of the bill is completely unrelated to the purported desire to create jobs quickly for the unemployed.

Even if EPA were to use these added funds now, they would have almost no job creating impact in the next two years. It is simply not practical to significantly accelerate the construction of such facilities.

The real purpose of this provision is to change the formula for the allocation of funds under the wastewater treatment grant program of EPA. This would provide an additional \$1.4 billion to a large number of states without having considered essential reforms to the current law which could require an expenditure of at least \$333 billion to fully implement.

It Would Be Administratively Impossible to Effectively Allocate Over \$3 Billion for Public Works Projects Quickly

This bill requires that the Commerce Department attempt to allocate over \$3 billion, on a project-by-project basis, in a matter of a few months. All past experience would force a conclusion that this would be reckless and irresponsible.

Even without any substantive review of requests for funding, it is highly unlikely that the Department could physically process the tens of thousands of requests and the thousands of awards that would be involved, in less than nine months.

The Department's recent experience with the Job Opportunities program illustrates the point. After its initial experience in allocating \$125 million, it still required six months for Commerce and the cooperating agencies to allocate the additional \$375 million. Also, that allocation was done with only a minimum amount of substantive review of the proposals by the agencies.

The Department received a good deal of criticism from Congress for relying too heavily on objective criteria to make the \$375 million allocation, rather than reviewing each particular project.

With over \$3 billion to award, the Department is likely to be faced with the choice of taking many months to do a responsible job, or taking nine months or more to throw Federal tax dollars at projects as they come through the door.

Large Amounts for Spending on High Priority Public Works are Already In the 1976 and 1977 Budgets

The attached table shows the amounts of expected spending for public works in the President's Budgets for 1976 and 1977. In 1976, a total of over \$18 billion is provided. This includes over \$11 billion in grants to state and local governments. In 1977, the spending for public works would increase by 17% or by over \$3 billion.

The spending for public works in the Budget is focused on the highest priority national needs, including energy, pollution abatement, flood control, and transportation. The Budget estimates reflect expected spending on projects which are already in the planning stages or under construction. Therefore, the \$3 billion increase will be providing jobs in 1977, rather than in 1978 or 1979. These projects will be helping us achieve important national objectives while at the same time providing employment opportunities.

There are adequate spending levels already in the 1977 Budget for those public works projects that are really needed.

Additional stimulus to private sector employment also would be provided by a 23% increase in spending in the 1977 Budget for major equipment purchases. Spending for this purpose is to increase by \$3.9 billion over 1976, to \$20.7 billion.

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Changes in Public Works Outlays, Fiscal Year 1976-77
(in millions of dollars)

<u>Description</u>	<u>1976</u>	<u>1977</u>	<u>Change</u>
<u>Direct construction</u>			
Civilian programs:			
FAP: Strategic petroleum storage.....	11	164	153
Agr: Forest Service roads and trails and other.....	135	173	38
Corps of Engineers: construction and flood control.....	1,367	1,424	57
Int: Bureau of Reclamation.....	410	507	97
Bonneville.....	135	150	15
NPS, BIA, and other.....	273	252	-21
HEW: Indian health facilities, NIH, other.....	162	138	-24
DOT: Coast Guard facilities.....	78	63	-15
FAA airway systems.....	231	236	5
ERDA: Plant, capital equipment, other..	439	672	233
NASA: Plant and equipment.....	115	126	11
VA: Hospitals and other.....	186	303	117
TVA: Power facilities.....	1,038	1,137	99
All other.....	174	165	-9
Subtotal, civilian programs.....	<u>4,754</u>	<u>5,510</u>	<u>756</u>
Defense programs:			
DOD: Military construction.....	1,713	1,710	-3
Family housing.....	320	287	-33
ERDA: Plant and equipment.....	204	215	11
Subtotal, defense programs.....	<u>2,237</u>	<u>2,212</u>	<u>-25</u>
Total, direct construction.....	<u>6,991</u>	<u>7,722</u>	<u>731</u>
<u>Grants to State and local governments</u>			
FAP: Appalachian regional development..	248	242	-6
Agr: Water and waste disposal, rural development, conservation.....	198	190	-8
Com: EDA and other.....	183	154	-29
HEW: Health.....	213	184	-29
Education and other.....	51	36	-15
Int: Land and water conservation and other.....	274	275	1
DOT: Airports.....	375	355	-20
Highways.....	6,202	6,711	509
Mass transit.....	573	1,179	606
EPA.....	2,350	3,770	1,420
All other.....	<u>563</u>	<u>442</u>	<u>-121</u>
Total, grants to State and local governments.....	<u>11,230</u>	<u>13,538</u>	<u>2,308</u>
Total public works.....	<u>18,221</u>	<u>21,260</u>	<u>3,039</u>



APPENDIX A

Estimates of Outlays Local Public Works Capital Development and Investment Act (H.R. 5247)

(Dollars in Millions)

Program	Total Amount Authorized	Outlays ^{1/}				
		1976 & TO	1977	1978	1979	After 1979
Title I, Public works grants ^{2/}	2,500	248	1,230	638	137	247
Title II, Countercyclical grants	1,625 ^{3/}	750	875			
Title III						
. Interest subsidies ^{4/}	125	5	25	25	25	45
. Job opportunities grants ^{5/}	500	50	246	128	27	49
. Urban Development ^{6/}	100	1	19	29	22	29
. EPA wastewater treat- ment facility grants ^{7/}	1,418	0	30	300	700	388
Total	6,268	1,054	2,425	1,120	911	758

^{1/} The outlay estimates assume that initial appropriations would be provided by about March 1, 1976.

^{2/} This assumes that all funds would be obligated between May 1 and September 30, 1976. Since appropriations are authorized through fiscal year 1977, it may not be realistic to assume that all of the funds would even be available by September 30, 1976. In any case, it would be very difficult, if not impossible, to allocate this sum in such a short time, on a project-by-project basis. The estimate of outlays is based on four years of actual experience with EDA's Public Works Impact Program, which provides for accelerated public works to create temporary jobs. Considering the large size of this proposed program, and the likely resulting delays in starting projects, it would be more likely that the outlay peak would occur in 1978 rather than 1977.

^{3/} This amount would depend on national unemployment rates. This estimate is based on the rates used in the 1977 Budget projections.

^{4/} The outlays for this interest subsidy program would likely be spread out over the terms of the loans being guaranteed. It is assumed that loans would have terms of about 5 years.

^{5/} In view of the changes in the Job Opportunities program in this bill, it is expected that most of these funds would be used for public works. The outlay estimate assumes the same spending rate as for Title I projects.

^{6/} This program would have the same timing characteristics as EDA's regular development programs. The outlay estimates are based on actual experience with EDA's regular public works programs.

^{7/} This estimate assumes that these funds would be obligated in 1977 and that outlays would occur approximately at the same rate as for the current EPA grants.

February 13, 1976

Received from the White House a sealed envelope said to contain H.R. 5247, An Act to authorize a local public works capital development and investment program, to amend the Public Works and Economic Development Act of 1965 to increase the antirecessionary effectiveness of the program, and for other purposes, and a veto message thereon.

Edmund L. Henshaw, Jr.
Clerk of the House of Representatives

by Ellen Rayner

12:10
Time received



TO THE HOUSE OF REPRESENTATIVES:

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Supporters of this bill claim that it represents a solution to the problem of unemployment. This is simply untrue.

The truth is that this bill would do little to create jobs for the unemployed. Moreover, the bill has so many deficiencies and undesirable provisions that it would do more harm than good. While it is represented as the solution to our unemployment problems, in fact it is little more than an election year pork barrel. Careful examination reveals the serious deficiencies in H.R. 5247.

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Second, relatively few new jobs would be created. The bill's sponsors estimate that H.R. 5247 would create 600,000 to 800,000 new jobs. Those claims are badly exaggerated. Our estimates within the Administration indicate that at most some 250,000 jobs would be created -- and that would be over a period of several years. The peak impact would come in late 1977 or 1978, and would come to no more than 100,000 to 120,000 new jobs. This would represent barely a one tenth of one percent improvement in the unemployment rate.

Third, this will create almost no new jobs in the immediate future, when those jobs are needed. With peak impact on jobs in late 1977 or early 1978, this legislation will be adding stimulus to the economy at precisely the wrong time: when the recovery will already be far advanced.



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Fourth, Title II of the bill provides preferential treatment to those units of government with the highest taxes without any distinction between those jurisdictions which have been efficient in holding down costs and those that have not.

Fifth, under this legislation it would be almost impossible to assure taxpayers that these dollars are being responsibly and effectively spent.

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Beyond my own budget recommendations, I believe that in addressing the immediate needs of some of our cities hardest hit by the recession, another measure already introduced in the Congress, H.R. 11860, provides a far more reasonable and constructive approach than the bill I am vetoing.




H.R. 11860 targets funds on those areas with the highest unemployment so that they may undertake high priority activities at a fraction of the cost of H.R. 5247. The funds would be distributed exclusively under an impartial formula as opposed to the pork barrel approach represented by the bill I am returning today. Moreover, H.R. 11860 builds upon the successful Community Development Block Grant program. That program is in place and working well, thus permitting H.R. 11860 to be administered without the creation of a new bureaucracy. I would be glad to consider this legislation more favorably should the Congress formally act upon it as an alternative to H.R. 5247.

We must not allow our debate over H.R. 5247 to obscure one fundamental point: the best and most effective way to create new jobs is to pursue balanced economic policies that encourage the growth of the private sector without risking a new round of inflation. This is the core of my economic policy, and I believe that the steady improvements in the economy over the last half year on both the unemployment and inflation fronts bear witness to its essential wisdom. I intend to continue this basic approach because it is working.

My proposed economic policies are expected to foster the creation of 2 to 2.5 million new private sector jobs in 1976 and more than 2 million additional jobs in 1977. These will be lasting, productive jobs, not temporary jobs payrolled by the American taxpayer.

This is a policy of balance, realism, and common sense. It is an honest policy which does not promise a quick fix.



My program includes:

-- Large and permanent tax reductions that will leave more money where it can do the most good: in the hands of the American people;

-- Tax incentives for the construction of new plants and equipment in areas of high unemployment;

-- Tax incentives to encourage more low and middle income Americans to invest in common stock;

-- More than \$21 billion in outlays for important public works such as energy facilities, wastewater treatment plants, roads, and veterans' hospitals representing a 17 percent increase over the previous fiscal year;

-- Tax incentives for investment in residential mortgages by financial institutions to stimulate capital for home building.

I have proposed a Budget which addresses the difficult task of restraining the pattern of excessive growth in Federal spending. Basic to job creation in the private sector is reducing the ever-increasing demands of the Federal government for funds. Federal government borrowing to support deficit spending reduces the amount of money available for productive investment at a time when many experts are predicting that we face a shortage of private capital in the future. Less investment means fewer new jobs and less production per worker.

Last month, under our balanced policies, seasonally adjusted employment rose by 800,000. That total is almost three times as large as the number of jobs that would be

produced by this legislation and the jobs those men and women found will be far more lasting and productive than would be created through another massive public works effort.

I ask the Congress to act quickly on my tax and budget proposals, which I believe will provide the jobs for the unemployed that we all want.

Ronald R. Ford

THE WHITE HOUSE,

February 13, 1976.



LOCAL PUBLIC WORKS CAPITAL DEVELOPMENT AND INVESTMENT ACT OF 1975

MAY 12, 1975.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

Mr. JONES OF ALABAMA, from the Committee on Public Works and
Transportation, submitted the following

REPORT

with

ADDITIONAL AND INDIVIDUAL VIEWS

[To accompany H.R. 5247]

The Committee on Public Works and Transportation, to whom was referred the bill (H.R. 5247) to authorize a local public works capital development and investment program, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment strikes out all after the enacting clause and inserts in lieu thereof a substitute text which appears in *italic type* in the reported bill.

GENERAL STATEMENT

H.R. 5247, the Local Public Works Capital Development and Investment Act of 1975, has a twofold purpose: (1) to alleviate and modify the growing problem of national unemployment that we as a Nation face, and (2) to stimulate activity in the Nation's economy and to assist the State and local governments in promoting the general welfare of their citizens by providing adequate public facilities. This would be accomplished by a program of Federal grant-in-aid to State and local governments for the construction, repair and other improvements of local public facilities. Such grants-in-aid are to be made available for public facilities projects which promise rapid implementation and reduction of unemployment and, at the same time, by requiring the use of additional materials and equipment to provide a stimulator affect to the basic industries which are the lifeblood of the Nation's economy.

This is the simple and direct twofold purpose of the legislation, and it comes at a time when the rising unemployment, the slowdown of



work in our major industries, and the problems of our State and local government to meet their financial requirement are steadily increasing. It is intended that the bill when implemented will not only put the unemployed man or woman back to work but revive the financial operations of the State and local governments and thereby provide a general shot in the arm to every segment of our Nation's economy.

HIGHLIGHTS OF THE LEGISLATION

Section 3.—This section includes within the definition of local government the term "any Indian Tribe." The committee intends that Indian tribe as used in this act includes any Indian tribe, band, group, Pueblo or community, including native villages or Regional Corporations (as defined in the Alaska Native Claims Settlement Act of 1971) which is recognized by the Federal Government or any State.

Section 4.—This section authorizes the Secretary of Commerce to make grants to State and local governments for local public works projects. Projects that would be eligible for funding would include, but not be limited to, the following: demolition and other site preparation activities, new construction, renovation, and major improvements of public facilities such as municipal offices, courthouses, libraries, schools, police and fire stations, detention facilities, water and sewage treatment facilities, water and sewer lines, streets and roads (including curbs), sidewalks, lighting, recreational facilities, convention centers, civic centers, museums, and health, education and social service facilities.

The Federal share of any project for which a grant is made under section 4 shall be a mandatory 100 percentum of the cost of the project. The committee wishes to stress that, although it believes that 100-percentum Federal financing is suitable in this particular situation, this is not to be construed as a precedent for such financing for other programs under the jurisdiction of the Committee on Public Works and Transportation.

Section 4 specifically excludes the use of any grants for acquisition of any interest in real property. Similar prohibitions exist in sections 6 and 7. Grants made by the Secretary under this section shall be made only for projects for which the applicant gives satisfactory assurances that, if funds are available, on-site labor can begin within 90 days of project approval.

Nowhere in this act is there an authorization for the payment of maintenance costs.

Section 5.—This section states that for purposes of the section, in considering the extent of unemployment or underemployment, the Secretary shall consider the amount of unemployment or underemployment in the construction and construction related industries. By this, the committee intends that an area which has a relatively low amount of general unemployment, but a large amount of construction unemployment, should also qualify for assistance under this Act and the Secretary shall, in promulgating regulations under this section, take this into consideration.

Section 6.—In those situations where Federal financial assistance is available under other programs, the Secretary of Commerce may supplement the Federal share, in which event it shall be 100 per centum.

Section 7.—This section is meant to supplement State-local programs requiring both State and local financial participation which are funded without Federal assistance, either because there is no comparable Federal program, or, if there is a Federal program, no Federal funds are available. Under this section, the Secretary may fund either the State or the local share, but not both.

Section 8.—This section, as it was reported by the Subcommittee on Economic Development, included a provision which stated that no grant shall be made for any public work project located, or to be located, in any area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, unless the community in which such area is situated is then participating in the national flood insurance program under the National Flood Insurance Act of 1968. Although this provision does not appear in H.R. 5247 as reported, the provisions of the National Flood Insurance Act of 1968, as amended, are not in any way modified by this act.

Section 9.—This section provides that at least $\frac{1}{2}$ of 1 per centum, but not more than 10 percent of funds appropriated, will be granted for local public works projects within any one State, Guam, the Virgin Islands and American Samoa, together, will not receive less than $\frac{1}{2}$ of 1 per centum.

The section provides that in making grants under this section, the Secretary shall give priority and preference to public works projects of local governments.

Subsection (c) states that, in making grants under this act, if for the three most recent consecutive months the national unemployment rate is equal or exceeds $6\frac{1}{2}$ percentum, the Secretary shall (1) expedite and give priority to applications submitted by states or local governments having unemployment rates for the three most recent consecutive months in excess of the national unemployment rate, and (2) shall give priority thereafter to applications submitted by States or local governments having unemployment rates for the three most consecutive months in excess of $6\frac{1}{2}$ percentum, but less than the national unemployment rate.

Subsection (d) provides that 70 percentum of all amounts appropriated to carry out this act shall be granted for public works projects submitted by State or local governments given priority under (1) above. The remaining 30 percentum is available for public works projects submitted by State or local governments in other classifications of priority.

The categories covered by the remaining 30 percentum financing includes applications from State and local governments entitled to priority (2) in subsection (c) and applications not included in either priority (1) or (2). Therefore, an application for a project in an area having less than $6\frac{1}{2}$ percentum unemployment may qualify for a grant after priorities (1) and (2).

The unemployment rate applicable to the priority of any application under subsection (c) is the unemployment rate of the area in which the project is to be constructed and, upon request of any applicant, the unemployment rate of adjoining areas from which the labor force for the project may be drawn.

During hearings on this legislation, the American Institute of Architects strongly urged that public facilities constructed under this program should be designed and built with a high degree of conscious-

ness of the need for energy conservation and the need to reduce our dependence on nonrenewable fossil fuels. The committee is sympathetic to these views and intends to examine this matter in greater depth with respect to Federal buildings and buildings constructed with Federal assistance in the Subcommittee on Public Buildings and Grounds.

COMPLIANCE WITH CLAUSE 2(1) OF RULE XI OF THE RULES OF THE HOUSE OF REPRESENTATIVES

(1) With reference to clause 2(1) (3) (A) of rule XI of the Rules of the House of Representatives, no separate hearings were held on the subject matter of this legislation by the Subcommittee on Investigations and Review. However, the Subcommittee on Economic Development held hearings on this subject matter which resulted in the reported bill.

(2) With reference to clause 2(1) (3) (C) of rule XI of the Rules of the House of Representatives, the committee has not received an estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act.

(3) With reference to clause 2(1) (3) (D) of rule XI of the Rules of the House of Representatives, the committee has not received a report for the Committee on Government Operations pertaining to this subject matter.

(4) With reference to clause 2(1) (4) of rule XI of the Rules of the House of Representatives, the following information is provided:

The effect of carrying out H.R. 5247, as reported, should be minimal with respect to prices and costs. The funds under this program are directed primarily to areas of high unemployment. The primary purpose of this legislation is to relieve the excessive high levels of unemployment. The unemployment in the construction industry far exceeds the general level of unemployment. Accordingly, the enactment of H.R. 5247, as reported, will not have an inflationary impact on prices and costs in the operation of the national economy.

COST OF THE LEGISLATION

In accordance with rule XIII (7) of the Rules of the House of Representatives, there is no cost to the United States in carrying out H.R. 5247 in the fiscal year 1975, the fiscal year in which it is reported. The estimated costs to the United States for subsequent years are as follows:

Fiscal year 1976—\$5 billion

This bill authorizes a total not to exceed \$5 billion to carry out this act. House Report 94-198 (the conference report on H. Con. Res. 218, the Congressional Budget for fiscal year 1976) states that the conference committee agreed to retain the House budget resolution estimate of \$5.0 billion in budget authority for this program. The conference agreed to an outlay estimate of approximately \$2.1 billion to be available either for this public works program or some other appropriate stimulative program that Congress may decide to enact.

VOTE

The Committee ordered the bill reported by voice vote.

ADDITIONAL VIEWS TO ACCOMPANY H.R. 5247, SUBMITTED BY REPRESENTATIVE NORMAN Y. MINETA

In submitting these additional views on H.R. 5247, the Local Public Works Capital Development and Investment Act of 1975, I wish to express my full support for this vitally important measure and full acknowledgement of the thoughtful and effective fine-tuning of the bill's provisions which was achieved through the diligence and hard work of my colleagues on the Subcommittee on Economic Development, so ably chaired by Representative Robert A. Roe, and the full Committee on Public Works and Transportation, under the capable hand of Chairman Robert E. Jones.

In reviewing H.R. 5247, I would strongly urge careful comparison of the individual components of section 2, the Statement of Findings and Purpose, to the subsequent provisions of the act. To begin with, section 2(a) recognizes the deleterious impact of "the most severe economic decline in a generation" on "the already severe difficulties experienced by State and local governments in funding construction of badly needed public works projects." In response to these existing difficulties, H.R. 5247 authorizes in sections 4, 6, and 7, Federal assistance to State and local governments for "construction (including demolition and other site preparation activities), renovation, repair, or other improvement of local public works projects."

Finding in section 2(c) that the depressed state of the national economy has had "an especially heavy impact upon local governments" and their ability to finance the public facility needs of their communities from their own limited resources as a result of the "extremely high interest rates" which "accompany the current economic decline," H.R. 5247 would permit public works projects to be 100 percent federally funded. Moreover, sections 6 and 7 of the bill provide for the granting of Federal assistance under the act to make up the local share requirements under other State, as well as Federal, financial assistance programs for the construction, repair, and improvement of public facilities.

In recognition of the fact that "high levels of unemployment now prevail in all parts of the Nation and in virtually all sectors of the economy [section 2(a)], the local Public Works Capital Development and Improvement Act requires the Secretary of Commerce, acting through the Economic Development Administration, to consider "(1) the severity and duration of unemployment in proposed project areas, (2) the income levels and extent of underemployment in proposed project areas, and (3) the extent to which the proposed projects will contribute to the reduction of unemployment" in his review of State and local government applications for Federal assistance under this act (section 5).

Moreover, following up on section 2(c)'s finding "that a vast pool of idle manpower should coexist with a huge backlog of badly needed

and long overdue local public facilities work of all kinds is both needless and unwise public policy," Section 9 of the bill mandates that when national unemployment is 6½ percent or greater for the most recent three consecutive months, as is presently the case, seventy percent of the funds appropriated under this act shall be used to give funding priority to applications submitted by States and local governments having unemployment rates for the most recent 3 consecutive months at or in excess of the national average, with the remaining appropriations going to fund project applications from States and local governments.

Lastly, it is important to take note of the finding made in section 2 (a) that:

Joblessness is especially severe in the construction industry, where fully one-fourth of all workers are now unemployed and unemployment has been at depressed rates, above 8 percent, for more than 4 years. The high rate of long-term unemployment in the construction industry has not only created grave difficulties for those individuals immediately affected in the construction and materials industries; it has also contributed directly and substantially to the weakening of the entire economy of the Nation,...

In my view, it is in the area of responding to this defined need that H.R. 5247 may fall somewhat short. Although the bill will without doubt provide substantial assistance to the building and construction trades through its infusion of 5 billion dollars in funding for the construction, repair, and improvement of public facilities, we have missed the chance to maximize the job-producing potential of the Local Public Works Capital Development and Improvement Act by not including in H.R. 5247 language which would assure that the funds would be used in a manner which would have maximum impact on unemployment.

At a time when the percentage of unemployment is greater in construction than in any of the other listed industries, according to the March 1975 major unemployment indicators of the Bureau of Labor Statistics, we cannot, in my view, do anything less than target these scarce federal resources to labor-intensive public works projects. When one out of four construction workers are without jobs, we must be responsive to their plight and the impact of that plight on the larger economy, by ensuring that the public works projects which the Secretary of Commerce is authorized to fund under the bill are those projects which will provide the most jobs. As title X of the Public Works and Economic Development Act is cognizant of this need, so should be the Local Public Works Capital Development and Investment Act. For although title X requires that one-half of its appropriations be used for labor-intensive projects, its meager 125 million dollars cannot begin to meet the need demonstrated by the 18,000 applications submitted to the Economic Development Administration for funding.

NORMAN Y. MINETA.

INDIVIDUAL VIEWS OF JAMES C. CLEVELAND, ON H.R. 5247

Regardless of whether one regards H.R. 5247 as good, bad or indifferent (and it's a bit of each), the fact that legislation of this sort has become necessary highlights a situation which should be of the utmost concern to every Member of Congress and the public at large.

I refer to the fact that our national government is succumbing to a pervasive paralysis which could be illustrated by three gears, respectively representing the executive, legislative and judicial branches, positioned so the teeth of each mesh with those of both the others.

A mechanical absurdity. Nothing would move. This precisely symbolizes the results of congressional legislation, agency regulation and court edict which negate the intent of Congress and leave members climbing the conveniently high walls of our committee chambers in exquisite frustration.

Worse yet, the frustration is compounded by the awareness that the problems are of our own making, the output of my Committee on Public Works and Transportation and other committees, estimable ladies and gentlemen diligently at work in the same outwardly deliberative, rational fashion.

(It is difficult to blame individual members. A contrivance of three interlocking gears was once designed by one of Washington's most highly regarded graphics experts to symbolize motion. It was caught before publication by a more mechanically-minded associate.)

To be sure, these hang-ups have been evolving for some time as Government extends its reach and stakes out increasingly ambitious goals. Pyramiding procedural requirements of proliferating programs now frustrate the achievement of any objective, whether involving the economy, the environment or energy.

This sad fact is underscored dramatically by H.R. 5247. The Public Works Committee has jurisdiction over literally billions of dollars of public investment programs, yet it now finds itself obliged to add a new program to get the job done—the job being, of course, the urgent one of putting people to work on a large number of worthwhile projects. But this still leaves the larger concern—why aren't our programs working, why have so many of them become hopelessly bogged down by red tape, bureaucratic inertia and conflicting requirements?

There is no easy answer but to ignore the problem any longer will be to invite disaster.

It is not my purpose in these supplemental remarks to address the problem in great detail. I am sure that most Members of this House and most committees are mindful of a number of federally supported programs that are not working in the manner intended. I am sure that other Members have had the frustration of watching jobless rates soar in the housing industry, for example, while at the same time desperately trying to get the Department of Housing and Urban Develop-

ment to approve a housing project for the elderly. The fact that the well paid and bright young men in that particular department have taken approximately a year to write the rules and regulations necessary to get some projects going is typical of the problem.

In our own Committee on Public Works we have had a couple of recent examples of how pervasive the problem has become during hearings on two bills.

One was quite narrow, designed to deal with a federal court decision threatening all major highway construction in the States of Vermont, Connecticut and New York. The court found that the Federal Highway Administration (FHWA)—rather than State agencies responsible for planning, designing and constructing highways—must prepare the environmental impact statement (EIS) mandated by the National Environmental Policy Act (NEPA).

Purpose of the bill was to reaffirm, as applied to those three States, Congressional intent under NEPA as elaborated by the guidelines of the Council on Environmental Quality and FHWA, and upheld by Federal courts in five other circuits covering 33 other States which had dealt with the issue.

The second was to authorize administrative agencies to eliminate or reduce procedural requirements and cut through red tape so as to accelerate construction of public works projects with funds already available. This represented a good-faith effort on the part of its authors, my friends and colleagues Jim Wright of Texas and William Harsha of Ohio to get these programs moving.

Yet the dialogue at the hearings, the resistance to even these minor initiatives, reflected an unreality which underscores the reality of a nation with a huge backlog of work to do, idle manpower available to do it, the money to pay for it and the self-imposed inability to get on with the job.

The Environmental Protection Agency has conceded for well over a year that achievement of clean water through construction of sewage treatment plants under the multibillion-dollar 1972 act has been frustrated partly by the agency itself.

That administrative remedies are both available and desirable, and not a signal of environmental retreat, was indicated about the time of the hearings in a blunt "I-expect-results" memorandum from EPA Administrator Russell E. Train to his agency to set targets for shoveling out the money at a rate of \$500 million a month, with a "cradle-to-grave" manager assigned to guide each project application through the paperwork jungle.

This is precisely the sort of down-to-earth, practical, long-overdue step being simultaneously recommended at our hearings. If this approach could be applied governmentwide, would there be a need for H.R. 5247?

Problems with the construction grants program have reached the point where my friend Jim Wright was moved to comment, in connection with new investigative hearings: "Unfortunately, the high promise of [Public Law 92-500] has not been delivered to the American people. Instead, we have had frustration and disillusionment. Less than 10 percent of the money earmarked for the massive cleanup has actually gone into works that abate pollution. Instead of a speed-up, we've had a slowdown."

The Public Works Committee also has jurisdiction over highway construction. Here again there is a tremendous backlog of work that needs to be done and unused equipment and unemployed people ready, willing, and anxious to go. The sad fact of the matter is that many States in many parts of the country, due to the long lead time established by myriad Government requirements, will soon find it almost impossible to get many of these projects on track soon enough to effectively help the economy at the time of greatest need.

In concluding these views I can only express the hope that H.R. 5247 if enacted into law will prove to be miraculously immune to the Federal procedures that have crippled so many of our assistance programs and prevented them from being invoked as a prompt response to the economic distress prevalent today. Perhaps the exigencies of the time will permit the miracle to happen. Those of us, however, who have desperately tried to get needed projects funded in areas such as sewage treatment, housing and badly needed highway improvements will be excused, I would hope, for some skepticism.

JAMES C. CLEVELAND.

INDIVIDUAL VIEWS OF HON. BUD SHUSTER ON
H.R. 5247

The objectives of H.R. 5247 are worthwhile beyond dispute: putting unemployed construction workers back on the job, providing economic stimulus in a severely depressed sector of American industry, and giving the communities of the nation the benefits of capital investment in public facilities.

But the economic chaos of the recent past cautions that constructive objectives are not enough, that we must be equally concerned with the means employed if our efforts are not to be self-defeating. We must be concerned over what we do and how we do it, and the impact of our actions in light of total spending, deficits and trends in the economy. This is a responsibility not only of the Budget Committee, but also of every legislative committee in the House. It is particularly the responsibility of the Committee on Public Works and Transportation with its extensive jurisdiction over the multibillion-dollar public investment programs of the Federal Government.

In this connection, I was mindful of concerns expressed by the administration that lead time inherent in public works programing would doom the program to failure for the following reasons: (1) The promise of quick starts would prove illusory, (2) The bulk of the spending would occur at a time of economic upturn—in response to this and other stimulative measures in concert with other forces for recovery—and raise anew the danger of the very inflation that helped trigger the recession we seek to address in this bill. (3) The increased deficit would force either inflation of the money supply through the Federal Reserve System or force the Treasury into competing with private borrowers in the money market, crowding out the small business borrower and increasing pressure on interest rates. The first casualty would be the home-building industry.

I could not agree with testimony before the committee that a deficit of \$100 billion or more could be accommodated, or to dismiss as old-time religion the warnings of Director James T. Lynn of the Office of Management and Budget. Along the same lines, a reference in Treasury Secretary William Simon's testimony before the Budget Committee called to my attention an article by Nancy H. Teeters in the Brookings Institution Papers on Economic Activity, 1971, and the following observation concerning experience under the accelerated public works program of 1962: "The program was passed in September, 1962, with initial obligational authority of \$850 million. Although \$152 million of the amount was obligated in that fiscal year, only \$62 million was spent then. The bulk of the money was obligated and spent in fiscal years 1964 and 1965, with vestiges of the program still in existence in 1971."

Table 4 from the article by Ms. Teeters, now on the staff of the House Budget Committee, follows:

NEW OBLIGATIONAL AUTHORITY, OBLIGATIONS, AND EXPENDITURES UNDER THE PUBLIC WORKS ACCELERATION PROGRAM, FISCAL YEARS 1963-71

(In millions of dollars)

Fiscal year	New obligational authority	Obligations			Expenditures
		State and local projects	Federal projects	Administration	
1963	850.0	96.7	55.0	3.0	62.5
1964	30.0	313.7	81.8	1.9	331.8
1965	4.0	192.3	15.7	.6	321.6
1966					88.2
1967					21.1
1968					5.0
1969					2.0
1970					.8
1971 (estimate)					3.0
Total	884.0	602.7	152.5	5.5	836.0

Sources: "The Budget of the United States Government, various fiscal years, and the Budget of the United States Government—Appendix," various fiscal years.

Similarly, experience with the critical time factor under the public works impact program (PWIP) provides grounds for concern. The Economic Development Administration's publication, "An evaluation of the public works impact program (PWIP)," final report, January 1975, states among principal conclusions:

Employment generated by PWIP was both "pro-cyclical" and "proseasonal", occurring at the same time that other expansionary forces were at work within the national economy.

In effect, PWIP employment materialized at exactly the wrong time, whether viewed from a national perspective or from the perspective of the impact areas. Employment generated during the fiscal year 1972 program peaked when national unemployment had declined from 6.1 percent to 5.6 percent; similarly, employment generated during the fiscal year 1973 program peaked when national unemployment had declined to 4.8 percent—both peaks occurred during the cyclical downswing in national unemployment. Employment on both the fiscal year 1972 and fiscal year 1973 programs peaked during the summer months. These peaks coincided with the normal seasonal low point in area unemployment rates. In effect, PWIP reinforced rather than counteract seasonal and cyclical unemployment trends.

Against this background, the pervasiveness of bureaucratic delay hampering implementation of programs governmentwide, documented in our Committee's Subcommittee on Investigations and Review red-tape hearings in 1971 and updated in the Economic Development Subcommittee's hearings on H.R. 3067 in this Congress, gave further cause for concern.

Accordingly, I was fully prepared to oppose this bill, and work vigorously for its defeat. I was impressed, however, by testimony given by George Meany, President of the AFL-CIO before our committee. This bill, he said, "is directed not toward projects that the local author-

ities are thinking about, not projects that they like to have, but projects that are past the blueprint stage and they are ready to go and have not moved forward for only one reason: local governments do not have the money. So, I would say within 60 days of the appropriation these things could go in any part of the country."

I therefore introduced in full committee mark-up, and the committee accepted, an amendment to the bill as follows:

Grants made by the Secretary under this section shall be made only for projects for which the applicant gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that, if funds are available, on-site labor can begin within 90 days of project approval.

In my judgment, this amendment eliminates a critical defect from the bill by assuring only quick-start projects while avoiding the delayed-reaction stimulus and burden on the Treasury at a time of economic upturn.

It should be noted that while the bill carries an authorization of \$5 billion, the Conference Report on H. Con. Res. 218 contains an outlay estimate of \$2.1 billion for this or similarly stimulative legislation in fiscal year 1976.

The approach embodied in this bill is greatly to be preferred over that included in the so-called Emergency Employment Act now in conference. This is not short term make-work, not creation of a new work force, but rather the creation of jobs for skilled construction workers and those in industries providing materials and supplies. Moreover, the spending will result in far more than transitory paychecks for those on the public payroll. The investment will result in facilities of enduring benefit to communities across the nation.

BUD SHUSTER.

LOCAL PUBLIC WORKS CAPITAL DEVELOPMENT AND INVESTMENT ACT OF 1975

DECEMBER 15, 1975.—Ordered to be printed

Mr. JONES of Alabama, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 5247]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5247) to authorize a local public works capital development and investment program, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Public Works Employment Act of 1975".

TITLE I

SEC. 101. This title may be cited as the "Local Public Works Capital Development and Investment Act of 1975".

SEC. 102. As used in this title, the term—

(1) "Secretary" means the Secretary of Commerce, acting through the Economic Development Administration.

(2) "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(3) "local government" means any city, county, town, parish, or other political subdivision of a State, and any Indian tribe.

SEC. 103. (a) The Secretary is authorized to make grants to any State or local government for construction (including demolition and other site preparation activities), renovation, repair, or other improvement of local public works projects including but not limited to those public works projects of State and local governments for which

Federal financial assistance is authorized under provisions of law other than this title. In addition the Secretary is authorized to make grants to any State or local government for the completion of plans, specifications, and estimates for local public works projects where either architectural design or preliminary engineering, or related planning has already been undertaken and where additional architectural and engineering work or related planning is required to permit construction of the project under this title.

(b) The Federal share of any project for which a grant is made under this section shall be 100 per centum of the cost of the project.

SEC. 104. In addition to the grants otherwise authorized by this title, the Secretary is authorized to make a grant for the purpose of increasing the Federal contribution to a public works project for which Federal financial assistance is authorized under provisions of law other than this title. Any grant made for a public works project under this section shall be in such amount as may be necessary to make the Federal share of the cost of such project 100 per centum. No grant shall be made for a project under this section unless the Federal financial assistance for such project authorized under provisions of law other than this title is immediately available for such project and construction of such project has not yet been initiated because of lack of funding for the non-Federal share.

SEC. 105. In addition to the grants otherwise authorized by this title, the Secretary is authorized to make a grant for the purpose of providing all or any portion of the required State or local share of the cost of any public works project for which financial assistance is authorized under any provision of State or local law requiring such contribution. Any grant made for a public works project under this section shall be made in such amount as may be necessary to provide the requested State or local share of the cost of such project. A grant shall be made under this section for either the State or local share of the cost of the project, but not both shares. No grant shall be made for a project under this section unless the share of the financial assistance for such project (other than the share with respect to which a grant is requested under this section) is immediately available for such project and construction of such project has not yet been initiated.

SEC. 106. (a) No grant shall be made under section 103, 104, or 105 of this title for any project having as its principal purpose the channelization, damming, diversion, or dredging of any natural watercourse, or the construction or enlargement of any canal (other than a canal or raceway designated for maintenance as an historic site) and having as its permanent effect the channelization, damming, diversion, or dredging of such watercourse or construction or enlargement of any canal (other than a canal or raceway designated for maintenance as an historic site).

(b) No part of any grant made under section 103, 104, or 105 of this title shall be used for the acquisition of any interest in real property.

(c) Nothing in this title shall be construed to authorize the payment of maintenance costs in connection with any projects constructed (in whole or in part) with Federal financial assistance under this title.

(d) Grants made by the Secretary under this title shall be made only for projects for which the applicant gives satisfactory assurances,

in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that, if funds are available, on-site labor can begin within ninety days of project approval.

SEC. 107. The Secretary shall, not later than thirty days after date of enactment of this title, prescribe those rules, regulations, and procedures (including application forms) necessary to carry out this title. Such rules, regulations, and procedures shall assure that adequate consideration is given to the relative needs of various sections of the country. The Secretary shall consider among other factors (1) the severity and duration of unemployment in proposed project areas, (2) the income levels and extent of underemployment in proposed project areas, and (3) the extent to which proposed projects will contribute to the reduction of unemployment. The Secretary shall make a final determination with respect to each application for a grant submitted to him under this title not later than the sixtieth day after the date he receives such application. Failure to make such final determination within such period shall be deemed to be an approval by the Secretary of the grant requested. For purposes of this section, in considering the extent of unemployment or underemployment, the Secretary shall consider the amount of unemployment or underemployment in the construction and construction-related industries.

SEC. 108. (a) Not less than one-half of 1 per centum or more than 10 per centum of all amounts appropriated to carry out this title shall be granted under this title for local public works projects within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be granted for such projects in all three of these jurisdictions.

(b) In making grants under this title, the Secretary shall give priority and preference to public works projects of local governments.

(c) In making grants under this title, if for the three most recent consecutive months, the national unemployment rate is equal to or exceeds 6½ per centum, the Secretary shall (1) expedite and give priority to applications submitted by States or local governments having unemployment rates for the three most recent consecutive months in excess of the national unemployment rate and (2) shall give priority thereafter to applications submitted by States or local governments having unemployment rates for the three most recent consecutive months in excess of 6½ per centum, but less than the national unemployment rate. Information regarding unemployment rates may be furnished either by the Federal Government, or by States or local governments, provided the Secretary determines that the unemployment rates furnished by States or local governments are accurate, and shall provide assistance to States or local governments in the calculation of such rates to insure validity and standardization.

(d) Seventy per centum of all amounts appropriated to carry out this title shall be granted for public works projects submitted by State or local governments given priority under clause (1) of the first sentence of subsection (c) of this section. The remaining 30 per centum shall be available for public works projects submitted by State or local governments in other classifications of priority.

(e) In determining the unemployment rate of a local government for the purposes of this section, unemployment in those adjoining areas from which the labor force for such project may be drawn, shall, upon request of the applicant, be taken into consideration.

(f) States and local governments making application under this title should (1) relate their specific requests to existing approved plans and programs of a local community development or regional development nature so as to avoid harmful or costly inconsistencies or contradictions; and (2) where feasible, make requests which, although capable of early initiation, will promote or advance longer range plans and programs.

SEC. 109. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). The Secretary shall not extend any financial assistance under this title for such project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1964, as amended (40 U.S.C. 276c).

SEC. 110. No person shall on the ground of sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any project receiving Federal grant assistance under this title, including any supplemental grant made under this title. This provision will be enforced through agency provisions and rules similar to those already established, with respect to racial and other discrimination under title VI of the Civil Rights Act of 1964. However, this remedy is not exclusive and will not prejudice or cut off any other legal remedies available to a discriminatee.

SEC. 111. There is authorized to be appropriated not to exceed \$2,500,000,000 for the period ending September 30, 1977, to carry out this title.

TITLE II—ANTIRECESSION PROVISIONS

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 201. (a) FINDINGS.—The Congress finds—

- (1) that State and local governments represent a significant segment of the national economy whose economic health is essential to national economic prosperity;
- (2) that present national economic problems have imposed considerable hardships on State and local government budgets;
- (3) that those governments, because of their own fiscal difficulties, are being forced to take budget-related actions which tend to undermine Federal Government efforts to stimulate the economy;

(4) that efforts to stimulate the economy through reductions in Federal Government tax obligations are weakened when State and local governments are forced to increase taxes;

(5) that the net effect of Federal Government efforts to reduce unemployment through public service jobs is substantially limited if State and local governments use federally financed public service employees to replace regular employees that they have been forced to lay off;

(6) that efforts to stimulate the construction industry and reduce unemployment are substantially undermined when State and local governments are forced to cancel or delay the construction of essential capital projects; and

(7) that efforts by the Federal Government to stimulate the economic recovery will be substantially enhanced by a program of emergency Federal Government assistance to State and local governments to help prevent those governments from taking budget-related actions which undermine that Federal Government efforts to stimulate economic recovery.

(b) POLICY.—Therefore, the Congress declares it to be the policy of the United States and the purpose of this title to make State and local government budget-related actions more consistent with Federal Government efforts to stimulate national economic recovery; to enhance the stimulative effect of a Federal Government income tax reduction; and to enhance the job creation impact of Federal Government public service employment programs. It is the intention of Congress that amounts paid to a State or local government under this title shall not be substituted for amounts which the State would have paid or made available to the local government out of revenues from State sources.

FINANCIAL ASSISTANCE AUTHORIZED

SEC. 202. (a) EMERGENCY SUPPORT GRANTS.—The Secretary of the Treasury (hereafter in this title referred to as the "Secretary") shall, in accordance with the provisions of this title, make emergency support grants to States and to local governments to coordinate budget-related actions by such governments with Federal Government efforts to stimulate economic recovery.

(b) AUTHORIZATION OF APPROPRIATIONS.—Subject to the provisions of subsection (c), there are authorized to be appropriated for each of the five succeeding calendar quarters (beginning with the calendar quarter which begins on April 1, 1976) for the purpose of making emergency support grants under this title—

- (1) \$125,000,000 plus
- (2) \$62,500,000, multiplied by the number of one-half percentage points by which the rate of seasonally adjusted national unemployment for the most recent calendar quarter which ended three months before the beginning of such calendar quarter exceeded 6 percent.

(c) **TERMINATION.**—No amount is authorized to be appropriated under the provisions of subsection (b) for any calendar quarter if—

(1) the average rate of national unemployment during the most recent calendar quarter which ended 3 months before the beginning of such calendar quarter did not exceed 6 percent, and

(2) the rate of national unemployment for the last month of the most recent calendar quarter which ended 3 months before the beginning of such calendar quarter did not exceed 6 percent.

ALLOCATION

SEC. 203. (a) **RESERVATIONS.**—

(1) **ALL STATES.**—The Secretary shall reserve one-third of the amounts appropriated pursuant to authorization under section 202 for each calendar quarter for the purpose of making emergency support grants to States under the provisions of subsection (b).

(2) **ALL LOCAL GOVERNMENTS.**—The Secretary shall reserve two-thirds of such amounts for the purpose of making emergency support grants to local governments under the provisions of subsection (c).

(b) **STATE ALLOCATION.**—

(1) **IN GENERAL.**—The Secretary shall allocate from amounts reserved under subsection (a) (1) an amount for the purpose of making emergency support grants to each State equal to the total amount reserved under subsection (a) (1) for the calendar quarter multiplied by the applicable State percentage.

(2) **APPLICABLE STATE PERCENTAGE.**—For purposes of this subsection, the applicable State percentage is equal to the quotient resulting from the division of the product of—

(A) the State excess unemployment percentage, multiplied by

(B) the State tax amount

by the sum of such products for all the States.

(3) **DEFINITIONS.**—For purposes of this section—

(A) the term "State" means each State of the United States;

(B) the State excess unemployment percentage is equal to the difference resulting from the subtraction of the State base period unemployment rate for that State from the State unemployment rate for that State;

(C) the State base period unemployment rate is equal to the average annual rate of unemployment in the State determined over the period which begins on January 1, 1967, and ends on December 31, 1969, as determined by the Secretary of Labor and reported to the Secretary;

(D) the State unemployment rate is equal to the rate of unemployment in the State during the appropriate calendar quarter, as determined by the Secretary of Labor and reported to the Secretary; and

(E) the State tax amount is the amount of compulsory contributions exacted by the State for public purposes (other than employee and employer assessments and contributions to

finance retirement and social insurance systems, and other than special assessments for capital outlay), as such contributions are determined for the most recent period for which such data are available from the Social and Economic Statistics Administration for general statistical purposes.

(c) **LOCAL GOVERNMENT ALLOCATION.**—

(1) **IN GENERAL.**—The Secretary shall allocate from amounts reserved under subsection (a) (2) an amount for the purpose of making emergency support grants to each local government, subject to the provisions of paragraph (3), equal to the total amount reserved under such subsection for the calendar quarter multiplied by the local government percentage.

(2) **LOCAL GOVERNMENT PERCENTAGE.**—For purposes of this subsection, the local government percentage is equal to the quotient resulting from the division of the product of—

(A) the local excess unemployment percentage, multiplied by

(B) the local adjusted tax amount,
by the sum of such products for all local governments.

(3) **SPECIAL RULE.**—

(A) For purposes of paragraphs (1) and (2), all local governments within the jurisdiction of a State other than identifiable local governments shall be treated as though they were one local government.

(B) The Secretary shall set aside from the amount allocated under paragraph (1) of this subsection for all local governments within the jurisdiction of a State which are treated as though they are one local government under subparagraph (A) an amount determined under subparagraph (C) for the purpose of making emergency support grants to each local government, other than identifiable local governments, within the jurisdiction of such State.

(C) The amount set aside for the purpose of making emergency support grants to each local government, other than an identifiable local government, within the jurisdiction of a State under subparagraph (B) shall be—

(i) determined under an allocation plan submitted by such State to the Secretary which meets the requirements set forth in section 206 (b), or

(ii) if a State does not submit an allocation plan under section 206 (b) for purposes of this paragraph within 30 days after the date of enactment of this title or if a State's allocation plan is not approved by the Secretary under section 206 (c), equal to the total amount allocated under paragraph (1) of this subsection for all local governments within the jurisdiction of such State which are treated as though they are one local government under subparagraph (A) multiplied by the local government percentage, as defined in paragraph (2) (determined without regard to the parenthetical phrases at the end of paragraphs (4) (B) and (C) of this subsection).

(D) If local unemployment rate data (as defined in paragraph (4)(B) of this subsection without regard to the parenthetical phrase at the end of such definition) for a local government jurisdiction is unavailable to the Secretary or the State for purposes of determining the amount to be set aside for such government under subparagraph (C) then the Secretary or State shall determine such amount under subparagraph (C) by using—

(i) the best available unemployment rate data for such government if such data is determined in a manner which is substantially consistent with the manner in which local unemployment rate data is determined, or

(ii) if no consistent unemployment rate data is available, the local unemployment rate data for the smallest unit of identifiable local government in the jurisdiction of which such government is located.

(E) If the amount determined under subparagraph (C) which would be set aside for the purpose of making emergency support grants to a local government under subparagraph (B) is less than \$250 then no amount shall be set aside for such local government under subparagraph (B).

(4) DEFINITIONS.—For purposes of this subsection—

(A) the local excess unemployment percentage is equal to the difference resulting from the subtraction of 4.5 percentage points from the local unemployment rate;

(B) the local unemployment rate is equal to the rate of unemployment in the jurisdiction of the local government during the appropriate calendar quarter, as determined by the Secretary of Labor and reported to the Secretary (in the case of local governments treated as one local government under paragraph (3)(A), the local unemployment rate shall be the unemployment rate of the State adjusted by excluding consideration of unemployment and of the labor force within identifiable local governments, other than county governments, within the jurisdiction of that State);

(C) the local adjusted tax amount means—

(i) the amount of compulsory contributions exacted by the local government for public purposes (other than employee and employer assessments and contributions to finance retirement and social insurance systems, and other than special assessments for capital outlay) as such contributions are determined for the most recent period for which such data are available from the Social and Economic Statistics Administration for general statistical purposes,

(ii) adjusted (under rules prescribed by the Secretary) by excluding an amount equal to that portion of such compulsory contributions which is properly allocable to expenses for education,

(and in the case of local governments treated as one local government under paragraph (3)(A), the local tax amount shall be the sum of the local adjusted tax amounts of all local

governments within the State, adjusted by excluding an amount equal to the sum of the local adjusted tax amounts of identifiable local governments within the jurisdiction of that State);

(D) the term "identifiable local government" means a unit of general local government for which the Secretary of Labor has made a determination concerning the rate of unemployment for purposes of title II or title VI of the Comprehensive Employment and Training Act of 1973 during the current or preceding fiscal year; and

(E) the term "local government" means the government of a county, municipality, township, or other unit of government below the State which—

(i) is a unit of general government (determined on the basis of the same principles as are used by the Social and Economic Statistics Administration for general statistical purposes), and

(ii) performs substantial governmental functions. Such term includes the District of Columbia and also includes the recognized governing body of an Indian tribe or Alaskan native village which performs substantial governmental functions. Such term does not include the government of a township area unless such government performs substantial governmental functions.

For the purpose of paragraph (4)(D), the Secretary of Labor shall, notwithstanding any other provision of law, continue to make determinations with respect to the rate of unemployment for the purposes of such title VI.

CONTINGENCY FUND

SEC. 204. (a) RESERVATION.—The Secretary shall reserve from the amounts appropriated pursuant to the authorization under section 202 for each calendar quarter an amount equal to the amount, if any, not paid to State or local governments by reason of section 210(c), but not in excess of an amount which is equal to 10 percent multiplied by the total amount appropriated under the authorization in section 202 for such quarter, for the purpose of making additional emergency support grants to State or local governments which are in severe fiscal difficulty, as determined under subsection (d).

(b) ALLOCATIONS.—The Secretary shall allocate from the amounts reserved under subsection (a) such amount as he determines is necessary for an additional emergency support grant to assist each State or local government, upon application by such government, which is in severe fiscal difficulty. The sum of the amounts allocated under this subsection may not be less than 75 percent of the amount reserved under subsection (a) for the calendar quarter. No amount may be allocated for an additional emergency support grant to a State or local government under this section in excess of an amount equal to the lesser of—

(1) 10 percent of the amount allocated to such State or local government under section 203 for the calendar quarter, or

(2) 15 percent of the amount reserved under this subsection for the calendar quarter.

(c) **SPECIAL RULE FOR PUERTO RICO, VIRGIN ISLANDS, GUAM, AND THE TRUST TERRITORIES OF THE PACIFIC.**—The Secretary may allocate from the amount reserved under subsection (a) amounts for the purpose of making emergency support grants to the governments of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territories of the Pacific, upon application by such governments, if such governments are in severe fiscal difficulty, as determined under subsection (d). The total amount of payments made under this paragraph during any calendar quarter may not exceed 10 percent of the amount reserved under subsection (a) for that quarter. For purposes of sections 205 through 215, the governments of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territories of the Pacific shall be considered to be State governments.

(d) **CRITERIA FOR SEVERE FISCAL DIFFICULTY.**—For purposes of this section, a State or local government shall be considered to be in severe fiscal difficulty if—

(1) the rate of unemployment during the appropriate calendar quarter within its jurisdiction exceeds the national annual average rate of unemployment,

(2) it is currently unable, or will be unable before the end of the current calendar quarter, to pay accrued interest to the holders of its outstanding debt instruments, or

(3) it must increase taxes immediately to maintain its level of basic services or reduce the level of those services before the end of the current calendar quarter.

USES OF EMERGENCY SUPPORT GRANTS

SEC. 205. Each State and local government shall use emergency support grants made under this title for the maintenance of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government, as the case may be. State and local governments may not use emergency support grants made under this title for the acquisition of supplies and materials and for construction unless such supplies and materials or construction are essential to maintain basic services.

APPLICATIONS

SEC. 206. (a) **IN GENERAL.**—Each State and local government may receive emergency support grants under this title only upon application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary prescribes by rule. The Secretary may not require any State or local government to make more than one such application during each fiscal year. Each such application shall—

(1) include a State or local government program for the maintenance, to the extent practical, of levels of public employment and of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government which is consistent with the provisions of section 205;

(2) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper dis-

bursal of, and accounting for, Federal funds paid to the State or local government under this title;

(3) provide that reasonable reports will be furnished in such form and containing such information as the Secretary may reasonably require to carry out the purposes of this title and provide that the Secretary, on reasonable notice, shall have access to, and the right to examine any books, documents, papers, or records as he may reasonably require to verify such reports;

(4) provide that the requirements of section 207 will be complied with;

(5) provide that the requirements of section 208 will be complied with;

(6) provide that the requirements of section 209 will be complied with; and

(7) provide that any amount received as an emergency support grant under this title shall be expended by the State or local government before the end of the 6-calendar-month period which begins on the date after the day on which such State or local government receives such grant.

(b) **STATE ALLOCATION PLANS FOR PURPOSES OF SECTION 203(c)(3).**—A State may file an allocation plan with the Secretary for purposes of section 203(c)(3)(C)(i) at such time, in such manner, and containing such information as the Secretary may require by rule. Such allocation plan shall meet the following requirements:

(1) the criteria for allocation of amounts among the local governments within the State shall be consistent with the allocation formula for local governments under section 203(c)(2);

(2) the allocation criteria must be specified in the plan; and

(3) the plan must be developed after consultation with appropriate officials of local governments within the State other than identifiable local governments. The allocation plan required under the subparagraph shall, to the extent feasible, include consideration of the needs of small local government jurisdictions with severe fiscal problems.

(c) **APPROVAL.**—The Secretary shall approve any application that meets the requirements of subsection (a) or (b) within 30 days after he receives such application, and shall not finally disapprove, in whole or in part, any application for an emergency support grant under this title without first affording the State or local government reasonable notice and an opportunity for a hearing.

NONDISCRIMINATION

SEC. 207. (a) **IN GENERAL.**—No person in the United States shall, on the grounds of race, religion, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

(b) **AUTHORITY OF THE SECRETARY.**—Whenever the Secretary determines that a State government or unit of local government has failed to comply with subsection (a) or an applicable regulation, he shall, within 10 days, notify the Governor of the State (or, in the case of a

unit of local government, the Governor of the State in which such unit is located, and the chief elected official of the unit) of the noncompliance. If within 30 days of the notification compliance is not achieved, the Secretary shall, within 10 days thereafter—

(1) exercise all the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d);

(2) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; or

(3) take such other action as may be provided by law.

(c) **ENFORCEMENT.**—Upon his finding of discrimination under subsection (b), the Secretary shall have the full authority to withhold or temporarily suspend any grant under this title, or otherwise exercise any authority contained in title VI of the Civil Rights Act of 1964, to assure compliance with the requirement of nondiscrimination in federally assisted programs set forth in that title.

(d) **APPLICABILITY OF CERTAIN CIVIL RIGHTS ACTS.**—

(1) Any party who is injured or deprived within the meaning of section 1979 of the Revised Statutes (42 U.S.C. 1983) or of section 1980 of the Revised Statutes (42 U.S.C. 1985) by any person, or two or more persons in the case of such section 1980, in connection with the administration of an emergency support grant under this title may bring a civil action under such section 1979 or 1980, as applicable, subject to the terms and conditions of those sections.

(2) Any person who is aggrieved by an unlawful employment practice within the meaning of title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) by any employer in connection with the administration of an emergency support grant under this title may bring a civil action under section 706 (f) (1) of such Act (42 U.S.C. 2000e-5 (f) (1)) subject to the terms and conditions of such title.

LABOR STANDARDS

SEC. 208. All laborers and mechanics employed by contractors on all construction projects assisted under this title shall be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-5). The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 C.F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

SPECIAL REPORTS

SEC. 209. Each State and local government which receives a grant under the provisions of this title shall report to the Secretary any increase or decrease in any tax which it imposes and any substantial reduction in the number of individuals it employs or in services which such State or local government provides. Each state which receives a grant under the provisions of this title shall report to the Secretary any decrease in the amount of financial assistance which the State provides to the local governments within its jurisdiction below the amount which equals the amount of such assistance which such State

provided to such local governments during the 12-month period which ends on the last day of the calendar quarter immediately preceding the date of enactment of this title, together with an explanation of the reasons for such decrease. Such reports shall be made as soon as it is practical and, in any case, not less than 6 months after the date on which the decision to impose such tax increase or decrease, such reductions in employment or services, or such decrease in State financial assistance is made public.

PAYMENTS

SEC. 210. (a) IN GENERAL.—From the amount allocated for State and local governments under sections 203 and 204, the Secretary shall pay to each State and to each local government, which has an application approved under section 206, an amount equal to the amount allocated to such State or local government under section 203 or section 204.

(b) **ADJUSTMENTS.**—Payments under this title may be made with necessary adjustments on account of overpayments or underpayments.

(c) **TERMINATION.**—No amount shall be paid to any State or local government under the provisions of this section for any calendar quarter if—

(1) the average rate of unemployment within the jurisdiction of such State or local government during the most recent calendar quarter which ended three months before the beginning of such calendar quarter was less than 6 percent, and

(2) the rate of unemployment within the jurisdiction of such government for the last month of the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 6 percent.

STATE AND LOCAL GOVERNMENT ECONOMIZATION

SEC. 211. No State or local government may receive any payment under the provisions of this title unless such government in good faith certifies in writing to the Secretary, at such time and in such manner and form as the Secretary prescribes by rule, that it has made substantial economies in its operations and that without grants under this title it will not be able to maintain essential services without increasing taxes or maintaining recent increases in taxes thereby weakening Federal Government efforts to stimulate the economy through reductions in Federal tax obligations.

WITHHOLDING

SEC. 212. Whenever the Secretary, after affording reasonable notice and an opportunity for a hearing to any State or local government, finds that there has been a failure to comply substantially with any provision set forth in the application of that State or local government approved under section 206, the Secretary shall notify that State or local government that further payments will not be made under this title until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made under this title.

REPORTS

SEC. 213. The Secretary shall report to the Congress as soon as is practical after the end of each calendar quarter during which grants are made under the provisions of this title. Such report shall include information on the amounts paid to each State and local government and a description of any action which the Secretary has taken under the provisions of section 212 during the previous calendar quarter. The Secretary shall report to Congress as soon as is practical after the end of each calendar year during which grants are made under the provisions of this title. Such reports shall include detailed information on the amounts paid to State and local governments under the provisions of this title, any actions with which the Secretary has taken under the provisions of section 212, and an evaluation of the purposes to which amounts paid under this title were put by State and local governments and the economic impact of such expenditures during the previous calendar year.

ADMINISTRATION

SEC. 214. (a) RULES.—The Secretary is authorized to prescribe, after consultation with the Secretary of Labor, such rules as may be necessary for the purpose of carrying out his functions under this title.

(b) COORDINATION.—In administering the provisions of this title, the Secretary is authorized to use the services and facilities of any agency of the Federal Government and of any other public agency or institution in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement as may be agreed upon.

PROGRAM STUDIES AND RECOMMENDATIONS

SEC. 215. (a) EVALUATION.—The Comptroller General of the United States shall conduct an investigation of the impact which emergency support grants have on the operations of State and local governments and on the national economy. Before and during the course of such investigation the Comptroller General shall consult with and coordinate his activities with the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations. The Comptroller General shall report the results of such investigation to the Congress within two years after the date of enactment of this title together with an evaluation of the macro-economic effect of the program established under this title and any recommendations for improving the effectiveness of similar programs. Such report shall include the opinions of the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations with respect to the program established under this title and any recommendations which they may have for improving the effectiveness of similar programs. All officers and employees of the United States shall make available all information, reports, data, and any other material necessary to carry out the provisions of this subsection to the Comptroller General upon a reasonable request.

(b) COUNTERCYCLICAL STUDY.—The Director of the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations shall conduct a study to determine the most effective means

by which the Federal Government can stabilize the national economy during periods of excess expansion and high inflation through programs directed toward State and local governments. Before and during the course of such study the Director and the Advisory Commission shall consult with and coordinate their activities with the Comptroller General of the United States. The Director and the Advisory Commission shall report the results of such study to Congress within two years after the date of enactment of this title. Such study shall include the opinions of the Comptroller General with respect to such study.

TITLE III

SEC. 301. (a) Section 201(c) of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

"(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202, except that annual appropriations for the purpose of purchasing evidences of indebtedness, paying interest supplement to or on behalf of private entities making and participating in loans, and guaranteeing loans, shall not exceed \$170,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 for the fiscal year ending June 30, 1975, and shall not exceed \$200,000,000 for the fiscal year ending June 30, 1976."

(b) Section 202(a)(1) of such Act, as amended, is amended by adding after paragraph (1) the following new paragraph:

"(2) In addition to any other financial assistance under this title, the Secretary is authorized, in the case of any loan guarantee under authority of paragraph (1) of this section to pay to or on behalf of the private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on such guaranteed loans. Payments made to or on behalf of such borrower shall be made no less often than annually. No obligation shall be made by the Secretary to make any payment under this paragraph for any loan guarantee made after December 31, 1976."

(c) Section 202(a) of such Act, as amended, is amended by renumbering existing paragraphs (2) through (10) as (3) through (11), respectively, including any references thereto.

SEC. 302. Title IV of the Public Works and Economic Development Act of 1965 is further amended by adding at the end thereof, the following:

"PART D—URBAN ECONOMIC DEVELOPMENT

"Sec. 405. (a) For the purposes of this section, the term 'city' means (A) any unit of general local government which is classified as a municipality by the Bureau of the Census, or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to those associated with municipalities, (ii) is closely settled, and (iii) contains within its boundaries no incorporated places as defined by the Bureau of the Census.

"(b) Any city with a population of 50,000 or more which has submitted to and has had approved by the Secretary an overall economic development program in accordance with section 202(b)(10) of this Act shall be designated by the Secretary as a 'redevelopment area' and such area shall be entitled to the assistance authorized by this Act, except that only funds authorized by subsection (d) of this section shall be expended in providing such assistance to a city whose only designation as a 'redevelopment area' is under this section. Nothing in this section shall be construed to prohibit the designation of a city as a 'redevelopment area' under this section in addition to its designation as a 'redevelopment area' under any other provision of this Act, and nothing in this section shall be construed to prohibit a city designated a 'redevelopment area' both under this section and another provision of this Act from receiving assistance under this Act through the expenditure of funds both under this section and under any other provision of this Act.

"(c) In addition to any other assistance available under this Act, if a city that has been designated as a redevelopment area under this section prepares a plan for the redevelopment of the city or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make a grant to such city for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such grant shall be made on condition (A) that the city will use such grant to make grants or loans, or both, to carry out such plans, and (B) the repayments of any loans made by the city from such grant shall be placed by such city in a revolving fund available solely for the making of other grants and loans by the city, upon approval by the Secretary, for the economic redevelopment of the city.

"(d) There is hereby authorized to be appropriated to carry out this section not to exceed \$50,000,000 for the fiscal year ending June 30, 1976, and not to exceed \$50,000,000 for the transition period ending September 30, 1976."

SEC. 303. (a) Section 1003(c) of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

"(c) Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to assist eligible areas in making applications, for grants under this title."

(b) Section 1003(d) of such Act, as amended, is amended to read as follows:

"(d) Notwithstanding any other provisions of this title, funds allocated by the Secretary of Commerce shall be available only for a program or project which the Secretary identifies and selects pursuant to this subsection, and which can be initiated or implemented promptly and substantially completed within twelve months after allocation is

made. In identifying and selecting programs and projects pursuant to this subsection, the Secretary shall (1) give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment measured as the amount of such direct and indirect employment generated or supported by the additional expenditures of Federal funds under this title, and (2) consider the appropriateness of the proposed activity to the number and needs of unemployed persons in the eligible area."

(c) Section 1003(e) of such Act as amended, is amended to read as follows:

"(e) The Secretary, if the national unemployment rate is equal to or exceeds 6½ per centum for the most recent three consecutive months, shall expedite and give priority to grant applications submitted for such areas having unemployment in excess of the national average rate of unemployment for the most recent three consecutive months. Seventy per centum of the funds appropriated pursuant to this title shall be available only for grants in areas as defined in the second sentence of this subsection. If the national average unemployment rate recedes below 6½ per centum for the most recent three consecutive months, the authority of the Secretary to make grants under this title is suspended until the national average unemployment has equaled or exceeded 6½ per centum for the most recent three consecutive months. Not more than 15 per centum of all amounts appropriated to carry out this title shall be available under this title for projects or programs within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be available for such projects or programs."

SEC. 304. Section 1004 of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

"SEC. 1004. (a) Within forty-five days after enactment of the Emergency Job and Unemployment Assistance Act of 1974 or within forty-five days after any funds are appropriated to the Secretary to carry out the purposes of this title, each department, agency, or instrumentality of the Federal Government, each regional commission established by section 101 of the Appalachian Regional Development Act of 1965 or pursuant to section 502 of this Act, shall (1) complete a review of its budget, plans, and programs and including State, substate, and local development plans filed with such department, agency or commission; (2) evaluate the job creation effectiveness of programs and projects for which funds are proposed to be obligated in the calendar year and additional programs and projects (including new or revised programs and projects submitted under subsection (b)) for which funds could be obligated in such year with Federal financial assistance under this title; and (3) submit to the Secretary of Commerce recommendations for programs and projects which have the greatest potential to stimulate the creation of jobs for unemployed persons in eligible areas. Within forty-five days of the receipt of such recommendations the Secretary of Commerce shall review such recommendations, and after consultation with such department, agency instrumentality, regional commission, State, or local government make allocations of funds in accordance with section 1003(d) of this title.

"(b) States and political subdivisions in any eligible area may, pursuant to subsection (a), submit to the appropriate department, agency, or instrumentality of the Federal Government (or regional commission) program and project applications for Federal financial assistance provided under this title.

"(c) The Secretary, in reviewing programs and projects recommended for any eligible area shall give priority to programs and projects originally sponsored by States and political subdivisions, including but not limited to new or revised programs and projects submitted in accordance with this section."

SEC. 305. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, is amended by striking such section and renumbering subsequent sections accordingly.

SEC. 306. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended by striking the period and inserting the following at the end thereof: "unless this would require project grants to be made in areas which do not meet the criteria of this title."

SEC. 307. (a) Section 1006 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended by inserting the following after "1975" in the first sentence: "and \$500,000,000 for the fiscal year 1976 and the transition period ending September 30, 1976".

(b) Section 1006 as redesignated by this Act is further amended by striking "December 31, 1975" in the second sentence and inserting in lieu thereof "September 30, 1976".

(c) Section 1006 of the Public Works and Economic Development Act of 1965 as redesignated by the Act is amended by adding at the end thereof the following new sentence: "Funds authorized to carry out this title shall be in addition to, and not in lieu of, any amounts authorized by other provisions of law."

SEC. 308. Section 1007 as redesignated by this Act is amended by striking "December 31, 1975" and inserting in lieu thereof "September 30, 1976".

SEC. 309. Title X of the Public Works and Economic Development Act of 1965 is further amended by adding at the end thereof the following new section:

"CONSTRUCTION COSTS

"Sec. 1008. No program or project originally approved for funds under an existing program shall be determined to be ineligible for Federal financial assistance under this title solely because of increased construction costs."

SEC. 310. The Secretary of Commerce shall notify in a timely and uniform manner State and local governments having areas eligible for assistance under Title X of the Public Works and Economic Development Act of 1965.

SEC. 311. (a) There is authorized to be appropriated to carry out title II of the Federal Water Pollution Control Act, other than sections 206, 208, and 209, for the fiscal year ending September 30, 1977, not to exceed \$1,417,968,050 which sum (subject to such amounts as are provided in appropriation Acts) shall be allotted to each State listed

in column 1 of table IV contained in House Public Works and Transportation Committee Print numbered 94-25 in accordance with the percentages provided for such State (if any) in column 5 of such table. The sum authorized by this section shall be in addition to, and not in lieu of, any funds otherwise authorized to carry out such title during such fiscal year. Any sums allotted to a State under this section shall be available until expended.

(b) The Administrator of the Environmental Protection Agency shall, within 45 days from the date of enactment of this section, report to Congress his recommendations for a formula or formulas to be used to allot equitably and allocate new funds authorized to carry out title II of the Federal Water Pollution Control Act.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the bill, insert the following: "An Act to authorize a local public works capital development and investment program, to amend the Public Works and Economic Development Act of 1965 to increase the antirecessionary effectiveness of the program, and for other purposes."

And the Senate agree to the same.

ROBERT E. JONES,
JIM WRIGHT,
HAROLD T. JOHNSON,
ROBERT A. ROE,
BELLA ABZUG,

Managers on the Part of the House.

JENNINGS RANDOLPH,
EDMUND S. MUSKIE,
JOSEPH M. MONTOYA,
QUENTIN N. BURDICK,
ABRAHAM RIBICOFF,
JOHN GLENN,
HOWARD H. BAKER,
JAMES L. BUCKLEY,
JAMES A. MCCLURE,
JACOB J. JAVITS,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5247) to authorize a local public works capital development and investment program, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees in minor drafting and clarifying changes.

TITLE I

SHORT TITLE

House bill

The short title of the House bill provides the legislation may be cited as the "Local Public Works Capital Development And Investment Act of 1975".

Senate amendment

Provides the act may be cited as the "Public Works Employment Act of 1975".

Conference substitute

Identical to Senate amendment as to the Act and identical to the House bill as to title I.

STATEMENT OF PURPOSE

House bill

Provides that the purpose of the legislation is to establish a program to combat unemployment, to stimulate activity in the construction and materials industries and to assist State and local governments provide adequate public facilities.

Senate amendment

No comparable provision.

Conference substitute

No comparable provision.

DEFINITION OF TERMS

House bill

Defines "Secretary" to mean the Secretary of Commerce acting through the Economic Development Administration; defines "State" to include the several states, District of Columbia, Commonwealth of Puerto Rico, the Virgin Islands, Guam and American Samoa; and defines "local government" to mean any city, county, town, parish or other political subdivision of a State and any Indian tribe.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill. Section 3 of this Act defines "local government" as any city, county, town, parish or other political subdivision of a State or any Indian tribe. For the purposes of this Act, it is intended that special districts such as school districts, and regional authorities, composed of local governments that are established or authorized by State law will be considered a political subdivision of the State.

DIRECT GRANT PROGRAM

House bill

Authorizes the Secretary to make grants to State and local governments for the construction, renovation, repair or other improvement of public works projects. This includes grants for projects for which Federal financial assistance is authorized by other acts and grants for architectural design, engineering and related planning expenses. No part of any grant under this section may be used for the purchase of any interest in land. The Federal share of the cost of any project for which a grant is made under this act shall be 100 percent of the cost of the project. Grants can be made only when it is shown that, if funds are available, on-site labor can begin within 90 days of the project approval.

Projects that would be eligible for funding would include, but not be limited to, the following: demolition and other site preparation activities, new construction, renovation, and major improvements of public facilities such as municipal offices, courthouses, libraries, schools, police and fire stations, detention facilities, water and sewage treatment facilities, water and sewer lines, streets and roads (including curbs), sidewalks, lighting, recreational facilities, convention centers, civic centers, museums, and health, education and social service facilities.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill except that grants may be made for the completion of plans, specifications, and estimates where either architectural design or preliminary engineering or related planning has already been undertaken and where additional architectural and engineering work or related planning is required to permit construction

of the project. It is intended that these grants will be made for projects which will result quickly in work on the job site.

With respect to any expenditure of funds for detention facilities, the Secretary of Commerce shall make grants only to those projects which meet the criteria set down under Part E of the Omnibus Safe Streets and Crime Control Act of 1968, as amended (Subparts (1) and (4) through (9) of Section 3750(b) of Title 42, U.S.C.)

RULES AND REGULATIONS

House bill

Requires the Secretary to prescribe rules and regulations within 30 days of enactment. In doing so, he must consider, among other factors: (1) The severity and duration of unemployment in the project areas, (2) the extent of underemployment in the project area, and (3) the extent to which the project will contribute to the reduction of unemployment. In considering the extent of unemployment and underemployment under this section, the Secretary must consider the amount of unemployment and underemployment in the construction-related industries. A final determination of each project application must be made within 60 days of receiving it. Failure to make such determination within this period will be deemed to be an approval by the Secretary.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

SUPPLEMENTAL GRANTS

House bill

Authorizes the Secretary to make grants for the purpose of increasing the Federal contribution to 100 percent of project cost on any Federally-assisted public works projects authorized by any other Federal law where the Federal financial assistance under such law is immediately available and construction has not been started. However, no part of any grant made under this section may be used for the purchase of any interest in land.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

GRANTS FOR PROJECTS AUTHORIZED BY STATE OR LOCAL LAW

House bill

Authorizes the Secretary to make grants for all or any portion of the State or local share of cost of any public works project authorized by any State or local law. However, no grant may provide both the State and local share. The matching share, other than the share with respect to which a grant is requested, must be immediately available

for the project and construction of the project not yet started. No part of any grant under this section must be used for the purchase of any interest in land.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

LIMITATIONS

House bill

Contains prohibitions on use of funds to affect natural watercourses, acquisition of interest in real property, use of funds for maintenance cost and a requirement for on-site labor within 90 days of project approval.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill, except that limitations in the House bill are consolidated in this section of the bill.

PRIORITY OF PROJECTS

House bill

Assures that at least $\frac{1}{2}$ of 1 percent but not more than 10 percent of funds appropriated will be granted within any one State. Guam, the Virgin Islands and American Samoa together will not receive less than $\frac{1}{2}$ of 1 percent.

The priority to be given applications of local governments is not intended to permit the Secretary to delay consideration or approval of an application from a State government until all local project applications within the State have been received and reviewed. Such a procedure would obviously run counter to the basic objective of initiating project construction quickly. This section is not intended, for example, to preclude the Secretary from receiving an application and making a grant to a State to construct a project in an area of high unemployment where it is clearly demonstrated that the State project will effectively meet the requirements of the Act and will have a significant impact on unemployment by producing jobs quickly and stimulating economic activity.

As long as the national unemployment rate is $6\frac{1}{2}$ percent or more, the Secretary must give priority to applications from areas in excess of the national rate and must thereafter give priority to applications from areas in excess of $6\frac{1}{2}$ percent but less than the national unemployment rate.

Statistics establishing the unemployment rate of an area may be furnished by the Federal Government, States, or local governments as long as the Secretary determines that they are accurate.

70 percent of the funds appropriated must be used for projects in areas that exceed the national unemployment rate in the first priority

above and the remaining 30 percent of the funds appropriated must be used on projects in other classifications of priority.

When requested by an applicant, the Secretary, in determining the unemployment rate of a local government, must consider the unemployment in adjoining areas from which the labor force for a project may be drawn. Applicants should relate their projects to local and regional development plans and where possible, submit projects that would implement long-range plans.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill, except that the Secretary shall notify those States and local governments with unemployment in excess of the national average of their eligibility under this title.

FAIR LABOR STANDARDS

House bill

Makes the Davis-Bacon Act applicable to all grants for projects under this act.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

SEX DISCRIMINATION

House bill

Prohibits any discrimination because of sex on any project receiving grant assistance under this act.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

AUTHORIZATION OF PROGRAM

House bill

Authorizes up to \$5 billion to carry out this act.

Senate amendment

No comparable provision.

Conference substitute

Authorizes up to \$2.5 billion to carry out this title for the period ending September 30, 1977.

GRANTS TO STATE AND LOCAL GOVERNMENTS FOR PUBLIC WORKS PROJECTS

House bill

No comparable provision

Senate amendment

Adds a new section 107 to the Public Works and Economic Development Act of 1965 as follows:

(a) authorizes the Secretary upon application of State or local government to make supplementary grants for Federal aid public works projects in such amount as to bring the Federal share to 100% of cost. Basic grant funds must be immediately available and construction not started because of lack of matching share. Grant funds cannot be used to purchase land.

(b) (1) authorizes grants for cost overruns on Federal projects. Grants are limited to the maximum percentage of the Federal participation authorized.

(2) applications must set forth information on project, its job effectiveness and area to be served by the project. The Secretary must review applications and with the concurrence of the agency funding the project select those projects which best serve the employment objectives of this section.

(c) authorizes grants for construction, repair, renovation of State and local public works projects for which Federal assistance is authorized other than by the Public Works and Economic Development Act. These grants will be 100% grants.

(d) First priority must be given to projects that will have on-site labor within 90 days of project approval in the following order:

1. Supplemental grants authorized by subsection (a)
2. Cost overrun grants authorized by subsection (b) and
3. 100 percent grants authorized by subsection (c)

(e) (1) No more than 15 percent of funds appropriated may go to any one State. At least $\frac{1}{2}$ of 1 percent must be granted to Guam, Virgin Islands, and American Samoa.

(2) No grants may be made for maintenance.

(f) Assistance under this section is available only to designated C.E.T.A. areas and areas designated by the Secretary of Labor as having $6\frac{1}{2}$ unemployment or more for the most recent three months. As long as the national unemployment rate is $6\frac{1}{2}$ percent or more, the Secretary must give priority to project applications from areas of unemployment in excess of the national average. 70 percent of the funds appropriated must go to these areas. The grant program is suspended when the national unemployment rate goes below $6\frac{1}{2}$ percent.

(g) Section 103 (15 percent limitation to any one state) and Section 104 (prohibition of Title I assistance to Appalachia) of the Economic Development Act do not apply to this section.

(h) Grants are to be made in accordance with the same regulations promulgated for the public facility grants authorized by the Economic Development Act except the Secretary should not consider the severity and duration of unemployment and the income levels of families and extent of underemployment as required by Section 101(d) nor should the Secretary require an Overall Economic Development Plan (OEDP) as required by Section 101(a) (1) (c). Any revision to the regulations must be made within 30 days of enactment.

(i) In selecting projects, Secretary must consider the extent and severity of unemployment, the level and extent of construction unemployment and, extent project will reduce unemployment in the area. Determination on applications must be made within 60 days of receipt.

(j) Unemployment statistics are to be determined by the Secretary of Labor, State or local governments may present the Secretary of Commerce with information on actual unemployment of an area.

(k) Authorizes \$1 billion for Fiscal Year 1976.

Conference substitute

No comparable provision.

TITLE II

ANTIRECESSION PROVISIONS

House bill

No comparable provision.

Senate amendment

FINDINGS OF FACT AND DECLARATION OF POLICY

Section 201 sets out congressional findings concerning the impact of recession on state and local governments and further declares it to be national policy to make state and local government budget-related actions more consistent with Federal efforts to stimulate national economic recovery.

FINANCIAL ASSISTANCE AUTHORIZED

Section 202 authorizes for each of 5 succeeding calendar quarters (beginning with the calendar quarter which begins on April 1, 1976) \$125 million when the national seasonally adjusted unemployment rate reaches 6 percent plus an additional \$62.5 million for each one-half percentage point over 6 percent. On an annual basis, that means \$500 million would be authorized when the national seasonally adjusted unemployment rate reaches 6 percent and an additional \$250 million would be authorized for each percentage point the national seasonally adjusted unemployment rate rises over 6 percent. All unemployment data to be used in the implementation of this title shall, because of limitations on data gathering, be from the quarter ending three months before the quarter in which a payment is to be made.

Section 202 further provides that no funds would be authorized for any calendar quarter during which the national unemployment rate averaged under 6 percent or for any quarter in which the last month's unemployment rate was below.

ALLOCATION

Section 203(a) provides that the Secretary of the Treasury shall reserve one-third of the authorized funds for distribution to State

governments and two-thirds of the authorized funds for distribution to local governments.

Section 203(b) provides that allocation to each State government be made according to a formula of its excess unemployment rate times its taxes raised. For a State government, the excess unemployment rate is defined as its unemployment rate during the most recent calendar quarter minus its unemployment rate during 1967-69.

Section 203(c) provides that allocations to local government would be made according to the same formula—excess unemployment rate times adjusted taxes raised.

The excess unemployment rate for local governments is defined as each local government's unemployment rate minus 4.5 percent. The 4.5 percent figure is used as the base period unemployment rate because the Labor Department has no data for local government unemployment rates during the last period that the national unemployment rate was below 4.5 percent. Unemployment over and above 4.5 percent is considered excess unemployment in other Federal programs, such as the Comprehensive Employment and Training Act of 1973.

In the case of local governments, tax collections by each local government are adjusted to exclude taxes raised for education purposes. The reason for this exclusion is that countercyclical assistance is intended to stabilize the budgets of only general purpose governments and those governments should not be given credit for taxes which they did not actually raise.

For each local government for which the Labor Department has verified unemployment statistics (about 1,200-1,500 in all), there would be an allocated share under the formula. For those local governments for which the Labor Department does not have verified unemployment data, funds would be set aside in each State to be distributed according to an allocation plan submitted by the State. If the State did not submit a plan or had its plan rejected by the Secretary, then the Secretary would prepare such a plan. The funds in this category would be distributed by the Secretary.

In computing the allocated share for all other local governments, for which the Labor Department does not have verified unemployment statistics, the aggregate unemployment and tax data for all jurisdictions—other than identifiable jurisdictions in the State—would be entered into the formula, as if they constituted one government, in a balance of State category.

This section also defines the term "local government" as the government of a county, municipality, township, or other unit of government below the State which is a unit of general government (determined on the basis of the same principals as are used by the Social and Economic Statistics Administration for general statistical purposes).

CONTINGENCY FUND

Sections 204 (a) and (b) provide that the Secretary of the Treasury reserve from the amount authorized for this program for each calendar quarter an amount equal to that not paid to jurisdictions with unemployment less than 6 percent, but in no case more than 10 percent of the total authorized amount for the purpose of making additional

emergency support grants to State and local governments which are in severe fiscal difficulty. The Secretary is required to spend at least 75 percent of the contingency fund for grants under this section. No State or local jurisdiction may receive a grant out of the contingency fund that is more than 10 percent of its formula allocation or more than 15 percent of the total contingency fund.

Section 204(c) provides that Puerto Rico, the Virgin Islands, Guam, and the Trust Territories of the Pacific may be eligible for grants out of the contingency fund, though not more than 10 percent of the contingency fund can be spent for that purpose.

Section 204(d) sets out the criteria for determining severe fiscal difficulty.

USE OF EMERGENCY SUPPORT GRANTS

Section 205 provides that grants under this program should be used for the maintenance of basic services ordinarily provided by the State and local governments and that State and local governments shall not use funds received under this Act for the acquisition of supplies and materials or for construction unless essential to maintain basic services.

The funds under this Act are intended to be used to maintain service and employment levels without increasing taxes and not to buy heavy equipment or for major construction projects.

APPLICATIONS

Section 206(a) establishes an application procedure for State governments and identifiable local governments eligible to receive assistance under the Act.

Section 206(b) provides that applications for payment of funds to other local governments may be filed by the States. This section also delineates requirements that State plans for allocating funds to other local governments must meet.

Section 206(c) provides that the Secretary of the Treasury shall approve any application which meets the requirements of this Act within 30 days and shall not finally disapprove, in whole or in part, any application for an emergency support grant under this Act without first affording the State or local government reasonable notice and an opportunity for a hearing.

NONDISCRIMINATION

Section 207 provides that no person, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this legislation.

LABOR STANDARDS

Section 208 provides that laborers and mechanics employed by contractors on all construction programs funded under this Act be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor under the Davis-Bacon Act.

SPECIAL REPORTS

Section 209 provides that each State or local government which receives a grant under this Act shall report to the Secretary, within 6 months, any increase or decrease in any tax which it imposes and substantial reductions in employment levels or in services which that jurisdiction provides. It also requires State governments to report any decreases in the amount of assistance they provide local governments.

PAYMENTS

Section 210 gives the Secretary of the Treasury the authority to make payments from the funds authorized under this Act. It further allows payments to be made in installments in advance or by way of reimbursement, with necessary adjustments on account of overpayments and underpayments.

Section 210(c) provides that no fund be paid to any State or local government under this Act for any calendar quarter if the unemployment rate within that jurisdiction during the calendar quarter for which the payment is made or during the last month of that quarter was less than 6 percent.

STATE AND LOCAL GOVERNMENT ECONOMIZATION

Section 211 provides that each recipient government must certify in good faith to the Secretary that it has taken steps of its own to economize and that without countercyclical assistance it would not be able to maintain essential service levels without increasing taxes.

WITHHOLDING

Section 212 requires the Secretary of the Treasury to withhold funds from any jurisdiction which fails to comply substantially with any of the provisions set forth in the application it submitted for funds under this Act. Funds will continue to be withheld until the Secretary of the Treasury is satisfied that compliance has been achieved.

REPORTS

Section 213 requires the Secretary of the Treasury to report as soon as practical after the end of each calendar quarter on the implementation of the program.

ADMINISTRATION

Section 214 authorizes the Secretary of the Treasury, after consultation with the Secretary of Labor, to prescribe such rules as may be necessary to carry out the Act. That section also provides the Secretary of the Treasury with the authority to use services and facilities of any agency of the Federal Government and of any other public agency or institution in accordance with appropriate agreements and to pay for such services either in advance or by way of reimbursement as may be agreed upon.

PROGRAM

Section 215(a) requires the Comptroller General of the United States to report to Congress within 2 years on the impact of this program in State and local governments and on the macroeconomic impact of this program.

The Comptroller General is directed to conduct such an investigation in coordination with the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations. The committee intends that the Government Accounting Office retain the principal authority in this investigation, and that the Congressional Budget Office focus on the macroeconomic impact of the legislation.

Section 215(b) requires the Director of the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations in coordination with the Comptroller General, to report to Congress within 2 years on the most effective means by which the Federal Government can stabilize the national economy during periods of excess expansion and high inflation through programs directed toward State and local governments.

Conference substitute

Same as Senate amendment.

Explanation

Title II of the Senate amendment provides for the strengthening of the Federal government's role as guarantor of a stable national economy by promoting greater coordination, during times of economic downturn, between national economic policy—as articulated at the Federal level—and budgetary actions of state and local governments. Title II of the Senate amendment would accomplish this purpose by providing emergency Federal assistance to State and local governments hard hit by recessionary pressures, in order to reduce the reliance of these governments upon budgetary actions which run counter to Federal efforts to stimulate speedier economic recovery. The assistance provided is designed to meet the following criteria of a limited, anti-recession program:

First, the assistance provided would go quickly into the economy, with as little administrative delay as possible.

Second, the assistance provided is selectively targeted, by means of the formula, to go to only those governments substantially affected by the recession.

Third, the assistance provided would phase itself out, as the economy improves.

A fundamental premise underlying Title II of the Senate amendment is that the amount and quality of government services at the state and local levels should not be determined by national economic conditions over which State and local governments have no control. In other words, the conferees, in accepting Title II, have concluded that it is not sound governmental policy for a jurisdiction to be able to provide good police protection, fire protection, trash collection and public education during good economic times, but be forced to lower the

quality of those services significantly, whenever the health of the economy declines.

IMPACT ON JOBS

The Congressional Budget Office, in a report released in September of 1975, measured the job-producing impact of various anti-recession measures. In this report, the CBO found that a program similar to Title II of the Senate amendment could create as many as 77,000 jobs per \$1 billion initially, and as many as 97,000 jobs after twelve months. This estimate ranked anti-recession aid to state and local governments second highest of the four alternatives, in its employment impact.

IMPACT ON GOVERNMENT SERVICES

Title II of the Senate amendment will, as the CBO estimated, create thousands of jobs, but it is not designed or intended solely as a jobs program.

To be sure, unemployment is increased when state and local governments lay off workers. But unemployment in the public sector has an even broader impact on national economic recovery.

When a State or local government lays off employees, several things can occur.

First, if the vacant positions are filled with personnel paid for with Federal public service employment funds, then the goal of that Federal effort—to reduce overall unemployment—is blunted.

If the employees laid off are not rehired, they will go on the unemployment rolls. Thus, while payroll costs are reduced, unemployment compensation costs go up.

But the most important impact is on the basic services which State and local governments provide and which make population centers agreeable places in which to live. The demand for these services is as great, if not greater, during bad times as when the economy is healthy.

The demand for certain basic services—such as road maintenance, garbage collection or fire protection—is largely immune to fluctuations in the economy. Though it does not increase during bad times, neither does it decline and allow breathing room in government budgets.

But for many other services, the demand is greater when the economy is depressed. Certain of these services—unemployment compensation, food stamps, welfare benefits—are obviously recession-related. Though some or all of the cost of these benefits may be borne by the Federal Government, the administrative cost falls on the local governments which, when hard pressed to meet existing payrolls, are in no position to add more staff to meet these new administrative burdens.

Other, less obvious services are in greater demand during bad times also. High unemployment may result in a higher crime rate or in higher demands on publicly supported health and mental health services. Families which might ordinarily send a child to a private college may send him to a less expensive State college instead. Or families which had planned to take a vacation might decide to stay at home, and make use of the municipal swimming pool.

While all these pressures are occurring, State and local governments are laying off workers—at just the wrong time.

A case in point is the findings of a recent New York Times News Service survey of big city police departments. The survey found cities like Cleveland, Dallas, Los Angeles, Pittsburgh and Atlanta—all experiencing crime increases of major proportions—cutting back on police personnel or at least not hiring people, because of critical budget pressures.

When events like this occur, it is all the residents of a community who suffer—not just those who are laid off.

IMPACT ON TAXES

It must be remembered that reducing employment is not the only way that State and local government can have an adverse impact on the economy. They can also raise taxes, thereby absorbing some of the stimulative impact of Federal tax cuts already enacted. In addition, while tax increases may allow local governments to keep their own employees on board, they often aggravate the recessionary pressures that already exist.

Title II of the Senate amendment is designed to lessen the possibility of such tax increases.

WHO WOULD RECEIVE ASSISTANCE UNDER TITLE II OF THE SENATE AMENDMENT?

All the States and all local governments for which certifiable unemployment data now exists under the CETA program (1,200–1,500 jurisdictions) will be eligible for assistance under Title II of the Senate amendment, providing that their unemployment rate is 6 percent or higher.

One third of the money is set aside for the States, two thirds for local governments.

In computing the States' shares, an allocation is determined for each of the 50 States, on the basis of excess unemployment and taxes. Only those States with unemployment of 6 percent or greater would actually receive that allocation. Allocations computed for States with unemployment less than 6 percent are returned to the Treasury, for use in the contingency fund.

Similarly, in computing local governments' shares, an allocation would be determined for each of the 1,200–1,500 jurisdictions, on the basis of excess unemployment and adjusted taxes. Only those jurisdictions with unemployment of 6 percent or greater would actually receive that allocation, with those for jurisdictions with unemployment less than 6 percent returning to the Treasury.

In every State, apart from the identifiable jurisdictions for which specific unemployment data is available, there is a balance of State category (referred to in the bill as "other than identifiable local governments") which includes all other local jurisdictions in the State. A single allocation is determined for the balance of State category as if it were a single unit of government, using adjusted taxes and unemployment for the entire State minus those for the identifiable jurisdictions.

ALLOCATIONS FOR BALANCE OF STATE

The balance of State allocation would be distributed by the Secretary, on the basis of a plan drawn up by a State, in consultation with local officials. In the event that a State plan is not provided or is not approved by the Secretary, then the Secretary will draw up a plan for distribution of this money. The distribution plan is to be as much in conformance with the formula as possible. (It is not possible to mandate the use of the formula because of the lack of unemployment data for many jurisdictions in the balance of State.) In the likely event that such unemployment data is not available, then the distribution plans would have to take into account unemployment data for the smallest jurisdiction, in which a balance of State jurisdiction is located, for which data is available. In other words, if a town were located within a labor market or county area for which there was unemployment data, the unemployment rate for the labor market or the county area would be taken into consideration when determining the town's distribution.

RESIDENCY REQUIREMENTS

During consideration of this title, the conferees addressed the issue of residency requirements as they might be applied to individuals who are employed with funds from emergency support grants. The conferees state that the federal policy shall be neutral. Specifically, the Secretary shall make no regulation which requires an individual, as a condition of employment, to reside within the jurisdiction of the recipient of an emergency support grant; at the same time, the Secretary shall not prohibit a state or local government from establishing a residency requirement applicable to potential participants in programs using funds from emergency support grants.

The conferees agreed to clarify this matter after discussing problems arising out of Department of Labor regulations under the Comprehensive Employment and Training Program of 1973 (CETA). In New York City, and elsewhere, CETA funds are presently being used to rehire a limited number of former city employees who lost the jobs due to recessionary pressures or extreme fiscal hardship. In certain job categories, these former employees do not live within the jurisdiction of the prime sponsor, yet they have a determined status on the approved civil service lists. Normally, individuals are hired or laid-off on the basis of these lists, according to seniority. These are rights won by the city employees in collective bargaining. However, Labor Department regulations are being interpreted to require that participants in CETA programs live within the jurisdiction of the prime sponsor, notwithstanding the fact that the regulations also require the prime sponsor to maintain personnel policies and practices for its employees in accord with State and local laws and regulations that adequately reflect federally-approved merit principles. The effect of this interpretation is to deny re-employment with CETA funds to individuals who do not reside within the jurisdiction of the prime sponsor, without regard to the rights of these individuals won in collective bargaining agreements. This situation has created hardships for many individuals and their families.

In order to avoid similar inequities and problems arising from the administration of emergency support grants under the countercyclical program, the conferees emphasize that the federal policy on residency as a condition of employment is one of neutrality. Residency requirements for employees are to be strictly a matter of respect State or local determination, as the case may be.

TITLE III

INTEREST SUPPLEMENTS

House bill

No comparable provision.

Senate amendment

Amends section 201(c) of the Public Works and Economic Development Act of 1965 (hereinafter referred to as the "Act" in this statement concerning this title) to increase the authorization for fiscal year 1976 from \$75 million to \$200 million. It also makes authorization available for the payment of interest supplements to or on behalf of private entities. It also amends section 202(a)(2) of the Act to authorize an interest subsidy up to four percent for up to ten years to private firms of 1,500 employees or less on working capital loans obtained from a nongovernmental source.

Conference substitute

Same as the Senate amendment as to the increase in authorizations; however, the conferees intend that the Secretary be authorized to pay to or on behalf of a private borrower an amount sufficient to reduce up to four percentage points the interest paid by such borrower on any loan guaranteed by the Secretary under this section. These payments must be made no less than annually and no obligation shall be made by the Secretary to make any payment under this paragraph for any loan guaranty made after December 31, 1976.

It is intended that this provision is to be an antirecessionary tool, to be used to aid firm suffering effects of the current recession. Additionally, this interest subsidy is to be used when no reasonable interest rate is available in the private lending market, that is, the subsidy is to be used during times of high interest rates or when such interest rates would be prohibitively expensive for a firm in need of financial assistance to continue current operations. The language limits this subsidy to one calendar year, through December 31, 1976, so that the Committees may have an opportunity to review this program to determine its effectiveness in meeting financial needs of eligible firms.

Lastly, the Conferees agreed that entities employing less than 1500 people should have preference for such interest subsidies. An entity may be an autonomous corporation, a wholly owned subsidiary of a parent corporation, a plant of a corporation, or the like, but it is not in any way restricted to an autonomous corporation.

URBAN ECONOMIC DEVELOPMENT

Conference substitute

The conference substitute adds a new section 405 to the Act to authorize the Secretary to designate as a "redevelopment area" any city with a population of 50,000 or more as long as it submits and has approved

by the Secretary an overall economic development program in accordance with Section 202(b)(10) of the Act. Nothing in this section is intended to be construed as to prohibit the designation of a city as a "redevelopment area" or a part thereof under this section in addition to its designation as a "redevelopment area" under any other provision of this Act. Also, this section should not be construed to prohibit a city designated under this section and another provision of this Act from receiving assistance through the expenditure of funds both under this section and any other provision in this Act.

If a city designated under this section prepares a plan for the redevelopment of the city or a part of it and submits its plan to the Secretary, and the Secretary approves such plan, he is authorized to make a grant to the city for the purpose of carrying out the plan. Any grant made by the Secretary on this section must be made on the condition that the city will use such grant to make grants or loans or both to carry out the plan and that the repayments of any loans to the city be placed in a revolving fund by the city to be available for making other grants or loans by the city upon the approval of the Secretary for the redevelopment of the city. \$50 million for fiscal year 1976 and \$50 million for the transition period are authorized to carry out this section.

In determining eligibility of cities for assistance under this section, it is intended that a city must have a population of 50,000 persons or more according to the latest decennial or subsequent special census counts as reported by the Bureau of the Census. When the published population estimates of the Bureau of the Census are used to determine eligibility, the Secretary may allow up to a five percent variation in population estimates in order to reflect changes in population since the last official census.

In defining the term "city" in Section 405(a)(B)(iii) it is the intent of the Conferees that a city either contains within its boundaries no incorporated places as defined by the Bureau of the Census or contains 50,000 people outside the boundaries of all incorporated places which are located within the city. In those cases where a township has a population of 50,000 or more outside of incorporated places, any funds authorized under this Act may be used only outside the corporate limits of those places.

DEFINITIONS

House bill

No comparable provision.

Senate amendment

Amends Section 1002 of the Act to delete, in the definition of eligible area, areas designated pursuant to Section 401 of the Public Works and Economic Development Act. In addition, if the national unemployment rate is 6½ percent or more, the Secretary must give priority to project applications for areas of unemployment in excess of the national average—70 percent of the funds appropriated must go to these areas. The grant program is suspended when the national unemployment rate goes below 6½ percent. Not more than 15 percent of funds appropriated may go to any State and at least ½ of 1 percent be used for projects in Guam, Virgin Islands and American Samoa.

Conference substitute

Restores original definition of areas eligible for assistance under Title X as currently defined in the Act and transfers the priority language contained in the Senate amendment to section 1003(e) of the Act.

PROGRAMS AUTHORIZED

House bill

No comparable provision.

Senate amendment

Amends Sec. 1003(c) of the Act to delete Secretary's authority to initiate programs and authorizes him to assist eligible areas make applications for grants.

(b) Amends Sec. 1003(d) to make funds available only for projects where the Secretary determines that the project gives consideration to the needs of the unemployed in the area, that the project can be started promptly and be substantially completed within 12 months, and that priority is given to projects that are most job effective.

(c) Eliminates Secretary of Labor and existing project criteria from Section 1003(e).

Conference substitute

Same as Senate amendment except that the Secretary must give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment, measured as the amount of such direct and indirect employment generated and supported by the additional expenditures of Federal funds under this title, and must consider the appropriateness of the proposed activity to the number and needs of the unemployed persons in the eligible area.

The Conference Committee is concerned about the procedure used in the selection of programs and projects under the Jobs Opportunities Program in the first year. Based on the results of the first experiences under this program, it is doubtful that a solely mechanistic selection process can achieve the full potential and desired effect of the program. The Conference Committee can understand the need for assistance from a computer when dealing with such a large and diverse number of programs in a very short time. It would appear, however, that individual judgment will need to be exercised in order to achieve the desired results. Congress intended when it passed Title X, and this bill is designed to reinforce the intent, that the Secretary undertake a project-by-project evaluation so that the most job-effective activities are selected.

The Economic Development Administration is the only Federal agency whose mission is long-term economic development and the creation of jobs. Based on the agency's long experience and background, it is the most logical choice to administer the Jobs Opportunities Program. As indicated before, judgment must be exercised in the administration of the program and EDA's long experience gives it the expertise to make these judgments. As this program is an addition to EDA's regular long-term responsibilities, the Conference Committee wants to make clear its intent that EDA be given the responsibility for directing and administering the Title X program.

PROGRAM REVIEW

House bill

No comparable provision.

Senate amendment

Amends Section 1004 of the act to require a review within 45 days of enactment or appropriation by every Federal department or agency of its development plans and budget to evaluate their programs and projects for job creation for which funds are proposed or could be obligated with Federal assistance in the calendar year; and submit to the Secretary programs and projects which have the greatest potential to stimulate the creation of jobs in the area. The Secretary, within 45 days of receipt, shall review projects and allocate in conformity with priorities set forth in the Title.

States and political subdivisions in any eligible area may submit their project applications to the appropriate Federal agency for Federal assistance under this Title. The Secretary in reviewing programs and projects for any eligible area must give priority to those sponsored by States and political subdivisions.

Conference substitute

Same as Senate amendment except that the conferees want to make clear that the provision in the Act requiring agencies to evaluate programs and projects for which funds are to be obligated is not intended to allow an agency to replace other appropriated funds with funds received under title X. The provision is intended to direct agencies to review their plans and budgets to determine if their regular programs are being used in the most effective job-creating way at this time of such high national unemployment.

LIMITATION ON USE OF FUNDS

House bill

No comparable provision.

Senate provision

Strikes from the Act section 1005 which requires that 50 percent of funds appropriated are to be used on projects where not more than 25 percent of the funds will be expended on non-labor costs.

Conference substitute

Same as the Senate amendment.

RULES AND REGULATIONS

House bill

No comparable provision.

Senate amendment

Amends Section 1006 of the Act, which requires equitable distribution of funds between urban and rural areas, to add a condition that such distribution is not necessary if it would require grants in areas that would not meet the criteria of the title.

Conference substitute

Same as Senate amendment.

AUTHORIZATIONS OF APPROPRIATIONS

House bill

No comparable provision.

Senate amendment

Amends section 1007 of the Act to authorize \$1 billion for Fiscal Year 1976 and makes the funds available for obligation until June 30, 1976.

Conference substitute

Amends Section 1007 of the Act to authorize \$500 million for Fiscal Year 1976 and makes the funds available for obligation until September 30, 1976. In addition, a new subsection is added to make clear that funds authorized to carry out this title shall be in addition to, and not in lieu of, any funds authorized by other provisions of law.

Title X funds shall be used to provide additional funds for projects eligible under this Act. These funds are not intended to take the place of funds which have already been budgeted by another agency or are part of the future budget of another agency. Title X funds shall be used to supplement existing programs rather than to substitute for funds that would have been expended or are about to be expended through another program or agency.

TERMINATION DATE

House bill

No comparable provision.

Senate amendment

Amends section 1008 of the Act to extend the termination date of this title to June 30, 1976.

Conference substitute

Amends section 1008 of the Act to extend the termination date of this title to September 30, 1976.

LIMIT ON AUTHORITY TO OBLIGATE

House bill

No comparable provision.

Senate amendment

Authority to obligate appropriated funds under amendments of this Act to Title I and X of the Public Works and Economic Development Act is limited to \$2 billion when the national unemployment rate is 9 percent or more. For each quarterly decline of $\frac{1}{2}$ of 1 percent, the authority of the Secretary to obligate funds is reduced by $\frac{1}{4}$ of funds appropriated not to exceed $\frac{1}{2}$ billion. For each increase of $\frac{1}{2}$ of 1 percent up to 9 percent the authority of the Secretary to obligate appropriated funds is increased by $\frac{1}{4}$ not to exceed $\frac{1}{2}$ billion.

Conference substitute

No comparable provision.

NOTICE TO ELIGIBLE AREAS

House bill

No comparable provision.

Senate amendment

Requires the Secretary of Commerce to notify in a timely and uniform manner areas of their eligibility for assistance under this Act.

Conference substitute

Requires the Secretary of Commerce to notify in a timely and uniform manner state and local governments having areas eligible for assistance under this title.

CONSTRUCTION COSTS

Conference substitute

Title X of the Act is further amended by adding a new section 1008 to make clear that no program or project originally approved for funds under an existing program be ineligible for assistance under this title solely because of increased construction costs.

The Conference Committee wishes to clarify its intent that Title X funds may be used to cover construction cost overruns if the project meets the other requirements of this Act. If a community has received a grant or supplemental grant for a project and the project is presently halted due to inflation or increased construction costs, which have increased the total project cost beyond the amount of the original grant, Title X funds may be used to cover this cost increase.

EXPIRATION OF AMENDMENTS TO THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT

House bill

No comparable provision.

Senate amendment

Requires that all amendments to the Public Works and Economic Development Act of 1965 made by this Act shall expire on June 30, 1976.

Conference substitute

No comparable provision.

ALLOTMENT OF WASTEWATER TREATMENT WORKS CONSTRUCTION GRANT FUNDS

House bill

No comparable provision.

Senate amendment

Section 301(1) amends section 205(a) of the Federal Water Pollution Control Act and requires the Administrator to reallocate the \$9 billion for construction of publicly-owned wastewater treatment works which was allotted in February 1975 by the Administrator of the Environmental Protection Agency in accordance with the formulas prescribed in the Act. The new allotment formula is based one-half in the ratio that the population of each State bears to all the States, and one-half on the basis of Table SP-3 in the final report to Congress dated February 10, 1975, as revised May 6, 1975, entitled, "Cost Estimates for Construction of the Publicly-Owned Wastewater Treatment Facilities, 1974 'Needs' Survey." In no case, however, would the allotment of any State be reduced below such amount as may have been obligated from the February 1975 allotment prior to the date of

enactment of this provision. Section 301 (2) requires that funds authorized for fiscal years which begin after the fiscal year ending June 30, 1975, shall be allotted among the States one-half in the ratio that the population of each State bears to the population of all States, and one half of the basis of table SP-3 in the final report to Congress dated February 10, 1975, entitled "Cost Estimates for the Construction of Publicly-Owned Wastewater Treatment Facilities, 1974 'Needs' Survey."

Conference substitute

Section 311 (a) of the conference substitute authorizes an appropriation of \$1,417,968,050 for the fiscal year ending September 30, 1977, for grants for the construction of publicly-owned wastewater treatment works, pursuant to Title II of the Federal Water Pollution Control Act. This authorization is subject to such amounts as are provided in appropriation Acts. The authorized sums shall be allotted to the eligible States in accordance with the percentages provided in column 5 of table IV contained in House Public Works and Transportation Committee Print numbered 94-25. This table sets forth the percentages for each State to be used by the Administrator of the Environmental Protection Agency in allotting funds pursuant to this section. Those States eligible to receive allotments pursuant to this section are those which would have received a greater allotment than they actually received had the Senate amendment been utilized by the Administrator in February 1975 to allot the \$9 billion. Funds allotted pursuant to this section shall remain available until expended.

The conference substitute requires the Administrator, within 45 days from the date of enactment of this section, to report to Congress his recommendations for a formula or formulas to be used to allot equitably new authorizations of funds to carry out Title II of the Federal Water Pollution Control Act. This reporting requirement was added by the Conferees to provide a possible basis for allotments of future authorizations.

Conference substitute

The conferees agreed to an amendment to the title of the bill to more accurately reflect the text proposed in this conference substitute.

ROBERT E. JONES,
JIM WRIGHT,
HAROLD T. JOHNSON,
ROBERT A. ROE,
BELLA S. ABZUG,

Managers on the Part of the House.

JENNINGS RANDOLPH,
EDMUND S. MUSKIE,
JOSEPH M. MONTROYA,
QUENTIN N. BURDICK,
ABRAHAM RUBINOFF,
JOHN GLENN,
HOWARD H. BAKER,
JAMES L. BUCKLEY,
JAMES A. MCCLURE,
JACOB J. JAVITS,

Managers on the Part of the Senate.

LOCAL PUBLIC WORKS CAPITAL DEVELOPMENT AND INVESTMENT ACT OF 1975

DECEMBER 15, 1975.—Ordered to be printed

Mr. RANDOLPH, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 5247]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5247) to authorize a local public works capital development and investment program, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Public Works Employment Act of 1975".

TITLE I

Sec. 101. This title may be cited as the "Local Public Works Capital Development and Investment Act of 1975".

Sec. 102. As used in this title, the term—

(1) "Secretary" means the Secretary of Commerce, acting through the Economic Development Administration.

(2) "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(3) "local government" means any city, county, town, parish, or other political subdivision of a State, and any Indian tribe.

Sec. 103. (a) The Secretary is authorized to make grants to any State or local government for construction (including demolition and other site preparation activities), renovation, repair, or other improvement of local public works projects including but not limited to those public works projects of State and local governments for which

Federal financial assistance is authorized under provisions of law other than this title. In addition the Secretary is authorized to make grants to any State or local government for the completion of plans, specifications, and estimates for local public works projects where either architectural design or preliminary engineering, or related planning has already been undertaken and where additional architectural and engineering work or related planning is required to permit construction of the project under this title.

(b) The Federal share of any project for which a grant is made under this section shall be 100 per centum of the cost of the project.

SEC. 104. In addition to the grants otherwise authorized by this title, the Secretary is authorized to make a grant for the purpose of increasing the Federal contribution to a public works project for which Federal financial assistance is authorized under provisions of law other than this title. Any grant made for a public works project under this section shall be in such amount as may be necessary to make the Federal share of the cost of such project 100 per centum. No grant shall be made for a project under this section unless the Federal financial assistance for such project authorized under provisions of law other than this title is immediately available for such project and construction of such project has not yet been initiated because of lack of funding for the non-Federal share.

SEC. 105. In addition to the grants otherwise authorized by this title, the Secretary is authorized to make a grant for the purpose of providing all or any portion of the required State or local share of the cost of any public works project for which financial assistance is authorized under any provision of State or local law requiring such contribution. Any grant made for a public works project under this section shall be made in such amount as may be necessary to provide the requested State or local share of the cost of such project. A grant shall be made under this section for either the State or local share of the cost of the project, but not both shares. No grant shall be made for a project under this section unless the share of the financial assistance for such project (other than the share with respect to which a grant is requested under this section) is immediately available for such project and construction of such project has not yet been initiated.

SEC. 106. (a) No grant shall be made under section 103, 104, or 105 of this title for any project having as its principal purpose the channelization, damming, diversion, or dredging of any natural watercourse, or the construction or enlargement of any canal (other than a canal or raceway designated for maintenance as an historic site) and having as its permanent effect the channelization, damming, diversion, or dredging of such watercourse or construction or enlargement of any canal (other than a canal or raceway designated for maintenance as an historic site).

(b) No part of any grant made under section 103, 104, or 105 of this title shall be used for the acquisition of any interest in real property.

(c) Nothing in this title shall be construed to authorize the payment of maintenance costs in connection with any projects constructed (in whole or in part) with Federal financial assistance under this title.

(d) Grants made by the Secretary under this title shall be made only for projects for which the applicant gives satisfactory assurances,

in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that, if funds are available, on-site labor can begin within ninety days of project approval.

SEC. 107. The Secretary shall, not later than thirty days after date of enactment of this title, prescribe those rules, regulations, and procedures (including application forms) necessary to carry out this title. Such rules, regulations, and procedures shall assure that adequate consideration is given to the relative needs of various sections of the country. The Secretary shall consider among other factors (1) the severity and duration of unemployment in proposed project areas, (2) the income levels and extent of underemployment in proposed project areas, and (3) the extent to which proposed projects will contribute to the reduction of unemployment. The Secretary shall make a final determination with respect to each application for a grant submitted to him under this title not later than the sixtieth day after the date he receives such application. Failure to make such final determination within such period shall be deemed to be an approval by the Secretary of the grant requested. For purposes of this section, in considering the extent of unemployment or underemployment, the Secretary shall consider the amount of unemployment or underemployment in the construction and construction-related industries.

SEC. 108. (a) Not less than one-half of 1 per centum or more than 10 per centum of all amounts appropriated to carry out this title shall be granted under this title for local public works projects within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be granted for such projects in all three of these jurisdictions.

(b) In making grants under this title, the Secretary shall give priority and preference to public works projects of local governments.

(c) In making grants under this title, if for the three most recent consecutive months, the national unemployment rate is equal to or exceeds $6\frac{1}{2}$ per centum, the Secretary shall (1) expedite and give priority to applications submitted by States or local governments having unemployment rates for the three most recent consecutive months in excess of the national unemployment rate and (2) shall give priority thereafter to applications submitted by States or local governments having unemployment rates for the three most recent consecutive months in excess of $6\frac{1}{2}$ per centum, but less than the national unemployment rate. Information regarding unemployment rates may be furnished either by the Federal Government, or by States or local governments, provided the Secretary determines that the unemployment rates furnished by States or local governments are accurate, and shall provide assistance to States or local governments in the calculation of such rates to insure validity and standardization.

(d) Seventy per centum of all amounts appropriated to carry out this title shall be granted for public works projects submitted by State or local governments given priority under clause (1) of the first sentence of subsection (c) of this section. The remaining 30 per centum shall be available for public works projects submitted by State or local governments in other classifications of priority.

(e) In determining the unemployment rate of a local government for the purposes of this section, unemployment in those adjoining areas from which the labor force for such project may be drawn, shall, upon request of the applicant, be taken into consideration.

(f) States and local governments making application under this title should (1) relate their specific requests to existing approved plans and programs of a local community development or regional development nature so as to avoid harmful or costly inconsistencies or contradictions; and (2) where feasible, make requests which, although capable of early initiation, will promote or advance longer range plans and programs.

SEC. 109. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary shall not extend any financial assistance under this title for such project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 1332-15), and section 2 of the Act of June 13, 1964, as amended (40 U.S.C. 276c).

SEC. 110. No person shall on the ground of sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any project receiving Federal grant assistance under this title, including any supplemental grant made under this title. This provision will be enforced through agency provisions and rules similar to those already established, with respect to racial and other discrimination under title VI of the Civil Rights Act of 1964. However, this remedy is not exclusive and will not prejudice or cut off any other legal remedies available to a discriminatee.

SEC. 111. There is authorized to be appropriated not to exceed \$2,500,000,000 for the period ending September 30, 1977, to carry out this title.

TITLE II—ANTIRECESSION PROVISIONS

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 201. (a) FINDINGS.—The Congress finds—

(1) that State and local governments represent a significant segment of the national economy whose economic health is essential to national economic prosperity;

(2) that present national economic problems have imposed considerable hardships on State and local government budgets;

(3) that those governments, because of their own fiscal difficulties, are being forced to take budget-related actions which tend to undermine Federal Government efforts to stimulate the economy;

(4) that efforts to stimulate the economy through reductions in Federal Government tax obligations are weakened when State and local governments are forced to increase taxes;

(5) that the net effect of Federal Government efforts to reduce unemployment through public service jobs is substantially limited if State and local governments use federally financed public service employees to replace regular employees that they have been forced to lay off;

(6) that efforts to stimulate the construction industry and reduce unemployment are substantially undermined when State and local governments are forced to cancel or delay the construction of essential capital projects; and

(7) that efforts by the Federal Government to stimulate the economic recovery will be substantially enhanced by a program of emergency Federal Government assistance to State and local governments to help prevent those governments from taking budget-related actions which undermine that Federal Government efforts to stimulate economic recovery.

(b) POLICY.—Therefore, the Congress declares it to be the policy of the United States and the purpose of this title to make State and local government budget-related actions more consistent with Federal Government efforts to stimulate national economic recovery; to enhance the stimulative effect of a Federal Government income tax reduction; and to enhance the job creation impact of Federal Government public service employment programs. It is the intention of Congress that amounts paid to a State or local government under this title shall not be substituted for amounts which the State would have paid or made available to the local government out of revenues from State sources.

FINANCIAL ASSISTANCE AUTHORIZED

SEC. 202. (a) EMERGENCY SUPPORT GRANTS.—The Secretary of the Treasury (hereafter in this title referred to as the "Secretary") shall, in accordance with the provisions of this title, make emergency support grants to States and to local governments to coordinate budget-related actions by such governments with Federal Government efforts to stimulate economic recovery.

(b) AUTHORIZATION OF APPROPRIATIONS.—Subject to the provisions of subsection (c), there are authorized to be appropriated for each of the five succeeding calendar quarters (beginning with the calendar quarter which begins on April 1, 1976) for the purpose of making emergency support grants under this title—

(1) \$125,000,000 plus

(2) \$62,500,000, multiplied by the number of one-half percentage points by which the rate of seasonally adjusted national unemployment for the most recent calendar quarter which ended three months before the beginning of such calendar quarter exceeded 6 percent.

(c) **TERMINATION.**—No amount is authorized to be appropriated under the provisions of subsection (b) for any calendar quarter if—

(1) the average rate of national unemployment during the most recent calendar quarter which ended 3 months before the beginning of such calendar quarter did not exceed 6 percent, and

(2) the rate of national unemployment for the last month of the most recent calendar quarter which ended 3 months before the beginning of such calendar quarter did not exceed 6 percent.

ALLOCATION

SEC. 203. (a) **RESERVATIONS.**—

(1) **ALL STATES.**—The Secretary shall reserve one-third of the amounts appropriated pursuant to authorization under section 202 for each calendar quarter for the purpose of making emergency support grants to States under the provisions of subsection (b).

(2) **ALL LOCAL GOVERNMENTS.**—The Secretary shall reserve two-thirds of such amounts for the purpose of making emergency support grants to local governments under the provisions of subsection (c).

(b) **STATE ALLOCATION.**—

(1) **IN GENERAL.**—The Secretary shall allocate from amounts reserved under subsection (a) (1) an amount for the purpose of making emergency support grants to each State equal to the total amount reserved under subsection (a) (1) for the calendar quarter multiplied by the applicable State percentage.

(2) **APPLICABLE STATE PERCENTAGE.**—For purposes of this subsection, the applicable State percentage is equal to the quotient resulting from the division of the product of—

(A) the State excess unemployment percentage, multiplied by

(B) the State tax amount

by the sum of such products for all the States.

(3) **DEFINITIONS.**—For purposes of this section—

(A) the term "State" means each State of the United States;

(B) the State excess unemployment percentage is equal to the difference resulting from the subtraction of the State base period unemployment rate for that State from the State unemployment rate for that State;

(C) the State base period unemployment rate is equal to the average annual rate of unemployment in the State determined over the period which begins on January 1, 1967, and ends on December 31, 1969, as determined by the Secretary of Labor and reported to the Secretary;

(D) the State unemployment rate is equal to the rate of unemployment in the State during the appropriate calendar quarter, as determined by the Secretary of Labor and reported to the Secretary; and

(E) the State tax amount is the amount of compulsory contributions exacted by the State for public purposes (other than employee and employer assessments and contributions to

finance retirement and social insurance systems, and other than special assessments for capital outlay), as such contributions are determined for the most recent period for which such data are available from the Social and Economic Statistics Administration for general statistical purposes.

(c) **LOCAL GOVERNMENT ALLOCATION.**—

(1) **IN GENERAL.**—The Secretary shall allocate from amounts reserved under subsection (a) (2) an amount for the purpose of making emergency support grants to each local government, subject to the provisions of paragraph (3), equal to the total amount reserved under such subsection for the calendar quarter multiplied by the local government percentage.

(2) **LOCAL GOVERNMENT PERCENTAGE.**—For purposes of this subsection, the local government percentage is equal to the quotient resulting from the division of the product of—

(A) the local excess unemployment percentage, multiplied by

(B) the local adjusted tax amount,

by the sum of such products for all local governments.

(3) **SPECIAL RULE.**—

(A) For purposes of paragraphs (1) and (2), all local governments within the jurisdiction of a State other than identifiable local governments shall be treated as though they were one local government.

(B) The Secretary shall set aside from the amount allocated under paragraph (1) of this subsection for all local governments within the jurisdiction of a State which are treated as though they are one local government under subparagraph (A) an amount determined under subparagraph (C) for the purpose of making emergency support grants to each local government, other than identifiable local governments, within the jurisdiction of such State.

(C) The amount set aside for the purpose of making emergency support grants to each local government, other than an identifiable local government, within the jurisdiction of a State under subparagraph (B) shall be—

(i) determined under an allocation plan submitted by such State to the Secretary which meets the requirements set forth in section 206(b), or

(ii) if a State does not submit an allocation plan under section 206(b) for purposes of this paragraph within 30 days after the date of enactment of this title or if a State's allocation plan is not approved by the Secretary under section 206(c), equal to the total amount allocated under paragraph (1) of this subsection for all local governments within the jurisdiction of such State which are treated as though they are one local government under subparagraph (A) multiplied by the local government percentage, as defined in paragraph (2) (determined without regard to the parenthetical phrases at the end of paragraphs (4) (B) and (C) of this subsection).

(D) If local unemployment rate data (as defined in paragraph (4) (B) of this subsection without regard to the parenthetical phrase at the end of such definition) for a local government jurisdiction is unavailable to the Secretary or the State for purposes of determining the amount to be set aside for such government under subparagraph (C) then the Secretary or State shall determine such amount under subparagraph (C) by using—

(i) the best available unemployment rate data for such government if such data is determined in a manner which is substantially consistent with the manner in which local unemployment rate data is determined, or

(ii) if no consistent unemployment rate data is available, the local unemployment rate data for the smallest unit of identifiable local government in the jurisdiction of which such government is located.

(E) If the amount determined under subparagraph (C) which would be set aside for the purpose of making emergency support grants to a local government under subparagraph (B) is less than \$250 then no amount shall be set aside for such local government under subparagraph (B).

(4) DEFINITIONS.—For purposes of this subsection—

(A) the local excess unemployment percentage is equal to the difference resulting from the subtraction of 4.5 percentage points from the local unemployment rate;

(B) the local unemployment rate is equal to the rate of unemployment in the jurisdiction of the local government during the appropriate calendar quarter, as determined by the Secretary of Labor and reported to the Secretary (in the case of local governments treated as one local government under paragraph (3) (A), the local unemployment rate shall be the unemployment rate of the State adjusted by excluding consideration of unemployment and of the labor force within identifiable local governments, other than county governments, within the jurisdiction of that State);

(C) the local adjusted tax amount means—

(i) the amount of compulsory contributions exacted by the local government for public purposes (other than employee and employer assessments and contributions to finance retirement and social insurance systems, and other than special assessments for capital outlay) as such contributions are determined for the most recent period for which such data are available from the Social and Economic Statistics Administration for general statistical purposes,

(ii) adjusted (under rules prescribed by the Secretary) by excluding an amount equal to that portion of such compulsory contributions which is properly allocable to expenses for education,

(and in the case of local governments treated as one local government under paragraph (3) (A), the local tax amount shall be the sum of the local adjusted tax amounts of all local

governments within the State, adjusted by excluding an amount equal to the sum of the local adjusted tax amounts of identifiable local governments within the jurisdiction of that State);

(D) the term “identifiable local government” means a unit of general local government for which the Secretary of Labor has made a determination concerning the rate of unemployment for purposes of title II or title VI of the Comprehensive Employment and Training Act of 1973 during the current or preceding fiscal year; and

(E) the term “local government” means the government of a county, municipality, township, or other unit of government below the State which—

(i) is a unit of general government (determined on the basis of the same principles as are used by the Social and Economic Statistics Administration for general statistical purposes), and

(ii) performs substantial governmental functions. Such term includes the District of Columbia and also includes the recognized governing body of an Indian tribe or Alaskan native village which performs substantial governmental functions. Such term does not include the government of a township area unless such government performs substantial governmental functions.

For the purpose of paragraph (4) (D), the Secretary of Labor shall, notwithstanding any other provision of law, continue to make determinations with respect to the rate of unemployment for the purposes of such title VI.

CONTINGENCY FUND

SEC. 204. (a) RESERVATION.—The Secretary shall reserve from the amounts appropriated pursuant to the authorization under section 202 for each calendar quarter an amount equal to the amount, if any, not paid to State or local governments by reason of section 210(c), but not in excess of an amount which is equal to 10 percent multiplied by the total amount appropriated under the authorization in section 202 for such quarter, for the purpose of making additional emergency support grants to State or local governments which are in severe fiscal difficulty, as determined under subsection (d).

(b) ALLOCATIONS.—The Secretary shall allocate from the amounts reserved under subsection (a) such amount as he determines is necessary for an additional emergency support grant to assist each State or local government, upon application by such government, which is in severe fiscal difficulty. The sum of the amounts allocated under this subsection may not be less than 75 percent of the amount reserved under subsection (a) for the calendar quarter. No amount may be allocated for an additional emergency support grant to a State or local government under this section in excess of an amount equal to the lesser of—

(1) 10 percent of the amount allocated to such State or local government under section 203 for the calendar quarter, or

(2) 15 percent of the amount reserved under this subsection for the calendar quarter.

(c) *SPECIAL RULE FOR PUERTO RICO, VIRGIN ISLANDS, GUAM, AND THE TRUST TERRITORIES OF THE PACIFIC.*—The Secretary may allocate from the amount reserved under subsection (a) amounts for the purpose of making emergency support grants to the governments of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territories of the Pacific, upon application by such governments, if such governments are in severe fiscal difficulty, as determined under subsection (d). The total amount of payments made under this paragraph during any calendar quarter may not exceed 10 percent of the amount reserved under subsection (a) for that quarter. For purposes of sections 205 through 215, the governments of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territories of the Pacific shall be considered to be State governments.

(d) *CRITERIA FOR SEVERE FISCAL DIFFICULTY.*—For purposes of this section, a State or local government shall be considered to be in severe fiscal difficulty if—

(1) the rate of unemployment during the appropriate calendar quarter within its jurisdiction exceeds the national annual average rate of unemployment,

(2) it is currently unable, or will be unable before the end of the current calendar quarter, to pay accrued interest to the holders of its outstanding debt instruments, or

(3) it must increase taxes immediately to maintain its level of basic services or reduce the level of those services before the end of the current calendar quarter.

USES OF EMERGENCY SUPPORT GRANTS

SEC. 205. Each State and local government shall use emergency support grants made under this title for the maintenance of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government, as the case may be. State and local governments may not use emergency support grants made under this title for the acquisition of supplies and materials and for construction unless such supplies and materials or construction are essential to maintain basic services.

APPLICATIONS

SEC. 206. (a) *IN GENERAL.*—Each State and local government may receive emergency support grants under this title only upon application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary prescribes by rule. The Secretary may not require any State or local government to make more than one such application during each fiscal year. Each such application shall—

(1) include a State or local government program for the maintenance, to the extent practical, of levels of public employment and of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government which is consistent with the provisions of section 205;

(2) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper dis-

bursal of, and accounting for, Federal funds paid to the State or local government under this title;

(3) provide that reasonable reports will be furnished in such form and containing such information as the Secretary may reasonably require to carry out the purposes of this title and provide that the Secretary, on reasonable notice, shall have access to, and the right to examine any books, documents, papers, or records as he may reasonably require to verify such reports;

(4) provide that the requirements of section 207 will be complied with;

(5) provide that the requirements of section 208 will be complied with;

(6) provide that the requirements of section 209 will be complied with; and

(7) provide that any amount received as an emergency support grant under this title shall be expended by the State or local government before the end of the 6-calendar-month period which begins on the date after the day on which such State or local government receives such grant.

(b) *STATE ALLOCATION PLANS FOR PURPOSES OF SECTION 203(c)(3).*—A State may file an allocation plan with the Secretary for purposes of section 203(c)(3)(C)(i) at such time, in such manner, and containing such information as the Secretary may require by rule. Such allocation plan shall meet the following requirements:

(1) the criteria for allocation of amounts among the local governments within the State shall be consistent with the allocation formula for local governments under section 203(c)(2);

(2) the allocation criteria must be specified in the plan; and

(3) the plan must be developed after consultation with appropriate officials of local governments within the State other than identifiable local governments. The allocation plan required under the subparagraph shall, to the extent feasible, include consideration of the needs of small local government jurisdictions with severe fiscal problems.

(c) *APPROVAL.*—The Secretary shall approve any application that meets the requirements of subsection (a) or (b) within 30 days after he receives such application, and shall not finally disapprove, in whole or in part, any application for an emergency support grant under this title without first affording the State or local government reasonable notice and an opportunity for a hearing.

NONDISCRIMINATION

SEC. 207. (a) *IN GENERAL.*—No person in the United States shall, on the grounds of race, religion, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

(b) *AUTHORITY OF THE SECRETARY.*—Whenever the Secretary determines that a State government or unit of local government has failed to comply with subsection (a) or an applicable regulation, he shall, within 10 days, notify the Governor of the State (or, in the case of a

unit of local government, the Governor of the State in which such unit is located, and the chief elected official of the unit) of the noncompliance. If within 30 days of the notification compliance is not achieved, the Secretary shall, within 10 days thereafter—

(1) exercise all the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d);

(2) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; or

(3) take such other action as may be provided by law.

(c) **ENFORCEMENT.**—Upon his finding of discrimination under subsection (b), the Secretary shall have the full authority to withhold or temporarily suspend any grant under this title, or otherwise exercise any authority contained in title VI of the Civil Rights Act of 1964, to assure compliance with the requirement of nondiscrimination in federally assisted programs set forth in that title.

(d) **APPLICABILITY OF CERTAIN CIVIL RIGHTS ACTS.**—

(1) Any party who is injured or deprived within the meaning of section 1979 of the Revised Statutes (42 U.S.C. 1983) or of section 1980 of the Revised Statutes (42 U.S.C. 1985) by any person, or two or more persons in the case of such section 1980, in connection with the administration of an emergency support grant under this title may bring a civil action under such section 1979 or 1980, as applicable, subject to the terms and conditions of those sections.

(2) Any person who is aggrieved by an unlawful employment practice within the meaning of title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) by any employer in connection with the administration of an emergency support grant under this title may bring a civil action under section 706(f)(1) of such Act (42 U.S.C. 2000e-5(f)(1)) subject to the terms and conditions of such title.

LABOR STANDARDS

SEC. 208. All laborers and mechanics employed by contractors on all construction projects assisted under this title shall be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-5). The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 C.F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

SPECIAL REPORTS

SEC. 209. Each State and local government which receives a grant under the provisions of this title shall report to the Secretary any increase or decrease in any tax which it imposes and any substantial reduction in the number of individuals it employs or in services which such State or local government provides. Each state which receives a grant under the provisions of this title shall report to the Secretary any decrease in the amount of financial assistance which the State provides to the local governments within its jurisdiction below the amount which equals the amount of such assistance which such State

provided to such local governments during the 12-month period which ends on the last day of the calendar quarter immediately preceding the date of enactment of this title, together with an explanation of the reasons for such decrease. Such reports shall be made as soon as it is practical and, in any case, not less than 6 months after the date on which the decision to impose such tax increase or decrease, such reductions in employment or services, or such decrease in State financial assistance is made public.

PAYMENTS

SEC. 210. (a) IN GENERAL.—From the amount allocated for State and local governments under sections 203 and 204, the Secretary shall pay to each State and to each local government, which has an application approved under section 206, an amount equal to the amount allocated to such State or local government under section 203 or section 204.

(b) **ADJUSTMENTS.**—Payments under this title may be made with necessary adjustments on account of overpayments or underpayments.

(c) **TERMINATION.**—No amount shall be paid to any State or local government under the provisions of this section for any calendar quarter if—

(1) the average rate of unemployment within the jurisdiction of such State or local government during the most recent calendar quarter which ended three months before the beginning of such calendar quarter was less than 6 percent, and

(2) the rate of unemployment within the jurisdiction of such government for the last month of the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 6 percent.

STATE AND LOCAL GOVERNMENT ECONOMIZATION

SEC. 211. No State or local government may receive any payment under the provisions of this title unless such government in good faith certifies in writing to the Secretary, at such time and in such manner and form as the Secretary prescribes by rule, that it has made substantial economies in its operations and that without grants under this title it will not be able to maintain essential services without increasing taxes or maintaining recent increases in taxes thereby weakening Federal Government efforts to stimulate the economy through reductions in Federal tax obligations.

WITHHOLDING

SEC. 212. Whenever the Secretary, after affording reasonable notice and an opportunity for a hearing to any State or local government, finds that there has been a failure to comply substantially with any provision set forth in the application of that State or local government approved under section 206, the Secretary shall notify that State or local government that further payments will not be made under this title until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made under this title.

REPORTS

SEC. 213. The Secretary shall report to the Congress as soon as is practical after the end of each calendar quarter during which grants are made under the provisions of this title. Such report shall include information on the amounts paid to each State and local government and a description of any action which the Secretary has taken under the provisions of section 212 during the previous calendar quarter. The Secretary shall report to Congress as soon as is practical after the end of each calendar year during which grants are made under the provisions of this title. Such reports shall include detailed information on the amounts paid to State and local governments under the provisions of this title, any actions with which the Secretary has taken under the provisions of section 212, and an evaluation of the purposes to which amounts paid under this title were put by State and local governments and the economic impact of such expenditures during the previous calendar year.

ADMINISTRATION

SEC. 214. (a) RULES.—The Secretary is authorized to prescribe, after consultation with the Secretary of Labor, such rules as may be necessary for the purpose of carrying out his functions under this title.

(b) COORDINATION.—In administering the provisions of this title, the Secretary is authorized to use the services and facilities of any agency of the Federal Government and of any other public agency or institution in accordance with appropriate agreements, and to pay for such services either in advance or by way of reimbursement as may be agreed upon.

PROGRAM STUDIES AND RECOMMENDATIONS

SEC. 215. (a) EVALUATION.—The Comptroller General of the United States shall conduct an investigation of the impact which emergency support grants have on the operations of State and local governments and on the national economy. Before and during the course of such investigation the Comptroller General shall consult with and coordinate his activities with the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations. The Comptroller General shall report the results of such investigation to the Congress within two years after the date of enactment of this title together with an evaluation of the macro-economic effect of the program established under this title and any recommendations for improving the effectiveness of similar programs. Such report shall include the opinions of the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations with respect to the program established under this title and any recommendations which they may have for improving the effectiveness of similar programs. All officers and employees of the United States shall make available all information, reports, data, and any other material necessary to carry out the provisions of this subsection to the Comptroller General upon a reasonable request.

(b) COUNTERCYCLICAL STUDY.—The Director of the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations shall conduct a study to determine the most effective means

by which the Federal Government can stabilize the national economy during periods of excess expansion and high inflation through programs directed toward State and local governments. Before and during the course of such study the Director and the Advisory Commission shall consult with and coordinate their activities with the Comptroller General of the United States. The Director and the Advisory Commission shall report the results of such study to Congress within two years after the date of enactment of this title. Such study shall include the opinions of the Comptroller General with respect to such study.

TITLE III

SEC. 301. (a) Section 201(e) of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

"(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202, except that annual appropriations for the purpose of purchasing evidences of indebtedness, paying interest supplement to or on behalf of private entities making and participating in loans, and guaranteeing loans, shall not exceed \$170,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 for the fiscal year ending June 30, 1975, and shall not exceed \$200,000,000 for the fiscal year ending June 30, 1976."

(b) Section 202(a)(1) of such Act, as amended, is amended by adding after paragraph (1) the following new paragraph:

"(2) In addition to any other financial assistance under this title, the Secretary is authorized, in the case of any loan guarantee under authority of paragraph (1) of this section to pay to or on behalf of the private borrower an amount sufficient to reduce up to 4 percentage points the interest paid by such borrower on such guaranteed loans. Payments made to or on behalf of such borrower shall be made no less often than annually. No obligation shall be made by the Secretary to make any payment under this paragraph for any loan guarantee made after December 31, 1976."

(c) Section 202(a) of such Act, as amended, is amended by renumbering existing paragraphs (2) through (10) as (3) through (11), respectively, including any references thereto.

SEC. 302. Title IV of the Public Works and Economic Development Act of 1965 is further amended by adding at the end thereof, the following:

"PART D—URBAN ECONOMIC DEVELOPMENT

"Sec. 405. (a) For the purposes of this section, the term 'city' means (A) any unit of general local government which is classified as a municipality by the Bureau of the Census, or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to those associated with municipalities, (ii) is closely settled, and (iii) contains within its boundaries no incorporated places as defined by the Bureau of the Census.

"(b) Any city with a population of 50,000 or more which has submitted to and has had approved by the Secretary an overall economic development program in accordance with section 202(b)(10) of this Act shall be designated by the Secretary as a 'redevelopment area' and such area shall be entitled to the assistance authorized by this Act, except that only funds authorized by subsection (d) of this section shall be expended in providing such assistance to a city whose only designation as a 'redevelopment area' is under this section. Nothing in this section shall be construed to prohibit the designation of a city as a 'redevelopment area' under this section in addition to its designation as a 'redevelopment area' under any other provision of this Act, and nothing in this section shall be construed to prohibit a city designated a 'redevelopment area' both under this section and another provision of this Act from receiving assistance under this Act through the expenditure of funds both under this section and under any other provision of this Act.

"(c) In addition to any other assistance available under this Act, if a city that has been designated as a redevelopment area under this section prepares a plan for the redevelopment of the city or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make a grant to such city for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such grant shall be made on condition (A) that the city will use such grant to make grants or loans, or both, to carry out such plans, and (B) the repayments of any loans made by the city from such grant shall be placed by such city in a revolving fund available solely for the making of other grants and loans by the city, upon approval by the Secretary, for the economic redevelopment of the city.

"(d) There is hereby authorized to be appropriated to carry out this section not to exceed \$50,000,000 for the fiscal year ending June 30, 1976, and not to exceed \$50,000,000 for the transition period ending September 30, 1976."

Sec. 303. (a) Section 1003(c) of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

"(c) Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to assist eligible areas in making applications, for grants under this title."

"(b) Section 1003(d) of such Act, as amended, is amended to read as follows:

"(d) Notwithstanding any other provisions of this title, funds allocated by the Secretary of Commerce shall be available only for a program or project which the Secretary identifies and selects pursuant to this subsection, and which can be initiated or implemented promptly and substantially completed within twelve months after allocation is

made. In identifying and selecting programs and projects pursuant to this subsection, the Secretary shall (1) give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment measured as the amount of such direct and indirect employment generated or supported by the additional expenditures of Federal funds under this title, and (2) consider the appropriateness of the proposed activity to the number and needs of unemployed persons in the eligible area."

(c) Section 1003(e) of such Act as amended, is amended to read as follows:

"(e) The Secretary, if the national unemployment rate is equal to or exceeds 6½ per centum for the most recent three consecutive months, shall expedite and give priority to grant applications submitted for such areas having unemployment in excess of the national average rate of unemployment for the most recent three consecutive months. Seventy per centum of the funds appropriated pursuant to this title shall be available only for grants in areas as defined in the second sentence of this subsection. If the national average unemployment rate recedes below 6½ per centum for the most recent three consecutive months, the authority of the Secretary to make grants under this title is suspended until the national average unemployment has equaled or exceeded 6½ per centum for the most recent three consecutive months. Not more than 15 per centum of all amounts appropriated to carry out this title shall be available under this title for projects or programs within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be available for such projects or programs."

Sec. 304. Section 1004 of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

"Sec. 1004. (a) Within forty-five days after enactment of the Emergency Job and Unemployment Assistance Act of 1974 or within forty-five days after any funds are appropriated to the Secretary to carry out the purposes of this title, each department, agency, or instrumentality of the Federal Government, each regional commission established by section 101 of the Appalachian Regional Development Act of 1965 or pursuant to section 502 of this Act, shall (1) complete a review of its budget, plans, and programs and including State, substate, and local development plans filed with such department, agency or commission; (2) evaluate the job creation effectiveness of programs and projects for which funds are proposed to be obligated in the calendar year and additional programs and projects (including new or revised programs and projects submitted under subsection (b)) for which funds could be obligated in such year with Federal financial assistance under this title; and (3) submit to the Secretary of Commerce recommendations for programs and projects which have the greatest potential to stimulate the creation of jobs for unemployed persons in eligible areas. Within forty-five days of the receipt of such recommendations the Secretary of Commerce shall review such recommendations, and after consultation with such department, agency instrumentality, regional commission, State, or local government make allocations of funds in accordance with section 1003(d) of this title.

"(b) States and political subdivisions in any eligible area may, pursuant to subsection (a), submit to the appropriate department, agency, or instrumentality of the Federal Government (or regional commission) program and project applications for Federal financial assistance provided under this title.

"(c) The Secretary, in reviewing programs and projects recommended for any eligible area shall give priority to programs and projects originally sponsored by States and political subdivisions, including but not limited to new or revised programs and projects submitted in accordance with this section."

SEC. 305. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, is amended by striking such section and renumbering subsequent sections accordingly.

SEC. 306. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended by striking the period and inserting the following at the end thereof: "unless this would require project grants to be made in areas which do not meet the criteria of this title."

SEC. 307. (a) Section 1006 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended by inserting the following after "1975" in the first sentence: "and \$500,000,000 for the fiscal year 1976 and the transition period ending September 30, 1976".

(b) Section 1006 as redesignated by this Act is further amended by striking "December 31, 1975" in the second sentence and inserting in lieu thereof "September 30, 1976".

(c) Section 1006 of the Public Works and Economic Development Act of 1965 as redesignated by the Act is amended by adding at the end thereof the following new sentence: "Funds authorized to carry out this title shall be in addition to, and not in lieu of, any amounts authorized by other provisions of law."

SEC. 308. Section 1007 as redesignated by this Act is amended by striking "December 31, 1975" and inserting in lieu thereof "September 30, 1976".

SEC. 309. Title X of the Public Works and Economic Development Act of 1965 is further amended by adding at the end thereof the following new section:

"CONSTRUCTION COSTS

"SEC. 1008. No program or project originally approved for funds under an existing program shall be determined to be ineligible for Federal financial assistance under this title solely because of increased construction costs."

SEC. 310. The Secretary of Commerce shall notify in a timely and uniform manner State and local governments having areas eligible for assistance under Title X of the Public Works and Economic Development Act of 1965.

SEC. 311. (a) There is authorized to be appropriated to carry out title II of the Federal Water Pollution Control Act, other than sections 206, 208, and 209, for the fiscal year ending September 30, 1977, not to exceed \$1,417,968,050 which sum (subject to such amounts as are provided in appropriation Acts) shall be allotted to each State listed

in column 1 of table IV contained in House Public Works and Transportation Committee Print numbered 94-25 in accordance with the percentages provided for such State (if any) in column 5 of such table. The sum authorized by this section shall be in addition to, and not in lieu of, any funds otherwise authorized to carry out such title during such fiscal year. Any sums allotted to a State under this section shall be available until expended.

(b) The Administrator of the Environmental Protection Agency shall, within 45 days from the date of enactment of this section, report to Congress his recommendations for a formula or formulas to be used to allot equitably and allocate new funds authorized to carry out title II of the Federal Water Pollution Control Act.

And the Senate agree to the same.

That the House recede from its disagreement to the amendment of the Senate to the title of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the bill, insert the following: "An Act to authorize a local public works capital development and investment program, to amend the Public Works and Economic Development Act of 1965 to increase the antirecessionary effectiveness of the program, and for other purposes."

And the Senate agree to the same.

ROBERT E. JONES,
JIM WRIGHT,
HAROLD T. JOHNSON,
ROBERT A. ROE,
BELLA ABZUG,

Managers on the Part of the House.

JENNINGS RANDOLPH,
EDMUND S. MUSKIE,
JOSEPH M. MONTOKA,
QUENTIN N. BURDICK,
ABRAHAM RIBICOFF,
JOHN GLENN,
HOWARD H. BAKER,
JAMES L. BUCKLEY,
JAMES A. MCCLURE,
JACOB J. JAVITS,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5247) to authorize a local public works capital development and investment program, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment to the text of the bill struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees in minor drafting and clarifying changes.

TITLE I

SHORT TITLE

House bill

The short title of the House bill provides the legislation may be cited as the "Local Public Works Capital Development And Investment Act of 1975".

Senate amendment

Provides the act may be cited as the "Public Works Employment Act of 1975".

Conference substitute

Identical to Senate amendment as to the Act and identical to the House bill as to title I.

STATEMENT OF PURPOSE

House bill

Provides that the purpose of the legislation is to establish a program to combat unemployment, to stimulate activity in the construction and materials industries and to assist State and local governments provide adequate public facilities.

Senate amendment

No comparable provision.

Conference substitute

No comparable provision.

DEFINITION OF TERMS

House bill

Defines "Secretary" to mean the Secretary of Commerce acting through the Economic Development Administration; defines "State" to include the several states, District of Columbia, Commonwealth of Puerto Rico, the Virgin Islands, Guam and American Samoa; and defines "local government" to mean any city, county, town, parish or other political subdivision of a State and any Indian tribe.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill. Section 3 of this Act defines "local government" as any city, county, town, parish or other political subdivision of a State or any Indian tribe. For the purposes of this Act, it is intended that special districts such as school districts, and regional authorities, composed of local governments that are established or authorized by State law will be considered a political subdivision of the State.

DIRECT GRANT PROGRAM

House bill

Authorizes the Secretary to make grants to State and local governments for the construction, renovation, repair or other improvement of public works projects. This includes grants for projects for which Federal financial assistance is authorized by other acts and grants for architectural design, engineering and related planning expenses. No part of any grant under this section may be used for the purchase of any interest in land. The Federal share of the cost of any project for which a grant is made under this act shall be 100 percent of the cost of the project. Grants can be made only when it is shown that, if funds are available, on-site labor can begin within 90 days of the project approval.

Projects that would be eligible for funding would include, but not be limited to, the following: demolition and other site preparation activities, new construction, renovation, and major improvements of public facilities such as municipal offices, courthouses, libraries, schools, police and fire stations, detention facilities, water and sewage treatment facilities, water and sewer lines, streets and roads (including curbs), sidewalks, lighting, recreational facilities, convention centers, civic centers, museums, and health, education and social service facilities.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill except that grants may be made for the completion of plans, specifications, and estimates where either architectural design or preliminary engineering or related planning has already been undertaken and where additional architectural and engineering work or related planning is required to permit construction

of the project. It is intended that these grants will be made for projects which will result quickly in work on the job site.

With respect to any expenditure of funds for detention facilities, the Secretary of Commerce shall make grants only to those projects which meet the criteria set down under Part E of the Omnibus Safe Streets and Crime Control Act of 1968, as amended (Subparts (1) and (4) through (9) of Section 3750(b) of Title 42, U.S.C.)

RULES AND REGULATIONS

House bill

Requires the Secretary to prescribe rules and regulations within 30 days of enactment. In doing so, he must consider, among other factors: (1) The severity and duration of unemployment in the project areas, (2) the extent of underemployment in the project area, and (3) the extent to which the project will contribute to the reduction of unemployment. In considering the extent of unemployment and underemployment under this section, the Secretary must consider the amount of unemployment and underemployment in the construction-related industries. A final determination of each project application must be made within 60 days of receiving it. Failure to make such determination within this period will be deemed to be an approval by the Secretary.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

SUPPLEMENTAL GRANTS

House bill

Authorizes the Secretary to make grants for the purpose of increasing the Federal contribution to 100 percent of project cost on any Federally-assisted public works projects authorized by any other Federal law where the Federal financial assistance under such law is immediately available and construction has not been started. However, no part of any grant made under this section may be used for the purchase of any interest in land.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

GRANTS FOR PROJECTS AUTHORIZED BY STATE OR LOCAL LAW

House bill

Authorizes the Secretary to make grants for all or any portion of the State or local share of cost of any public works project authorized by any State or local law. However, no grant may provide both the State and local share. The matching share, other than the share with respect to which a grant is requested, must be immediately available

for the project and construction of the project not yet started. No part of any grant under this section must be used for the purchase of any interest in land.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

LIMITATIONS

House bill

Contains prohibitions on use of funds to affect natural watercourses, acquisition of interest in real property, use of funds for maintenance cost and a requirement for on-site labor within 90 days of project approval.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill, except that limitations in the House bill are consolidated in this section of the bill.

PRIORITY OF PROJECTS

House bill

Assures that at least $\frac{1}{2}$ of 1 percent but not more than 10 percent of funds appropriated will be granted within any one State. Guam, the Virgin Islands and American Samoa together will not receive less than $\frac{1}{2}$ of 1 percent.

The priority to be given applications of local governments is not intended to permit the Secretary to delay consideration or approval of an application from a State government until all local project applications within the State have been received and reviewed. Such a procedure would obviously run counter to the basic objective of initiating project construction quickly. This section is not intended, for example, to preclude the Secretary from receiving an application and making a grant to a State to construct a project in an area of high unemployment where it is clearly demonstrated that the State project will effectively meet the requirements of the Act and will have a significant impact on unemployment by producing jobs quickly and stimulating economic activity.

As long as the national unemployment rate is $6\frac{1}{2}$ percent or more, the Secretary must give priority to applications from areas in excess of the national rate and must thereafter give priority to applications from areas in excess of $6\frac{1}{2}$ percent but less than the national unemployment rate.

Statistics establishing the unemployment rate of an area may be furnished by the Federal Government, States, or local governments as long as the Secretary determines that they are accurate.

70 percent of the funds appropriated must be used for projects in areas that exceed the national unemployment rate in the first priority

above and the remaining 30 percent of the funds appropriated must be used on projects in other classifications of priority.

When requested by an applicant, the Secretary, in determining the unemployment rate of a local government, must consider the unemployment in adjoining areas from which the labor force for a project may be drawn. Applicants should relate their projects to local and regional development plans and where possible, submit projects that would implement long-range plans.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill, except that the Secretary shall notify those States and local governments with unemployment in excess of the national average of their eligibility under this title.

FAIR LABOR STANDARDS

House bill

Makes the Davis-Bacon Act applicable to all grants for projects under this act.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

SEX DISCRIMINATION

House bill

Prohibits any discrimination because of sex on any project receiving grant assistance under this act.

Senate amendment

No comparable provision.

Conference substitute

Same as the House bill.

AUTHORIZATION OF PROGRAM

House bill

Authorizes up to \$5 billion to carry out this act.

Senate amendment

No comparable provision.

Conference substitute

Authorizes up to \$2.5 billion to carry out this title for the period ending September 30, 1977.

GRANTS TO STATE AND LOCAL GOVERNMENTS FOR PUBLIC WORKS PROJECTS

House bill

No comparable provision

Senate amendment

Adds a new section 107 to the Public Works and Economic Development Act of 1965 as follows:

(a) authorizes the Secretary upon application of State or local government to make supplementary grants for Federal aid public works projects in such amount as to bring the Federal share to 100% of cost. Basic grant funds must be immediately available and construction not started because of lack of matching share. Grant funds cannot be used to purchase land.

(b) (1) authorizes grants for cost overruns on Federal projects. Grants are limited to the maximum percentage of the Federal participation authorized.

(2) applications must set forth information on project, its job effectiveness and area to be served by the project. The Secretary must review applications and with the concurrence of the agency funding the project select those projects which best serve the employment objectives of this section.

(c) authorizes grants for construction, repair, renovation of State and local public works projects for which Federal assistance is authorized other than by the Public Works and Economic Development Act. These grants will be 100% grants.

(d) First priority must be given to projects that will have on-site labor within 90 days of project approval in the following order:

1. Supplemental grants authorized by subsection (a)
2. Cost overrun grants authorized by subsection (b) and
3. 100 percent grants authorized by subsection (c)

(e) (1) No more than 15 percent of funds appropriated may go to any one State. At least $\frac{1}{2}$ of 1 percent must be granted to Guam, Virgin Islands, and American Samoa.

(2) No grants may be made for maintenance.

(f) Assistance under this section is available only to designated C.E.T.A. areas and areas designated by the Secretary of Labor as having $6\frac{1}{2}$ unemployment or more for the most recent three months. As long as the national unemployment rate is $6\frac{1}{2}$ percent or more, the Secretary must give priority to project applications from areas of unemployment in excess of the national average. 70 percent of the funds appropriated must go to these areas. The grant program is suspended when the national unemployment rate goes below $6\frac{1}{2}$ percent.

(g) Section 103 (15 percent limitation to any one state) and Section 104 (prohibition of Title I assistance to Appalachia) of the Economic Development Act do not apply to this section.

(h) Grants are to be made in accordance with the same regulations promulgated for the public facility grants authorized by the Economic Development Act except the Secretary should not consider the severity and duration of unemployment and the income levels of families and extent of underemployment as required by Section 101(d) nor should the Secretary require an Overall Economic Development Plan (OEDP) as required by Section 101(a) (1) (c). Any revision to the regulations must be made within 30 days of enactment.

(i) In selecting projects, Secretary must consider the extent and severity of unemployment, the level and extent of construction unemployment and, extent project will reduce unemployment in the area. Determination on applications must be made within 60 days of receipt.

(j) Unemployment statistics are to be determined by the Secretary of Labor, State or local governments may present the Secretary of Commerce with information on actual unemployment of an area.

(k) Authorizes \$1 billion for Fiscal Year 1976.

Conference substitute

No comparable provision.

TITLE II

ANTIRECESSION PROVISIONS

House bill

No comparable provision.

Senate amendment

FINDINGS OF FACT AND DECLARATION OF POLICY

Section 201 sets out congressional findings concerning the impact of recession on state and local governments and further declares it to be national policy to make state and local government budget-related actions more consistent with Federal efforts to stimulate national economic recovery.

FINANCIAL ASSISTANCE AUTHORIZED

Section 202 authorizes for each of 5 succeeding calendar quarters (beginning with the calendar quarter which begins on April 1, 1976) \$125 million when the national seasonally adjusted unemployment rate reaches 6 percent plus an additional \$62.5 million for each one-half percentage point over 6 percent. On an annual basis, that means \$500 million would be authorized when the national seasonally adjusted unemployment rate reaches 6 percent and an additional \$250 million would be authorized for each percentage point the national seasonally adjusted unemployment rate rises over 6 percent. All unemployment data to be used in the implementation of this title shall, because of limitations on data gathering, be from the quarter ending three months before the quarter in which a payment is to be made.

Section 202 further provides that no funds would be authorized for any calendar quarter during which the national unemployment rate averaged under 6 percent or for any quarter in which the last month's unemployment rate was below.

ALLOCATION

Section 203(a) provides that the Secretary of the Treasury shall reserve one-third of the authorized funds for distribution to State

governments and two-thirds of the authorized funds for distribution to local governments.

Section 203(b) provides that allocation to each State government be made according to a formula of its excess unemployment rate times its taxes raised. For a State government, the excess unemployment rate is defined as its unemployment rate during the most recent calendar quarter minus its unemployment rate during 1967-69.

Section 203(c) provides that allocations to local government would be made according to the same formula—excess unemployment rate times adjusted taxes raised.

The excess unemployment rate for local governments is defined as each local government's unemployment rate minus 4.5 percent. The 4.5 percent figure is used as the base period unemployment rate because the Labor Department has no data for local government unemployment rates during the last period that the national unemployment rate was below 4.5 percent. Unemployment over and above 4.5 percent is considered excess unemployment in other Federal programs, such as the Comprehensive Employment and Training Act of 1973.

In the case of local governments, tax collections by each local government are adjusted to exclude taxes raised for education purposes. The reason for this exclusion is that countercyclical assistance is intended to stabilize the budgets of only general purpose governments and those governments should not be given credit for taxes which they did not actually raise.

For each local government for which the Labor Department has verified unemployment statistics (about 1,200-1,500 in all), there would be an allocated share under the formula. For those local governments for which the Labor Department does not have verified unemployment data, funds would be set aside in each State to be distributed according to an allocation plan submitted by the State. If the State did not submit a plan or had its plan rejected by the Secretary, then the Secretary would prepare such a plan. The funds in this category would be distributed by the Secretary.

In computing the allocated share for all other local governments, for which the Labor Department does not have verified unemployment statistics, the aggregate unemployment and tax data for all jurisdictions—other than identifiable jurisdictions in the State—would be entered into the formula, as if they constituted one government, in a balance of State category.

This section also defines the term "local government" as the government of a county, municipality, township, or other unit of government below the State which is a unit of general government (determined on the basis of the same principals as are used by the Social and Economic Statistics Administration for general statistical purposes).

CONTINGENCY FUND

Sections 204 (a) and (b) provide that the Secretary of the Treasury reserve from the amount authorized for this program for each calendar quarter an amount equal to that not paid to jurisdictions with unemployment less than 6 percent, but in no case more than 10 percent of the total authorized amount for the purpose of making additional

emergency support grants to State and local governments which are in severe fiscal difficulty. The Secretary is required to spend at least 75 percent of the contingency fund for grants under this section. No State or local jurisdiction may receive a grant out of the contingency fund that is more than 10 percent of its formula allocation or more than 15 percent of the total contingency fund.

Section 204(c) provides that Puerto Rico, the Virgin Islands, Guam, and the Trust Territories of the Pacific may be eligible for grants out of the contingency fund, though not more than 10 percent of the contingency fund can be spent for that purpose.

Section 204(d) sets out the criteria for determining severe fiscal difficulty.

USE OF EMERGENCY SUPPORT GRANTS

Section 205 provides that grants under this program should be used for the maintenance of basic services ordinarily provided by the State and local governments and that State and local governments shall not use funds received under this Act for the acquisition of supplies and materials or for construction unless essential to maintain basic services.

The funds under this Act are intended to be used to maintain service and employment levels without increasing taxes and not to buy heavy equipment or for major construction projects.

APPLICATIONS

Section 206(a) establishes an application procedure for State governments and identifiable local governments eligible to receive assistance under the Act.

Section 206(b) provides that applications for payment of funds to other local governments may be filed by the States. This section also delineates requirements that State plans for allocating funds to other local governments must meet.

Section 206(c) provides that the Secretary of the Treasury shall approve any application which meets the requirements of this Act within 30 days and shall not finally disapprove, in whole or in part, any application for an emergency support grant under this Act without first affording the State or local government reasonable notice and an opportunity for a hearing.

NONDISCRIMINATION

Section 207 provides that no person, on the grounds of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this legislation.

LABOR STANDARDS

Section 208 provides that laborers and mechanics employed by contractors on all construction programs funded under this Act be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor under the Davis-Bacon Act.

SPECIAL REPORTS

Section 209 provides that each State or local government which receives a grant under this Act shall report to the Secretary, within 6 months, any increase or decrease in any tax which it imposes and substantial reductions in employment levels or in services which that jurisdiction provides. It also requires State governments to report any decreases in the amount of assistance they provide local governments.

PAYMENTS

Section 210 gives the Secretary of the Treasury the authority to make payments from the funds authorized under this Act. It further allows payments to be made in installments in advance or by way of reimbursement, with necessary adjustments on account of overpayments and underpayments.

Section 210(c) provides that no fund be paid to any State or local government under this Act for any calendar quarter if the unemployment rate within that jurisdiction during the calendar quarter for which the payment is made or during the last month of that quarter was less than 6 percent.

STATE AND LOCAL GOVERNMENT ECONOMIZATION

Section 211 provides that each recipient government must certify in good faith to the Secretary that it has taken steps of its own to economize and that without countercyclical assistance it would not be able to maintain essential service levels without increasing taxes.

WITHHOLDING

Section 212 requires the Secretary of the Treasury to withhold funds from any jurisdiction which fails to comply substantially with any of the provisions set forth in the application it submitted for funds under this Act. Funds will continue to be withheld until the Secretary of the Treasury is satisfied that compliance has been achieved.

REPORTS

Section 213 requires the Secretary of the Treasury to report as soon as practical after the end of each calendar quarter on the implementation of the program.

ADMINISTRATION

Section 214 authorizes the Secretary of the Treasury, after consultation with the Secretary of Labor, to prescribe such rules as may be necessary to carry out the Act. That section also provides the Secretary of the Treasury with the authority to use services and facilities of any agency of the Federal Government and of any other public agency or institution in accordance with appropriate agreements and to pay for such services either in advance or by way of reimbursement as may be agreed upon.

PROGRAM

Section 215(a) requires the Comptroller General of the United States to report to Congress within 2 years on the impact of this program in State and local governments and on the macroeconomic impact of this program.

The Comptroller General is directed to conduct such an investigation in coordination with the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations. The committee intends that the Government Accounting Office retain the principal authority in this investigation, and that the Congressional Budget Office focus on the macroeconomic impact of the legislation.

Section 215(b) requires the Director of the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations in coordination with the Comptroller General, to report to Congress within 2 years on the most effective means by which the Federal Government can stabilize the national economy during periods of excess expansion and high inflation through programs directed toward State and local governments.

Conference substitute

Same as Senate amendment.

Explanation

Title II of the Senate amendment provides for the strengthening of the Federal government's role as guarantor of a stable national economy by promoting greater coordination, during times of economic downturn, between national economic policy—as articulated at the Federal level—and budgetary actions of state and local governments. Title II of the Senate amendment would accomplish this purpose by providing emergency Federal assistance to State and local governments hard hit by recessionary pressures, in order to reduce the reliance of these governments upon budgetary actions which run counter to Federal efforts to stimulate speedier economic recovery. The assistance provided is designed to meet the following criteria of a limited, anti-recession program:

First, the assistance provided would go quickly into the economy, with as little administrative delay as possible.

Second, the assistance provided is selectively targeted, by means of the formula, to go to only those governments substantially affected by the recession.

Third, the assistance provided would phase itself out, as the economy improves.

A fundamental premise underlying Title II of the Senate amendment is that the amount and quality of government services at the state and local levels should not be determined by national economic conditions over which State and local governments have no control. In other words, the conferees, in accepting Title II, have concluded that it is not sound governmental policy for a jurisdiction to be able to provide good police protection, fire protection, trash collection and public education during good economic times, but be forced to lower the

quality of those services significantly, whenever the health of the economy declines.

IMPACT ON JOBS

The Congressional Budget Office, in a report released in September of 1975, measured the job-producing impact of various anti-recession measures. In this report, the CBO found that a program similar to Title II of the Senate amendment could create as many as 77,000 jobs per \$1 billion initially, and as many as 97,000 jobs after twelve months. This estimate ranked anti-recession aid to state and local governments second highest of the four alternatives, in its employment impact.

IMPACT ON GOVERNMENT SERVICES

Title II of the Senate amendment will, as the CBO estimated, create thousands of jobs, but it is not designed or intended solely as a jobs program.

To be sure, unemployment is increased when state and local governments lay off workers. But unemployment in the public sector has an even broader impact on national economic recovery.

When a State or local government lays off employees, several things can occur.

First, if the vacant positions are filled with personnel paid for with Federal public service employment funds, then the goal of that Federal effort—to reduce overall unemployment—is blunted.

If the employees laid off are not rehired, they will go on the unemployment rolls. Thus, while payroll costs are reduced, unemployment compensation costs go up.

But the most important impact is on the basic services which State and local governments provide and which make population centers agreeable places in which to live. The demand for these services is as great, if not greater, during bad times as when the economy is healthy.

The demand for certain basic services—such as road maintenance, garbage collection or fire protection—is largely immune to fluctuations in the economy. Though it does not increase during bad times, neither does it decline and allow breathing room in government budgets.

But for many other services, the demand is greater when the economy is depressed. Certain of these services—unemployment compensation, food stamps, welfare benefits—are obviously recession-related. Though some or all of the cost of these benefits may be borne by the Federal Government, the administrative cost falls on the local governments which, when hard pressed to meet existing payrolls, are in no position to add more staff to meet these new administrative burdens.

Other, less obvious services are in greater demand during bad times also. High unemployment may result in a higher crime rate or in higher demands on publicly supported health and mental health services. Families which might ordinarily send a child to a private college may send him to a less expensive State college instead. Or families which had planned to take a vacation might decide to stay at home, and make use of the municipal swimming pool.

While all these pressures are occurring, State and local governments are laying off workers—at just the wrong time.

A case in point is the findings of a recent New York Times News Service survey of big city police departments. The survey found cities like Cleveland, Dallas, Los Angeles, Pittsburgh and Atlanta—all experiencing crime increases of major proportions—cutting back on police personnel or at least not hiring people, because of critical budget pressures.

When events like this occur, it is all the residents of a community who suffer—not just those who are laid off.

IMPACT ON TAXES

It must be remembered that reducing employment is not the only way that State and local government can have an adverse impact on the economy. They can also raise taxes, thereby absorbing some of the stimulative impact of Federal tax cuts already enacted. In addition, while tax increases may allow local governments to keep their own employees on board, they often aggravate the recessionary pressures that already exist.

Title II of the Senate amendment is designed to lessen the possibility of such tax increases.

WHO WOULD RECEIVE ASSISTANCE UNDER TITLE II OF THE SENATE AMENDMENT?

All the States and all local governments for which certifiable unemployment data now exists under the CETA program (1,200–1,500 jurisdictions) will be eligible for assistance under Title II of the Senate amendment, providing that their unemployment rate is 6 percent or higher.

One third of the money is set aside for the States, two thirds for local governments.

In computing the States' shares, an allocation is determined for each of the 50 States, on the basis of excess unemployment and taxes. Only those States with unemployment of 6 percent or greater would actually receive that allocation. Allocations computed for States with unemployment less than 6 percent are returned to the Treasury, for use in the contingency fund.

Similarly, in computing local governments' shares, an allocation would be determined for each of the 1,200–1,500 jurisdictions, on the basis of excess unemployment and adjusted taxes. Only those jurisdictions with unemployment of 6 percent or greater would actually receive that allocation, with those for jurisdictions with unemployment less than 6 percent returning to the Treasury.

In every State, apart from the identifiable jurisdictions for which specific unemployment data is available, there is a balance of State category (referred to in the bill as "other than identifiable local governments") which includes all other local jurisdictions in the State. A single allocation is determined for the balance of State category as if it were a single unit of government, using adjusted taxes and unemployment for the entire State minus those for the identifiable jurisdictions.

ALLOCATIONS FOR BALANCE OF STATE

The balance of State allocation would be distributed by the Secretary, on the basis of a plan drawn up by a State, in consultation with local officials. In the event that a State plan is not provided or is not approved by the Secretary, then the Secretary will draw up a plan for distribution of this money. The distribution plan is to be as much in conformance with the formula as possible. (It is not possible to mandate the use of the formula because of the lack of unemployment data for many jurisdictions in the balance of State.) In the likely event that such unemployment data is not available, then the distribution plans would have to take into account unemployment data for the smallest jurisdiction, in which a balance of State jurisdiction is located, for which data is available. In other words, if a town were located within a labor market or county area for which there was unemployment data, the unemployment rate for the labor market or the county area would be taken into consideration when determining the town's distribution.

RESIDENCY REQUIREMENTS

During consideration of this title, the conferees addressed the issue of residency requirements as they might be applied to individuals who are employed with funds from emergency support grants. The conferees state that the federal policy shall be neutral. Specifically, the Secretary shall make no regulation which requires an individual, as a condition of employment, to reside within the jurisdiction of the recipient of an emergency support grant; at the same time, the Secretary shall not prohibit a state or local government from establishing a residency requirement applicable to potential participants in programs using funds from emergency support grants.

The conferees agreed to clarify this matter after discussing problems arising out of Department of Labor regulations under the Comprehensive Employment and Training Program of 1973 (CETA). In New York City, and elsewhere, CETA funds are presently being used to rehire a limited number of former city employees who lost the jobs due to recessionary pressures or extreme fiscal hardship. In certain job categories, these former employees do not live within the jurisdiction of the prime sponsor, yet they have a determined status on the approved civil service lists. Normally, individuals are hired or laid-off on the basis of these lists, according to seniority. These are rights won by the city employees in collective bargaining. However, Labor Department regulations are being interpreted to require that participants in CETA programs live within the jurisdiction of the prime sponsor, notwithstanding the fact that the regulations also require the prime sponsor to maintain personnel policies and practices for its employees in accord with State and local laws and regulations that adequately reflect federally-approved merit principles. The effect of this interpretation is to deny re-employment with CETA funds to individuals who do not reside within the jurisdiction of the prime sponsor, without regard to the rights of these individuals won in collective bargaining agreements. This situation has created hardships for many individuals and their families.

In order to avoid similar inequities and problems arising from the administration of emergency support grants under the countercyclical program, the conferees emphasize that the federal policy on residency as a condition of employment is one of neutrality. Residency requirements for employees are to be strictly a matter of respect State or local determination, as the case may be.

TITLE III

INTEREST SUPPLEMENTS

House bill

No comparable provision.

Senate amendment

Amends section 201(c) of the Public Works and Economic Development Act of 1965 (hereinafter referred to as the "Act" in this statement concerning this title) to increase the authorization for fiscal year 1976 from \$75 million to \$200 million. It also makes authorization available for the payment of interest supplements to or on behalf of private entities. It also amends section 202(a)(2) of the Act to authorize an interest subsidy up to four percent for up to ten years to private firms of 1,500 employees or less on working capital loans obtained from a nongovernmental source.

Conference substitute

Same as the Senate amendment as to the increase in authorizations; however, the conferees intend that the Secretary be authorized to pay to or on behalf of a private borrower an amount sufficient to reduce up to four percentage points the interest paid by such borrower on any loan guaranteed by the Secretary under this section. These payments must be made no less than annually and no obligation shall be made by the Secretary to make any payment under this paragraph for any loan guaranty made after December 31, 1976.

It is intended that this provision is to be an antirecessionary tool, to be used to aid firm suffering effects of the current recession. Additionally, this interest subsidy is to be used when no reasonable interest rate is available in the private lending market, that is, the subsidy is to be used during times of high interest rates or when such interest rates would be prohibitively expensive for a firm in need of financial assistance to continue current operations. The language limits this subsidy to one calendar year, through December 31, 1976, so that the Committees may have an opportunity to review this program to determine its effectiveness in meeting financial needs of eligible firms.

Lastly, the Conferees agreed that entities employing less than 1500 people should have preference for such interest subsidies. An entity may be an autonomous corporation, a wholly owned subsidiary of a parent corporation, a plant of a corporation, or the like, but it is not in any way restricted to an autonomous corporation.

URBAN ECONOMIC DEVELOPMENT

Conference substitute

The conference substitute adds a new section 405 to the Act to authorize the Secretary to designate as a "redevelopment area" any city with a population of 50,000 or more as long as it submits and has approved

by the Secretary an overall economic development program in accordance with Section 202(b)(10) of the Act. Nothing in this section is intended to be construed as to prohibit the designation of a city as a "redevelopment area" or a part thereof under this section in addition to its designation as a "redevelopment area" under any other provision of this Act. Also, this section should not be construed to prohibit a city designated under this section and another provision of this Act from receiving assistance through the expenditure of funds both under this section and any other provision in this Act.

If a city designated under this section prepares a plan for the redevelopment of the city or a part of it and submits its plan to the Secretary, and the Secretary approves such plan, he is authorized to make a grant to the city for the purpose of carrying out the plan. Any grant made by the Secretary on this section must be made on the condition that the city will use such grant to make grants or loans or both to carry out the plan and that the repayments of any loans to the city be placed in a revolving fund by the city to be available for making other grants or loans by the city upon the approval of the Secretary for the redevelopment of the city. \$50 million for fiscal year 1976 and \$50 million for the transition period are authorized to carry out this section.

In determining eligibility of cities for assistance under this section, it is intended that a city must have a population of 50,000 persons or more according to the latest decennial or subsequent special census counts as reported by the Bureau of the Census. When the published population estimates of the Bureau of the Census are used to determine eligibility, the Secretary may allow up to a five percent variation in population estimates in order to reflect changes in population since the last official census.

In defining the term "city" in Section 405(a)(B)(iii) it is the intent of the Conferees that a city either contains within its boundaries no incorporated places as defined by the Bureau of the Census or contains 50,000 people outside the boundaries of all incorporated places which are located within the city. In those cases where a township has a population of 50,000 or more outside of incorporated places, any funds authorized under this Act may be used only outside the corporate limits of those places.

DEFINITIONS

House bill

No comparable provision.

Senate amendment

Amends Section 1002 of the Act to delete, in the definition of eligible area, areas designated pursuant to Section 401 of the Public Works and Economic Development Act. In addition, if the national unemployment rate is 6½ percent or more, the Secretary must give priority to project applications for areas of unemployment in excess of the national average—70 percent of the funds appropriated must go to these areas. The grant program is suspended when the national unemployment rate goes below 6½ percent. Not more than 15 percent of funds appropriated may go to any State and at least ½ of 1 percent be used for projects in Guam, Virgin Islands and American Samoa.

Conference substitute

Restores original definition of areas eligible for assistance* under Title X as currently defined in the Act and transfers the priority language contained in the Senate amendment to section 1003(e) of the Act.

PROGRAMS AUTHORIZED

House bill

No comparable provision.

Senate amendment

Amends Sec. 1003(c) of the Act to delete Secretary's authority to initiate programs and authorizes him to assist eligible areas make applications for grants.

(b) Amends Sec. 1003(d) to make funds available only for projects where the Secretary determines that the project gives consideration to the needs of the unemployed in the area, that the project can be started promptly and be substantially completed within 12 months, and that priority is given to projects that are most job effective.

(c) Eliminates Secretary of Labor and existing project criteria from Section 1003(e).

Conference substitute

Same as Senate amendment except that the Secretary must give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment, measured as the amount of such direct and indirect employment generated and supported by the additional expenditures of Federal funds under this title, and must consider the appropriateness of the proposed activity to the number and needs of the unemployed persons in the eligible area.

The Conference Committee is concerned about the procedure used in the selection of programs and projects under the Jobs Opportunities Program in the first year. Based on the results of the first experiences under this program, it is doubtful that a solely mechanistic selection process can achieve the full potential and desired effect of the program. The Conference Committee can understand the need for assistance from a computer when dealing with such a large and diverse number of programs in a very short time. It would appear, however, that individual judgment will need to be exercised in order to achieve the desired results. Congress intended when it passed Title X, and this bill is designed to reinforce the intent, that the Secretary undertake a project-by-project evaluation so that the most job-effective activities are selected.

The Economic Development Administration is the only Federal agency whose mission is long-term economic development and the creation of jobs. Based on the agency's long experience and background, it is the most logical choice to administer the Jobs Opportunities Program. As indicated before, judgment must be exercised in the administration of the program and EDA's long experience gives it the expertise to make these judgments. As this program is an addition to EDA's regular long-term responsibilities, the Conference Committee wants to make clear its intent that EDA be given the responsibility for directing and administering the Title X program.

PROGRAM REVIEW

House bill

No comparable provision.

Senate amendment

Amends Section 1004 of the act to require a review within 45 days of enactment or appropriation by every Federal department or agency of its development plans and budget to evaluate their programs and projects for job creation for which funds are proposed or could be obligated with Federal assistance in the calendar year; and submit to the Secretary programs and projects which have the greatest potential to stimulate the creation of jobs in the area. The Secretary, within 45 days of receipt, shall review projects and allocate in conformity with priorities set forth in the Title.

States and political subdivisions in any eligible area may submit their project applications to the appropriate Federal agency for Federal assistance under this Title. The Secretary in reviewing programs and projects for any eligible area must give priority to those sponsored by States and political subdivisions.

Conference substitute

Same as Senate amendment except that the conferees want to make clear that the provision in the Act requiring agencies to evaluate programs and projects for which funds are to be obligated is not intended to allow an agency to replace other appropriated funds with funds received under title X. The provision is intended to direct agencies to review their plans and budgets to determine if their regular programs are being used in the most effective job-creating way at this time of such high national unemployment.

LIMITATION ON USE OF FUNDS

House bill

No comparable provision.

Senate provision

Strikes from the Act section 1005 which requires that 50 percent of funds appropriated are to be used on projects where not more than 25 percent of the funds will be expended on non-labor costs.

Conference substitute

Same as the Senate amendment.

RULES AND REGULATIONS

House bill

No comparable provision.

Senate amendment

Amends Section 1006 of the Act, which requires equitable distribution of funds between urban and rural areas, to add a condition that such distribution is not necessary if it would require grants in areas that would not meet the criteria of the title.

Conference substitute

Same as Senate amendment.

AUTHORIZATIONS OF APPROPRIATIONS

House bill

No comparable provision.

Senate amendment

Amends section 1007 of the Act to authorize \$1 billion for Fiscal Year 1976 and makes the funds available for obligation until June 30, 1976.

Conference substitute

Amends Section 1007 of the Act to authorize \$500 million for Fiscal Year 1976 and makes the funds available for obligation until September 30, 1976. In addition, a new subsection is added to make clear that funds authorized to carry out this title shall be in addition to, and not in lieu of, any funds authorized by other provisions of law.

Title X funds shall be used to provide additional funds for projects eligible under this Act. These funds are not intended to take the place of funds which have already been budgeted by another agency or are part of the future budget of another agency. Title X funds shall be used to supplement existing programs rather than to substitute for funds that would have been expended or are about to be expended through another program or agency.

TERMINATION DATE

House bill

No comparable provision.

Senate amendment

Amends section 1008 of the Act to extend the termination date of this title to June 30, 1976.

Conference substitute

Amends section 1008 of the Act to extend the termination date of this title to September 30, 1976.

LIMIT ON AUTHORITY TO OBLIGATE

House bill

No comparable provision.

Senate amendment

Authority to obligate appropriated funds under amendments of this Act to Title I and X of the Public Works and Economic Development Act is limited to \$2 billion when the national unemployment rate is 9 percent or more. For each quarterly decline of $\frac{1}{2}$ of 1 percent, the authority of the Secretary to obligate funds is reduced by $\frac{1}{4}$ of funds appropriated not to exceed $\frac{1}{2}$ billion. For each increase of $\frac{1}{2}$ of 1 percent up to 9 percent the authority of the Secretary to obligate appropriated funds is increased by $\frac{1}{4}$ not to exceed $\frac{1}{2}$ billion.

Conference substitute

No comparable provision.

NOTICE TO ELIGIBLE AREAS

House bill

No comparable provision.

Senate amendment

Requires the Secretary of Commerce to notify in a timely and uniform manner areas of their eligibility for assistance under this Act.

Conference substitute

Requires the Secretary of Commerce to notify in a timely and uniform manner state and local governments having areas eligible for assistance under this title.

CONSTRUCTION COSTS

Conference substitute

Title X of the Act is further amended by adding a new section 1008 to make clear that no program or project originally approved for funds under an existing program be ineligible for assistance under this title solely because of increased construction costs.

The Conference Committee wishes to clarify its intent that Title X funds may be used to cover construction cost overruns if the project meets the other requirements of this Act. If a community has received a grant or supplemental grant for a project and the project is presently halted due to inflation or increased construction costs, which have increased the total project cost beyond the amount of the original grant, Title X funds may be used to cover this cost increase.

EXPIRATION OF AMENDMENTS TO THE PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT

House bill

No comparable provision.

Senate amendment

Requires that all amendments to the Public Works and Economic Development Act of 1965 made by this Act shall expire on June 30, 1976.

Conference substitute

No comparable provision.

ALLOTMENT OF WASTEWATER TREATMENT WORKS CONSTRUCTION GRANT FUNDS

House bill

No comparable provision.

Senate amendment

Section 301(1) amends section 205(a) of the Federal Water Pollution Control Act and requires the Administrator to reallocate the \$9 billion for construction of publicly-owned wastewater treatment works which was allotted in February 1975 by the Administrator of the Environmental Protection Agency in accordance with the formulas prescribed in the Act. The new allotment formula is based one-half in the ratio that the population of each State bears to all the States, and one-half on the basis of Table SP-3 in the final report to Congress dated February 10, 1975, as revised May 6, 1975, entitled, "Cost Estimates for Construction of the Publicly-Owned Wastewater Treatment Facilities, 1974 'Needs' Survey." In no case, however, would the allotment of any State be reduced below such amount as may have been obligated from the February 1975 allotment prior to the date of

enactment of this provision. Section 301 (2) requires that funds authorized for fiscal years which begin after the fiscal year ending June 30, 1975, shall be allotted among the States one-half in the ratio that the population of each State bears to the population of all States, and one half of the basis of table SP-3 in the final report to Congress dated February 10, 1975, entitled "Cost Estimates for the Construction of Publicly-Owned Wastewater Treatment Facilities, 1974 'Needs' Survey."

Conference substitute

Section 311 (a) of the conference substitute authorizes an appropriation of \$1,417,968,050 for the fiscal year ending September 30, 1977, for grants for the construction of publicly-owned wastewater treatment works, pursuant to Title II of the Federal Water Pollution Control Act. This authorization is subject to such amounts as are provided in appropriation Acts. The authorized sums shall be allotted to the eligible States in accordance with the percentages provided in column 5 of table IV contained in House Public Works and Transportation Committee Print numbered 94-25. This table sets forth the percentages for each State to be used by the Administrator of the Environmental Protection Agency in allotting funds pursuant to this section. Those States eligible to receive allotments pursuant to this section are those which would have received a greater allotment than they actually received had the Senate amendment been utilized by the Administrator in February 1975 to allot the \$9 billion. Funds allotted pursuant to this section shall remain available until expended.

The conference substitute requires the Administrator, within 45 days from the date of enactment of this section, to report to Congress his recommendations for a formula or formulas to be used to allot equitably new authorizations of funds to carry out Title II of the Federal Water Pollution Control Act. This reporting requirement was added by the Conferees to provide a possible basis for allotments of future authorizations.

Conference substitute

The conferees agreed to an amendment to the title of the bill to more accurately reflect the text proposed in this conference substitute.

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Managers on the Part of the House.

94TH CONGRESS }
1st Session }

SENATE

{ REPORT
No. 94-285

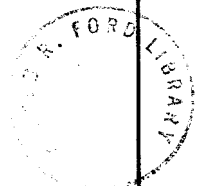
PUBLIC WORKS EMPLOYMENT
ACT OF 1975

REPORT
OF THE
COMMITTEE ON PUBLIC WORKS
UNITED STATES SENATE
TOGETHER WITH
ADDITIONAL VIEWS
TO ACCOMPANY
S. 1587



JULY 21, 1975.—Ordered to be printed

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WASHINGTON : 1975



PUBLIC WORKS EMPLOYMENT ACT OF 1975

JULY 21, 1975.—Ordered to be printed

Mr. MONTROYA, from the Committee on Public Works,
submitted the following

REPORT

together with

ADDITIONAL VIEWS

[To accompany S. 1587]

The Committee on Public Works, to which was referred the bill (S. 1587) to amend the Public Works and Economic Development Act of 1965 to increase the antirecessionary effectiveness of the program and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill, as amended, do pass.

GENERAL STATEMENT

Unemployment in America today is greater than at any time since the depression of the 1930's. Unemployment in some States is more than 15 percent while joblessness among construction trades workers is as high as 44 percent.

Testimony received during Committee hearings indicated depressed urban areas are currently suffering unbelievably high unemployment rates in the construction trades: Rochester, 61 percent; Miami, 49 percent; Phoenix, 40 percent; Cincinnati, 32 percent; St. Paul, 37 percent; Newark, 32 percent; and St. Louis, 24 percent. These figures do not reveal the dramatic decline in the length of the workweek of construction workers who are statistically counted as employed but are clearly underemployed.

The Congress has enacted legislation to provide temporary jobs in public service employment programs administered by the Department of Labor and in the Job Opportunities Program administered by the Secretary of Commerce. These programs, however, are too limited in

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(II)

scope or funding to give immediate, massive help to the more than 8 million Americans who are without jobs.

Historically, public works programs have been used to create jobs whenever the economy reached recessionary levels. During the Great Depression, for example, vast public works programs such as the Works Progress Administration employed millions in highly productive and constructive jobs which resulted in lasting improvements in communities across the land. Many of these facilities are in use today.

All evidence indicates that high unemployment will continue for the next 2 or even 3 years. The President's mid-session review of the 1976 budget forecasts average unemployment rates for 1975 at 8.7 percent, 7.9 percent in 1976, and 7.2 percent for 1977. The Congressional Budget Office in its June 30, 1975 report on the economy projects fourth quarter unemployment rates for 1975 from 8.8 percent to 9.2 percent and, in 1976, 7.8 percent to 8.2 percent. The Joint Economic Committee, in its report on the Economic Report of the President in March, 1975, estimated unemployment would exceed 9 percent during the last half of 1975. However, the 9 percent rate was reached just two months later in May, 1975.

The bill, as reported, authorizes funding for projects that can be identified quickly, can move swiftly through agency processing, can move to on-site employment within 90 days of approval, and can be completed in 12 to 24 months.

The committee believes that these programs designed to employ workers in the construction trades will also have a multiplier effect on the building materials industry, hardware retailers, forestry and lumbering occupations as well as other fields.

PURPOSE OF LEGISLATION

S. 1587, as reported, amends the Public Works and Economic Development Act of 1965 to provide \$2.125 billion for anti-recessionary public work authorizations for fiscal year 1976.

The bill contains three program authorizations: (1) \$1 billion for grants to State and local governments for public works projects, (2) a \$125 million increase for working capital loans to prevent the loss of jobs in the private sector, and (3) \$1 billion for the Job Opportunities Program (Title X), to accelerate the job-creating impact of various Federal, State and local programs.

The public works grant authorities recommended by the Committee as an amendment to title I follow essentially the proposals passed by the House. Committee amendments set three funding priorities on how the money can be applied to projects to be assisted: (1) The provision of local matching share, (2) cost overruns, and (3) the initiation of State and local projects. The Committee believes that these priorities will produce the most jobs for each Federal dollar invested.

The authorization for the Job Opportunities Program is in addition to that presently available. The Urgent Supplemental Appropriation Act signed by the President on December 31, 1974, provided \$125 million for the title X program. Allocations, however, were not made until June 1975. The Committee believes that the increased authorization will permit the Job Opportunities Program to achieve its goal of reducing unemployment while having a favorable cost-per-job ratio (\$11,500 per man/year), being carried out quickly, and providing productive employment through projects and programs of continuing value to local communities.

HEARINGS

The Subcommittee on Economic Development conducted two days of public hearings in Washington, May 20-21, 1975, on S. 1587, the Public Works Employment Act of 1975, and S. 1704, the Local Public Works Capital Development and Investment Act of 1975. H.R. 5247, a companion bill to S. 1704, was passed by the House on May 20.

Testimony was received from Senators, Administration officials, representatives of States, cities, counties, labor, economic development districts, and from financial specialists, economists, environmentalists, and interested organizations. The Committee also held a hearing on April 22, 1975, with representatives of the construction trades unions in which they described the plight of unemployed construction workers.

MAJOR PROVISIONS

GRANTS TO STATE AND LOCAL GOVERNMENTS FOR PUBLIC WORKS PROJECTS

The Committee has added a new section to title I of the Public Works and Economic Development Act of 1965 authorizing \$1 billion for the Secretary of Commerce to make grants to State and local governments and Indian tribes for local public works projects.

Three categories of projects are eligible for grants in the following order of priority: (1) projects inactive because the applicant is unable to provide the local matching share; (2) projects halted after approval because inflation has pushed total project costs beyond the ability or willingness of agencies to provide the Federal share; and (3) projects initiated by State and local governments without other Federal financial participation.

APPLICANT'S MATCHING SHARE

First priority is accorded grants to States, local governments, and Indian tribes to increase the Federal share to 100 percent of the cost of a public works project for which Federal financial assistance is authorized under other Federal laws. Projects in this category are eligible only if the initial Federal financial assistance is immediately available and construction on the project has not begun solely because of the applicant's inability to provide the local matching share at the time of enactment.

On April 7, 1975, Senator Randolph, as Chairman of the Committee, requested the General Accounting Office to survey appropriate departments and agencies to determine the current status of construction programs under their jurisdiction and the amounts of money then available for that purpose.

Each agency was asked to identify major causes of delay in obligating currently available appropriations or contract authority. The chief cause cited by responding agencies was the inability of the applicant to provide the project's local matching share.

Accordingly, first priority is assigned to these projects because the Committee believes the potential effect of these limited additional funds for generating employment with the least expenditure is greatest in this project category.

COST OVERRUN PROJECTS

The bill provides for projects with cost overruns to receive second priority. Applicants may be States or their political subdivisions, Indian tribes, public or private nonprofit groups or associations or other eligible applicants to which Federal financial assistance has been provided. This provision allows grants to be made to federally assisted

(4)

projects authorized before enactment of this bill which, because of rapid increases in wages or costs of materials, could not be completed within the original amount obligated for the project. Supplementary assistance provided by the bill will be necessary to allow such projects with the associated employment, to be completed. Additional Federal assistance on the cost overrun project category cannot exceed the maximum allowable percentage of the Federal share.

STATE AND LOCAL GOVERNMENT PROJECTS

The bill assigns third priority to State and local government projects which will be funded entirely from this authorization. The Committee believes there are many construction, renovation, repair, or other improvement projects for local public facilities that can be carried out. Some of these projects have been authorized under Federal programs but no Federal assistance has been available. Others are local in origin such as the renovation, modernization and replacement of local public schools. Committee testimony indicated there is a backlog of classroom needs across the country which has been aggravated recently by demands on local fiscal resources.

In addition, there is a critical need to modernize or replace public school buildings that are obsolete or energy inefficient to relieve the current heavy energy costs on already strained institutional budgets.

PRIORITY TO HIGH UNEMPLOYMENT AREAS

The reported bill directs that 70 percent of the funds appropriated pursuant to this new section is to be available for applicants in areas having unemployment rates for the three most recent consecutive months in excess of the national unemployment rate. Such areas must receive priority in considering grant applications.

The remaining 30 percent of appropriated funds is reserved for applicants from areas with unemployment rates in excess of 6½ percent for the three most recent consecutive months, but less than the national unemployment rate for the same three most recent consecutive months. No area with less than 6½ percent unemployment will be eligible to receive funds under this section.

The authority of the Secretary to make grants under the provisions of this bill is suspended when the national unemployment rate for the three most recent consecutive months falls below 6½ percent.

The bill provides that areas designated under section 204(c) of the Comprehensive Employment and Training Act of 1973 qualify for assistance. This allows labor areas in central cities for which statistics are available to receive assistance, even where the unemployment rate for the entire metropolitan area may not qualify.

PROJECT SELECTION CRITERIA

The Committee has established three criteria to govern the selection of projects to be assisted in a proposed project area. These are (1) the severity and duration of unemployment, (2) the level and nature of construction unemployment, and (3) the extent to which the project is expected to reduce unemployment in the project area. In addition,

cost overrun projects selected must be "job effective" and must clearly benefit the community or region.

The reported bill is designed to reach two target groups of persons. Preference should be given to those projects which will provide employment for the greatest proportion of currently unemployed persons from the project area, or which will employ currently employed persons from the project area who would become unemployed without the employment generated by the project applicant.

OTHER PROVISIONS

The Committee recommends the following clarifications and limitations:

(1) Unemployment statistics used in determining project area eligibility shall be those prepared monthly by the Department of Labor Bureau of Labor Statistics. However, any State or political subdivision or Indian tribe may provide additional information on actual unemployment in a given area.

(2) No State may receive more than 15 percent of the funds appropriated pursuant to the authorization in this bill.

(3) Grants to be funded under this authorization must be processed within 60 calendar days after receipt of applications.

With respect to any expenditure of funds for detention facilities, the Secretary of Commerce shall make grants only to those projects which meet the criteria set down under Part E of the Omnibus Safe Streets and Crime Control Act of 1968, as amended [Subparts (1) and (4) through (9) of Section 3750(b) of Title 42, U.S.C.]

WORKING CAPITAL LOANS AND INTEREST SUBSIDIES

The reported bill also amends title II of the Public Works and Economic Development Act, the Economic Development Administration's business development program. The present fiscal year 1976 authorization of \$75 million for business development programs is increased by \$125 million to \$200 million. Additional authority has also been provided to supplement the interest payments of borrowers of working capital loans.

It is the intent of the Committee that the additional authorization be used to assist businesses meeting certain criteria to remain in operation during the recession. Testimony during Committee hearings suggests there are many businesses with a history of stability and reliability that are unable to secure needed working capital for two general reasons: (1) the risk of such loans to bankers, or (2) the inability of the potential borrower to pay high interest rates on short term loans.

The Committee believes that interest subsidies combined with existing loan guarantee authority should enable the Economic Development Administration to save jobs at a cost far less than that incurred in creating new employment.

The Committee intends that these interest subsidies be limited to businesses larger than those which qualify for Small Business Administration assistance. The bill specifies, however, that such assistance is limited to firms employing 1,500 or fewer persons.

JOB OPPORTUNITIES PROGRAM AMENDMENTS

These amendments authorize an additional \$1 billion for fiscal year 1976 for title X of the Public Works and Economic Development Act, the Job Opportunities Program.

This program was created by title III of the Emergency Jobs and Unemployment Assistance Act of 1974, with a \$500 million authorization for calendar year 1975. The initial appropriation of \$125 million was contained in the Urgent Supplemental Appropriations of 1975. These title X funds were allocated in June, 1975, following an unconscionable six-month delay. An estimated sixteen thousand man/year jobs will be created by the \$125 million at an average job cost per man/year of \$11,500. The remaining \$375 million of the initial authorization was appropriated as part of the Continuing Appropriations Act for 1975. (P.L. 94-41). The Committee urges immediate allocation of these funds since the program is now fully operational.

Because the title X program has now been streamlined to determine quickly the job effectiveness levels of potential projects, the Committee recommends a further authorization of \$1 billion with the following improvements in program management: (1) consolidation and simplification of project selection criteria; (2) elimination of review responsibility by the Secretary of Labor with the Secretary of Commerce; (3) elimination of the requirement that half the appropriated funds must go to projects with 75 percent or more "labor costs," emphasizing instead the job effectiveness purpose; and (4) assignment of priority to programs and projects sponsored by State and local governments.

Simplifying the review process of program and project submissions which had been assigned to two departments will speed up the processing time of the projects. Consequently, the Committee believes the existing requirement that the Secretary of Labor participate in review is unnecessary.

The Committee believes the requirement that one-half of the appropriated funds go to projects with 75 percent labor costs has hampered the Secretary in his selection of the most job effective activities. The intent is not to create public service jobs but to provide an alternative to creating more public jobs. Because of the severe unemployment in the construction industry, the committee intends that priority be given to projects that will be performed under private sector contract.

The wide range of activities undertaken through the Job Opportunities Program, including construction, renovation, and general improvement contracts, suggests the kinds of activities which could be undertaken with this authorization. For example, recently approved programs include renovation of local public facilities, commuter railroad track rehabilitation, fish and wildlife improvements, forest protection projects, water supply lines, construction of multi-use recreation facilities and public housing rehabilitation.

Since the kinds of unemployment vary from place to place, the committee believes each activity selected under this program should be geared to the creation of jobs for the unemployed in the eligible area. The bill provides the Secretary with the flexibility to tailor the job program to local needs. The criteria to be used for selecting activities must be the potential for stimulating jobs. Job effectiveness, as defined

in the bill, is the total man/months of employment related to a particular project which could not have occurred without the addition of funds under title X.

After reviewing the results of the first allocation, the Committee is concerned that many agencies have not given adequate consideration to the applications of States and committees. The amendments, therefore, make clear that priority consideration should be given programs or projects sponsored by States or local communities which best serve the purposes of the program—whether these are revisions of pending programs and projects or new submissions made pursuant to this title.

LIMIT ON AUTHORITY TO OBLIGATE

Section 11 of the bill limits the available authority to obligate funds when the national unemployment rate declines below 9 percent during the most recent calendar quarter. Each one half of one percent of decrease results in a one-fourth reduction in the authority to obligate appropriated funds, up to \$500,000,000, for the succeeding quarter. For example, if unemployment declined to a national seasonally adjusted rate of 8.5 percent for the quarter after enactment of this Act, the authority to obligate funds would be reduced by \$500 million during the next quarter. An increase, up to the limit of \$2 billion, would result from an increase in unemployment.

An unexpectedly rapid decline in unemployment will of course diminish the need for the programs authorized in this legislation. The committee wishes the authority to fund them to be appropriately reduced. However, increases in unemployment above 9 percent will not have the effect of increasing funding authority above \$2 billion.

COST OF LEGISLATION

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires publication in the report of the committee's estimate of the costs of the reported legislation, together with estimates prepared by any Federal Agency. Separate estimates of the cost of activities authorized by this bill were not prepared by any Federal agency. The authorization for sections 2, 3, and 9 of the bill are based on Committee estimates.

The authorizations for fiscal year 1976 total \$2.125 billion with estimated outlays of \$900 million. The estimated outlay for the \$1 billion authorization for new section 107 is \$350 million. The new title II authorization of \$125 million for working capital loans has an outlay estimate of \$50 million, based on past loan experience of the Economic Development Administration. The \$1 billion authorization for the Job Opportunities Program in section 9 of the bill has outlays estimated at \$500 million, based on allocations of the initial \$125 million of this program.

ROLLCALL VOTES DURING COMMITTEE CONSIDERATION

Section 133 of the Legislative Reorganization Act of 1970 and the rules of the Committee on Public Works require that any rollcall votes taken during consideration of this bill be announced in this report. No rollcall votes were taken and the vote of the committee to report the bill was by unanimous voice vote.

COMMITTEE VIEWS

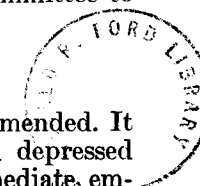
The Committee recommends enactment of S. 1587, as amended. It believes that the overwhelming evidence of a prolonged depressed economy warrants the standby authority to provide immediate employment-generating assistance whenever the national unemployment rate rises above 6½ percent.

The bill, as reported, uses existing program authorities as the vehicle to ensure the quickest and most effective results when the additional authority provided in this bill is exercised.

Unemployment among the construction trades industry must be alleviated. Accordingly, the committee believes every effort must be made to direct the \$2.125 billion authorized by this bill to programs and projects specifically designed to employ these workers.

The \$2.125 authorized for one year in S. 1587 is a substantial expenditure. It is the opinion of the Committee, however, that the long-term economic and social consequences of failing to enact this legislation far outweigh the short-term cost.

The committee recommends the enactment of the bill, as reported.



**ADDITIONAL VIEWS OF MR. BAKER, MR. BUCKLEY, MR.
STAFFORD, MR. McCLURE, AND MR. DOMENICI**

We have reservations about this measure, and its timing. However, it is much more modest in amount than the House bill, and includes the Jobs Opportunities Program which is the type of anti-recessionary measure we believe could be effective. For these reasons we were able to support the bill in Committee.

**HOWARD H. BAKER, Jr.
JAMES L. BUCKLEY.
ROBERT T. STAFFORD.
JAMES A. McCLURE.
PETE V. DOMENICI.**

CHANGES IN EXISTING LAW

In compliance with subsection (4) of the rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

PUBLIC WORKS AND ECONOMIC DEVELOPMENT ACT OF 1965

* * * * *

TITLE I—GRANTS FOR PUBLIC WORKS AND DEVELOPMENT FACILITIES

* * * * *

SEC. 107. (a) Upon the application of any State, political subdivision thereof, or Indian tribe, the Secretary is authorized to make grants for the purpose of increasing the Federal contribution to a public works project for which Federal financial assistance is authorized under provisions of law other than this section. Any grant made for a public works project under this subsection shall be in such amount as may be necessary to make the Federal share of the cost of such project 100 per centum. No grant shall be made for a project under this section unless the Federal financial assistance for such project authorized under provisions of law other than this section is immediately available for such project, and construction of such project has not yet been initiated because of lack of funding for the non-Federal share as of the date of enactment of this section. No part of any grant made under this subsection shall be used for the acquisition of any interest in real property.

(b) (1) The Secretary of Commerce shall provide financial assistance to federally assisted projects authorized and for which funds have been obligated at the time of enactment of the Public Works Employment Act of 1975 which because of rapid increases in wages or cost of materials cannot be initiated and completed within the amount obligated for the project: Provided, That nothing in this subsection shall authorize an increase in the maximum percentage of the Federal contribution for any project for which funds have been obligated.

(2) To be eligible for such assistance, the State, or political subdivision, thereof, Indian tribes, public or private nonprofit group or association, or other eligible applicants to which Federal financial assistance is provided must submit an application to the Secretary setting forth information on the project, job effectiveness of the project, and the benefits to the community or region served by the project. The Secretary after reviewing the applications and with the concur-

rence of the agency, department, or instrumentality of the Federal Government funding the project shall provide funds for those projects which best serve the employment objectives of this section.

(c) Upon the application of any State, political subdivision thereof, or Indian tribe, the Secretary is authorized to make grants for construction (including demolition and other site preparation activities), renovation, repair, or other improvement of local public works facilities including, but not limited to, those public works projects of State and local governments for which Federal financial assistance is authorized under provisions of law other than this Act. No part of any grant made under this subsection shall be used for the acquisition of any interest in real property. The Federal share of any project for which a grant is made under this subsection shall be 100 per centum of the cost of the project.

(d) The Secretary shall give priority to grants made under this section where such funding will initiate construction within ninety days of application approval, and in the following order:

- (1) grants under subsection (a),
- (2) grants under subsection (b),
- (3) grants under subsection (c).

(e) (1) Not more than 15 per centum of all amounts appropriated to carry out this section shall be available under this section for public works projects within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be available for such projects.

(2) Nothing in this section shall be construed to authorize the payment of maintenance costs in connection with any project constructed (in whole or in part) with Federal financial assistance under this section.

(f) Assistance under this section shall be provided only in areas designated by the Secretary of Labor as an area with an unemployment rate equal to or in excess of 6.5 per centum for the most recent three months or any areas designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973. The Secretary, if the national unemployment rate is equal to or exceeds 6½ per centum for the most recent three consecutive months, shall expedite and give priority to grant applications submitted for such areas having unemployment in excess of the national average rate of unemployment for the most recent three consecutive months. Seventy per centum of the funds appropriated pursuant to this section shall be available only for grants in areas as defined in the second sentence of this subsection. If the national average unemployment rate recedes below 6½ per centum for the most recent three consecutive months, the authority of the Secretary to make grants under this section is suspended until the national average unemployment has equalled or exceeded 6½ per centum for the most recent three consecutive months.

(g) The provisions of sections 103 and 104 of this title shall not be applicable to this section.

(h) Grants shall be made in accordance with the rules and regulations published under section 101 of this Act, except that rules and regulations established under

- (1) the second sentence of section 101(d), and

(2) section 101(a)(1)(C) shall not be applicable to such grants. Any necessary revision of such rules and regulations with respect to grants under this section or determination that portions of such rules and regulations do not apply to grants under this section shall be published within thirty days after the enactment of this section and any such revision shall become effective upon publication: Provided, however, That comments from interested parties concerning the published rules and regulations shall be subsequently received by the Secretary and considered for any necessary further revision and in the implementation of this section.

(i) In selecting among projects to carry out the purposes of this program, the Secretary shall consider (1) the severity and duration of unemployment in proposed project areas, (2) level and extent of construction unemployment in proposed project areas, and (3) the extent to which proposed projects will contribute to the reduction of unemployment. The Secretary shall make a final determination with respect to each application for a grant submitted to him under this section not later than the sixtieth day after the date he receives such application. Failure to make such final determination within such period shall be deemed to be an approval by the Secretary of the grant requested.

(j) Unemployment statistics shall be as determined by the Secretary of Labor in the monthly report on unemployment. Any State, political subdivision thereof, or Indian tribe may present to the Secretary of Commerce information on the actual unemployment in the proposed project area.

(k) There is hereby authorized to be appropriated not to exceed \$1,000,000,000 to carry out this section for the fiscal year ending June 30, 1976."

TITLE II—OTHER FINANCIAL ASSISTANCE

PUBLIC WORKS AND DEVELOPMENT FACILITY LOANS

SEC. 201. (a) Upon the application of any State, or political subdivision thereof, Indian tribe, or private or public nonprofit organization or association representing any redevelopment area or part thereof, the Secretary is authorized to purchase evidence of indebtedness and to make loans to assist in financing the purchase or development of land and improvements for public works, public service, or development facility usage, including public works, public service, or development facility usage, to be provided by agencies of the Federal Government pursuant to legislation requiring that non-Federal entities bear some part of the cost thereof, and the acquisition, construction, rehabilitation, alteration, expansion, or improvement of such facilities, including related machinery and equipment, within a redevelopment area, if he finds that—

(1) the project for which financial assistance is sought will directly or indirectly—

(A) tend to improve the opportunities, in the area where such project is or will be located, for the successful establishment or expansion of industrial or commercial plants or facilities,

(B) otherwise assist in the creation of additional long-term employment opportunities for such area, or

(C) primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964;

(2) the funds requested for such project are not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project;

(3) the amount of the loan plus the amount of other available funds for such project are adequate to insure the completion thereof;

(4) there is a reasonable expectation of repayment; and

(5) such area has an approved overall economic development program as provided in section 202(b)(10) and the project for which financial assistance is sought is consistent with such program.

(b) Subject to section 701(5), no loan, including renewals or extensions thereof, shall be made under this section for a period exceeding forty years, and no evidence of indebtedness maturing more than forty years from the date of purchase shall be purchased under this section. Such loans shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, less not to exceed one-half of 1 per centum per annum.

(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202: *Provided*, That annual appropriations for the purpose of purchasing evidences of indebtedness, making and participating in loans, and guaranteeing loans shall not exceed \$170,000,000, for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 per fiscal year for the fiscal years ending June 30, 1975, and **[June 30, 1976.]** *shall not exceed \$200,000,000 for the fiscal year ending June 30, 1976.*

(d) Except for projects specifically authorized by Congress, no financial assistance shall be extended under this section with respect to any public service or development facility which would compete with an existing privately owned public utility rendering a service to the public at rates or charges subject to regulation by a State or Federal regulatory body, unless the State or Federal regulatory body determines that in the area to be served by the facility for which the financial assistance is to be extended there is a need for an increase in such service (taking into consideration reasonably foreseeable future needs) which the existing public utility is not able to meet through its existing facilities or through an expansion which it agrees to undertake.

(e) The Secretary shall prescribe regulations which will assure that appropriate local government authorities have been given a reason-

able opportunity to review and comment upon proposed projects under this section.

LOANS AND GUARANTEES

SEC. 202. (a) (1) The Secretary is authorized to aid in financing, within a redevelopment area, the purchase or development of land and facilities (including machinery and equipment) for industrial or commercial usage, including the construction of new buildings, the rehabilitation of abandoned or unoccupied buildings, and the alteration, conversion, or enlargement of existing buildings by (A) purchasing evidences of indebtedness, (B) making loans (which for purposes of this section shall include participation in loans), (C) guaranteeing loans made to private borrowers by private lending institutions, for any of the purposes referred to in this paragraph upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan.

(2) The Secretary is authorized to aid in financing any industrial or commercial activity within a redevelopment area by (A) making working capital loans, (B) guaranteeing working capital loans made to private borrowers by private lending institutions upon application of such institution and upon such terms and conditions as the Secretary may prescribe, except that no such guarantee shall at any time exceed 90 per centum of the amount of the outstanding unpaid balance of such loan, (C) guaranteeing rental payments of leases for buildings and equipment, except that no such guarantee shall exceed 90 per centum of the remaining rental payments required by the lease **[.]** (D) *contracting to pay, and to pay annually, for not more than ten years, to or on behalf of any private entity employing not more than 1,500 persons amounts sufficient to reduce by up to four percentage points the interest paid by such entities on working capital loans which are obtained from non-Government sources, which provide for annual amortization of principal, and the proceeds of which are used for purposes referred to in this paragraph.*

(b) Financial assistance under this section shall be on such terms and conditions as the Secretary determines, subject, however, to the following restrictions and limitations:

(1) Such financial assistance shall not be extended to assist establishments relocating from one area to another or to assist subcontractors whose purpose is to divest, or whose economic success is dependent upon divesting, other contractors or subcontractors of contracts therefore customarily performed by them: *Provided, however*, That such limitations shall not be construed to prohibit assistance for the expansion of an existing business entity through the establishment of a new branch, affiliate, or subsidiary of such entity if the Secretary finds that the establishment of such branch, affiliate, or subsidiary will not result in an increase in unemployment of the area of original location or in any other area where such entity conducts business operations, unless the Secretary has reason to believe that such branch, affiliate, or subsidiary is being established with the intention of closing down the operations of the existing business entity in the area of its original location or in any other area where it conducts such operations.

(2) Such assistance shall be extended only to applicants, both private and public (including Indian tribes), which have been approved for such assistance by an agency or instrumentality of the State or political subdivision thereof in which the project to be financed is located; and which agency or instrumentality is directly concerned with problems of economic development in such State or subdivision.

(3) The project for which financial assistance is sought must be reasonably calculated to provide more than a temporary alleviation of unemployment or underemployment within the redevelopment area wherein it is or will be located.

(4) No loan or guarantee shall be extended hereunder unless the financial assistance applied for is not otherwise available from private lenders or from other Federal agencies on terms which in the opinion of the Secretary will permit the accomplishment of the project.

(5) The Secretary shall not make any loan without a participation unless he determines that the loan cannot be made on a participation basis.

(6) No evidence of indebtedness shall be purchased and no loans shall be made or guaranteed unless it is determined that there is reasonable assurance of repayment.

(7) Subject to section 701(5) of this Act, no loan or guarantee, including renewals or extension thereof, may be made hereunder for a period exceeding twenty-five years and no evidences of indebtedness maturing more than twenty-five years from date of purchase may be purchased hereunder: *Provided*, That the foregoing restrictions on maturities shall not apply to securities or obligations received by the Secretary as a claimant in bankruptcy or equitable reorganization or as a creditor in other proceedings attendant upon insolvency of the obligor.

(8) Loans made and evidences of indebtedness purchased under this section shall bear interest at a rate not less than a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus additional charge, if any, toward covering other costs of the program as the Secretary may determine to be consistent with its purpose.

(9) Loan assistance (other than for a working capital loan) shall not exceed 65 per centum of the aggregate cost to the applicant (excluding all other Federal aid in connection with the undertaking) of acquiring or developing land and facilities (including machinery and equipment), and of constructing, altering, converting, rehabilitating, or enlarging the building or buildings of the particular project, and shall, among others, be on the condition that—

(A) other funds are available in an amount which, together with the assistance provided hereunder, shall be sufficient to pay such aggregate cost;

(B) not less than 15 per centum of such aggregate cost be supplied as equity capital or as a loan repayable in no shorter period of time and at no faster an amortization rate than the Federal financial assistance extended under this section is being repaid,

and if such a loan is secured, its security shall be subordinate and inferior to the lien or liens securing such Federal financial assistance: *Provided, however*, That, except in projects involving financial participation by Indian tribes, not less than 5 per centum of such aggregate cost shall be supplied by the State or any agency, instrumentality, or political subdivision thereof, or by a community or area organization which is nongovernmental in character, unless the Secretary shall determine in accordance with objective standards promulgated by regulation that all or part of such funds are not reasonably available to the project because of the economic distress of the area or for other good cause, in which case he may waive the requirement of this provision to the extent of such unavailability, and allow the funds required by this subsection to be supplied by the applicant or by such other non-Federal source as may reasonably be available to the project;

(C) to the extent the Secretary finds such action necessary to encourage financial participation in a particular project by other lenders and investors, and except as otherwise provided in subparagraph (B), any Federal financial assistance extended under this section may be repayable only after other loans made in connection with such project have been repaid in full, and the security, if any, for such Federal financial assistance may be subordinate and inferior to the lien or liens securing other loans made in connection with the same project.

(10) No such assistance shall be extended unless there shall be submitted to and approved by the Secretary an overall program for the economic development of the area and a finding by the State, or any agency, instrumentality, or local political subdivision thereof, that the project for which financial assistance is sought is consistent with such program: *Provided*, That nothing in this Act shall authorize financial assistance for any project prohibited by laws of the State or local political subdivision in which the project would be located, nor prevent the Secretary from requiring such periodic revisions of previously approved overall economic development programs as he may deem appropriate.

ECONOMIC DEVELOPMENT REVOLVING FUND

SEC. 203. Funds obtained by the Secretary under section 201, loan funds obtained under section 403, and collections and repayments received under this Act, shall be deposited in an economic development revolving fund (hereunder referred to as the "fund"), which is hereby established in the Treasury of the United States, and which shall be available to the Secretary for the purpose extending financial assistance under sections 201, 202, and 403, and for the payment of all obligations and expenditures arising in connection therewith. There shall also be credited to the fund such funds as have been paid into the area redevelopment fund or may be received from obligations outstanding under the Area Redevelopment Act. The fund shall pay into miscellaneous receipts of the Treasury following the close of each fiscal year, interest on the amount of loans outstanding under this Act computed in such manner and at such rate as may be determined by

the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, during the months of June preceding the fiscal year in which the loans were made.

TITLE X—JOB OPPORTUNITIES PROGRAM

STATEMENT OF PURPOSE

SEC. 1001. It is the purpose of this title to provide emergency financial assistance to stimulate, maintain or expand job creating activities in areas, both urban and rural, which are suffering from unusually high levels of unemployment.

DEFINITIONS

SEC. 1002. [For the purpose of this title—

(1) the term "eligible area" means—

(A) any area, which the Secretary of Labor designates as an area which has a rate of unemployment, equal to or in excess of 6.5 per centum for three consecutive months.

(B) any area designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973, and

(C) any area which is designated by the Secretary of Commerce pursuant to section 401 of the Public Works and Economic Development Act of 1965 as a redevelopment area.]

For the purpose of this title the term "eligible area" means any area, which the Secretary of Labor designates as an area which has a rate of unemployment, equal to or in excess of 6.5 per centum for the most recent three consecutive months or any area designated pursuant to section 204(c) of the Comprehensive Employment and Training Act of 1973 with special consideration given to areas with unemployment rates above the national average.

PROGRAM AUTHORIZED

SEC. 1003. (a) To carry out the purposes of this title, the Secretary of Commerce, in accordance with the provisions of this title, is authorized from funds appropriated and made available under section 1007 of this title to provide financial assistance to programs and projects identified through the review process described in section 1004 to expand or accelerate the job creating impact of such programs or projects for unemployed persons in eligible areas. Programs and projects for which funds are made available under this title shall not be approved until the officials of the appropriate units of general government in the affected area have an adequate opportunity to comment on the specific proposal.

(b) Whenever funds are made available by the Secretary of Commerce under this title for any program or project, the head of the department, agency or instrumentality of the Federal Government

administering the law authorizing such assistance shall, except as otherwise provided in this subsection, administer the law authorizing such assistance in accordance with all applicable provisions of that law, except provisions relating to—

(1) requiring allocation of funds among the States,

(2) limits upon the total amount of such grants for any period, and

(3) the Federal contribution to any State or local government, whenever the President or head of such department, agency, or instrumentality of the Federal Government determines that any non-Federal contribution cannot reasonably be obtained by the State or local government concerned.

(c) [Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to initiate programs in eligible areas.] *Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to assist eligible areas in making applications for grants under this title.*

(d) [In allocating funds under this title, the Secretary of Commerce shall give priority consideration to—

(1) the severity of unemployment in the area; and

(2) the appropriateness of the proposed activity in relating to the number and needs of unemployed persons in eligible areas.]

Notwithstanding any other provisions of this title, funds allocated by the Secretary of Commerce shall be available only for a program or project which the Secretary identifies and selects pursuant to this subsection, and which can be initiated or implemented promptly and substantially completed within twelve months after allocation is made. In identifying and selecting programs and projects pursuant to this subsection, the Secretary shall (1) give priority to programs and projects which are most job effective (measured as the number of man-months of employment created or maintained by the additional expenditures of Federal funds under this title), and (2) consider the appropriateness of the proposed activity to the number and needs of unemployed persons in the eligible area.

(e) [Notwithstanding any other provision of this title, funds allocated by the Secretary of Commerce shall be available only for programs or projects which the Secretary of Commerce and the Secretary of Labor jointly determine are programs or projects—

(1) which will contribute significantly to the reduction of unemployment in the eligible area;

(2) which can be initiated or strengthened promptly;

(3) a substantial portion of which can be completed within 12 months after such allocation is made;

(4) which are not inconsistent with locally approved comprehensive plans for the jurisdiction affected, whenever such plans exist; and

(5) which will be approved giving first priority to programs and projects which are most labor intensive.]

PROGRAM REVIEW

SEC. 1104. (a) Within 45 days after the date of enactment of the Emergency Jobs and Unemployment Assistance Act of 1974, or within

forty-five days after funds are appropriated to the Secretary to carry out the purposes of this title, each department, agency or instrumentality of the Federal government, and each regional commission established by section 101 of the Appalachian Regional Development Act of 1965 or pursuant to section 502 of this Act, shall (1) complete a review of its budget, plans and program including State, substate and local development plans filed with such department, agency or commission; (2) evaluate the job creation effectiveness of programs and projects for which funds are proposed to be obligated in the calendar year **[1975]** and additional programs and projects (*including new or revised programs and projects submitted under subsection (6)*) for which funds could be obligated in such year with Federal financial assistance under this title; and (3) submit to the Secretary of Commerce **[and the Secretary of Labor]** recommendations for programs and projects which have the *greatest* potential to stimulate the creation of jobs for unemployed persons in eligible areas. Within **[30 days]** *forty-five days* of the receipt of such recommendations the Secretary of Commerce **[and the Secretary of Labor]** shall **[jointly]** review such recommendations, **[and the Secretary of Commerce shall]** after consultation with such department, agency, instrumentality, **[and]** regional commissions, *State, or local government* make allocations of funds in accordance with section 1003 **[(e)] (d)** of this title.

(b) *States and political subdivisions in any eligible area may, pursuant to subsection (a), submit to the appropriate department, agency or instrumentality of the Federal government (or regional commission) program and project applications for Federal financial assistance provided under this title.*

(c) *The Secretary, in reviewing programs and projects recommended for any eligible area, shall give priority to programs and projects originally sponsored by States and political subdivisions, including but not limited to new or revised programs and projects submitted in accordance with this section.*

[(LIMITATIONS ON USE OF FUNDS)]

[SEC. 1005. Fifty per centum of the funds appropriated pursuant to section 1007 of this title shall be available only for programs and projects in which not more than 25 percent of such funds will be expended for necessary non-labor costs.]

RULES AND REGULATIONS

SEC. [1006.] 1005. The Secretary of Commerce shall prescribe such rules, regulations, and procedures to carry out the provisions of this title as will assure that adequate consideration is given to the relative needs of applicants for assistance in rural eligible areas and the relative needs of applicants for assistance in urban eligible areas and to any equitable distribution of funds authorized under this title between rural and urban eligible applicants**[,] unless this would require project grants to be made in areas which do not meet the criteria of this title.**

AUTHORIZATION OF APPROPRIATIONS

SEC. 1007. There are authorized to be appropriated \$500,000,000 for the fiscal year 1975 *and \$1,000,000,000 for the fiscal year 1976* to carry out the provisions of this title, except that no further obligation of funds appropriated under this section may be made subsequent to a determination that the national average rate of unemployment has receded below 6.5 per centum for three consecutive calendar months as determined by the Secretary of Labor. Any amounts so appropriated for such fiscal year which are not obligated prior to the end of such fiscal year shall remain available for obligation until **[December 31, 1975] June 30, 1976.**

TERMINATION DATE

SEC. 1008. Notwithstanding any other provision of this title, no further obligation of funds appropriated under this title shall be made by the Secretary of Commerce after **[December 31, 1975] June 30, 1976.**

○

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To authorize a local public works capital development and investment program, to amend the Public Works and Economic Development Act of 1965 to increase the antirecessionary effectiveness of the program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Works Employment Act of 1975".

TITLE I

SEC. 101. This title may be cited as the "Local Public Works Capital Development and Investment Act of 1975".

SEC. 102. As used in this title, the term—

(1) "Secretary" means the Secretary of Commerce, acting through the Economic Development Administration.

(2) "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and American Samoa.

(3) "local government" means any city, county, town, parish, or other political subdivision of a State, and any Indian tribe.

SEC. 103. (a) The Secretary is authorized to make grants to any State or local government for construction (including demolition and other site preparation activities), renovation, repair, or other improvement of local public works projects including but not limited to those public works projects of State and local governments for which Federal financial assistance is authorized under provisions of law other than this title. In addition the Secretary is authorized to make grants to any State or local government for the completion of plans, specifications, and estimates for local public works projects where either architectural design or preliminary engineering, or related planning has already been undertaken and where additional architectural and engineering work or related planning is required to permit construction of the project under this title.

(b) The Federal share of any project for which a grant is made under this section shall be 100 per centum of the cost of the project.

SEC. 104. In addition to the grants otherwise authorized by this title, the Secretary is authorized to make a grant for the purpose of increasing the Federal contribution to a public works project for which Federal financial assistance is authorized under provisions of law other than this title. Any grant made for a public works project under this section shall be in such amount as may be necessary to make the Federal share of the cost of such project 100 per centum. No grant shall be made for a project under this section unless the Federal financial assistance for such project authorized under provisions of law other than this title is immediately available for such project and construction of such project has not yet been initiated because of lack of funding for the non-Federal share.



SEC. 105. In addition to the grants otherwise authorized by this title, the Secretary is authorized to make a grant for the purpose of providing all or any portion of the required State or local share of the cost of any public works project for which financial assistance is authorized under any provision of State or local law requiring such contribution. Any grant made for a public works project under this section shall be made in such amount as may be necessary to provide the requested State or local share of the cost of such project. A grant shall be made under this section for either the State or local share of the cost of the project, but not both shares. No grant shall be made for a project under this section unless the share of the financial assistance for such project (other than the share with respect to which a grant is requested under this section) is immediately available for such project and construction of such project has not yet been initiated.

SEC. 106. (a) No grant shall be made under section 103, 104, or 105 of this title for any project having as its principal purpose the channelization, damming, diversion, or dredging of any natural watercourse, or the construction or enlargement of any canal (other than a canal or raceway designated for maintenance as an historic site) and having as its permanent effect the channelization, damming, diversion, or dredging of such watercourse or construction or enlargement of any canal (other than a canal or raceway designated for maintenance as an historic site).

(b) No part of any grant made under section 103, 104, or 105 of this title shall be used for the acquisition of any interest in real property.

(c) Nothing in this title shall be construed to authorize the payment of maintenance costs in connection with any projects constructed (in whole or in part) with Federal financial assistance under this title.

(d) Grants made by the Secretary under this title shall be made only for projects for which the applicant gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may prescribe, that, if funds are available, on-site labor can begin within ninety days of project approval.

SEC. 107. The Secretary shall, not later than thirty days after date of enactment of this title, prescribe those rules, regulations, and procedures (including application forms) necessary to carry out this title. Such rules, regulations, and procedures shall assure that adequate consideration is given to the relative needs of various sections of the country. The Secretary shall consider among other factors (1) the severity and duration of unemployment in proposed project areas, (2) the income levels and extent of underemployment in proposed project areas, and (3) the extent to which proposed projects will contribute to the reduction of unemployment. The Secretary shall make a final determination with respect to each application for a grant submitted to him under this title not later than the sixtieth day after the date he receives such application. Failure to make such final determination within such period shall be deemed to be an approval by the Secretary of the grant requested. For purposes of this section, in considering the extent of unemployment or underemployment, the Secretary shall consider the amount of unemployment or underemployment in the construction and construction-related industries.

SEC. 108. (a) Not less than one-half of 1 per centum or more than 10 per centum of all amounts appropriated to carry out this title shall be granted under this title for local public works projects within any one State, except that in the case of Guam, Virgin Islands, and American



Samoa, not less than one-half of 1 per centum in the aggregate shall be granted for such projects in all three of these jurisdictions.

(b) In making grants under this title, the Secretary shall give priority and preference to public works projects of local governments.

(c) In making grants under this title, if for the three most recent consecutive months, the national unemployment rate is equal to or exceeds $6\frac{1}{2}$ per centum, the Secretary shall (1) expedite and give priority to applications submitted by States or local governments having unemployment rates for the three most recent consecutive months in excess of the national unemployment rate and (2) shall give priority thereafter to applications submitted by States or local governments having unemployment rates for the three most recent consecutive months in excess of $6\frac{1}{2}$ per centum, but less than the national unemployment rate. Information regarding unemployment rates may be furnished either by the Federal Government, or by States or local governments, provided the Secretary determines that the unemployment rates furnished by States or local governments are accurate, and shall provide assistance to States or local governments in the calculation of such rates to insure validity and standardization.

(d) Seventy per centum of all amounts appropriated to carry out this title shall be granted for public works projects submitted by State or local governments given priority under clause (1) of the first sentence of subsection (c) of this section. The remaining 30 per centum shall be available for public works projects submitted by State or local governments in other classifications of priority.

(e) In determining the unemployment rate of a local government for the purposes of this section, unemployment in those adjoining areas from which the labor force for such project may be drawn, shall, upon request of the applicant, be taken into consideration.

(f) States and local governments making application under this title should (1) relate their specific requests to existing approved plans and programs of a local community development or regional development nature so as to avoid harmful or costly inconsistencies or contradictions; and (2) where feasible, make requests which, although capable of early initiation, will promote or advance longer range plans and programs.

SEC. 109. All laborers and mechanics employed by contractors or subcontractors on projects assisted by the Secretary under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). The Secretary shall not extend any financial assistance under this title for such project without first obtaining adequate assurance that these labor standards will be maintained upon the construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this provision, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1964, as amended (40 U.S.C. 276c).

SEC. 110. No person shall on the ground of sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any project receiving Federal grant assistance under this title, including any supplemental grant made under this title. This provision will be enforced through agency provisions and rules similar to those already established, with respect to racial and other discrimination under title VI of the Civil Rights Act of 1964. However, this



remedy is not exclusive and will not prejudice or cut off any other legal remedies available to a discriminatee.

SEC. 111. There is authorized to be appropriated not to exceed \$2,500,000,000 for the period ending September 30, 1977, to carry out this title.

TITLE II—ANTIRECESSION PROVISIONS

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 201. (a) FINDINGS.—The Congress finds—

(1) that State and local governments represent a significant segment of the national economy whose economic health is essential to national economic prosperity;

(2) that present national economic problems have imposed considerable hardships on State and local government budgets;

(3) that those governments, because of their own fiscal difficulties, are being forced to take budget-related actions which tend to undermine Federal Government efforts to stimulate the economy;

(4) that efforts to stimulate the economy through reductions in Federal Government tax obligations are weakened when State and local governments are forced to increase taxes;

(5) that the net effect of Federal Government efforts to reduce unemployment through public service jobs is substantially limited if State and local governments use federally financed public service employees to replace regular employees that they have been forced to lay off;

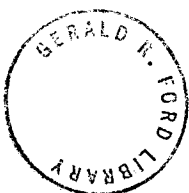
(6) that efforts to stimulate the construction industry and reduce unemployment are substantially undermined when State and local governments are forced to cancel or delay the construction of essential capital projects; and

(7) that efforts by the Federal Government to stimulate the economic recovery will be substantially enhanced by a program of emergency Federal Government assistance to State and local governments to help prevent those governments from taking budget-related actions which undermine that Federal Government efforts to stimulate economic recovery.

(b) POLICY.—Therefore, the Congress declares it to be the policy of the United States and the purpose of this title to make State and local government budget-related actions more consistent with Federal Government efforts to stimulate national economic recovery; to enhance the stimulative effect of a Federal Government income tax reduction; and to enhance the job creation impact of Federal Government public service employment programs. It is the intention of Congress that amounts paid to a State or local government under this title shall not be substituted for amounts which the State would have paid or made available to the local government out of revenues from State sources.

FINANCIAL ASSISTANCE AUTHORIZED

SEC. 202. (a) EMERGENCY SUPPORT GRANTS.—The Secretary of the Treasury (hereafter in this title referred to as the "Secretary") shall, in accordance with the provisions of this title, make emergency support grants to States and to local governments to coordinate budget-related actions by such governments with Federal Government efforts to stimulate economic recovery.



(b) AUTHORIZATION OF APPROPRIATIONS.—Subject to the provisions of subsection (c), there are authorized to be appropriated for each of the five succeeding calendar quarters (beginning with the calendar quarter which begins on April 1, 1976) for the purpose of making emergency support grants under this title—

(1) \$125,000,000 plus

(2) \$62,500,000, multiplied by the number of one-half percentage points by which the rate of seasonally adjusted national unemployment for the most recent calendar quarter which ended 3 months before the beginning of such calendar quarter exceeded 6 percent.

(c) TERMINATION.—No amount is authorized to be appropriated under the provisions of subsection (b) for any calendar quarter if—

(1) the average rate of national unemployment during the most recent calendar quarter which ended 3 months before the beginning of such calendar quarter did not exceed 6 percent, and

(2) the rate of national unemployment for the last month of the most recent calendar quarter which ended 3 months before the beginning of such calendar quarter did not exceed 6 percent.

ALLOCATION

SEC. 203. (a) RESERVATIONS.—

(1) ALL STATES.—The Secretary shall reserve one-third of the amounts appropriated pursuant to authorization under section 202 for each calendar quarter for the purpose of making emergency support grants to States under the provisions of subsection (b).

(2) ALL LOCAL GOVERNMENTS.—The Secretary shall reserve two-thirds of such amounts for the purpose of making emergency support grants to local governments under the provisions of subsection (c).

(b) STATE ALLOCATION.—

(1) IN GENERAL.—The Secretary shall allocate from amounts reserved under subsection (a) (1) an amount for the purpose of making emergency support grants to each State equal to the total amount reserved under subsection (a) (1) for the calendar quarter multiplied by the applicable State percentage.

(2) APPLICABLE STATE PERCENTAGE.—For purposes of this subsection, the applicable State percentage is equal to the quotient resulting from the division of the product of—

(A) the State excess unemployment percentage, multiplied by

(B) the State tax amount

by the sum of such products for all the States.

(3) DEFINITIONS.—For purposes of this section—

(A) the term "State" means each State of the United States;

(B) the State excess unemployment percentage is equal to the difference resulting from the subtraction of the State base period unemployment rate for that State from the State unemployment rate for that State;

(C) the State base period unemployment rate is equal to the average annual rate of unemployment in the State determined over the period which begins on January 1, 1967, and ends on December 31, 1969, as determined by the Secretary of Labor and reported to the Secretary;



(D) the State unemployment rate is equal to the rate of unemployment in the State during the appropriate calendar quarter, as determined by the Secretary of Labor and reported to the Secretary; and

(E) the State tax amount is the amount of compulsory contributions exacted by the State for public purposes (other than employee and employer assessments and contributions to finance retirement and social insurance systems, and other than special assessments for capital outlay), as such contributions are determined for the most recent period for which such data are available from the Social and Economic Statistics Administration for general statistical purposes.

(c) LOCAL GOVERNMENT ALLOCATION.—

(1) IN GENERAL.—The Secretary shall allocate from amounts reserved under subsection (a) (2) an amount for the purpose of making emergency support grants to each local government, subject to the provisions of paragraph (3), equal to the total amount reserved under such subsection for the calendar quarter multiplied by the local government percentage.

(2) LOCAL GOVERNMENT PERCENTAGE.—For purposes of this subsection, the local government percentage is equal to the quotient resulting from the division of the product of—

(A) the local excess unemployment percentage, multiplied by

(B) the local adjusted tax amount,

by the sum of such products for all local governments.

(3) SPECIAL RULE.—

(A) For purposes of paragraphs (1) and (2), all local governments within the jurisdiction of a State other than identifiable local governments shall be treated as though they were one local government.

(B) The Secretary shall set aside from the amount allocated under paragraph (1) of this subsection for all local governments within the jurisdiction of a State which are treated as though they are one local government under subparagraph (A) an amount determined under subparagraph (C) for the purpose of making emergency support grants to each local government, other than identifiable local governments, within the jurisdiction of such State.

(C) The amount set aside for the purpose of making emergency support grants to each local government, other than an identifiable local government, within the jurisdiction of a State under subparagraph (B) shall be—

(i) determined under an allocation plan submitted by such State to the Secretary which meets the requirements set forth in section 206(b), or

(ii) if a State does not submit an allocation plan under section 206(b) for purposes of this paragraph within 30 days after the date of enactment of this title or if a State's allocation plan is not approved by the Secretary under section 206(c), equal to the total amount allocated under paragraph (1) of this subsection for all local governments within the jurisdiction of such State which are treated as though they are one local government under subparagraph (A) multiplied by the local government percentage, as defined in paragraph (2)

(determined without regard to the parenthetical phrases at the end of paragraphs (4) (B) and (C) of this subsection).

(D) If local unemployment rate data (as defined in paragraph (4) (B) of this subsection without regard to the parenthetical phrase at the end of such definition) for a local government jurisdiction is unavailable to the Secretary or the State for purposes of determining the amount to be set aside for such government under subparagraph (C) then the Secretary or State shall determine such amount under subparagraph (C) by using—

(i) the best available unemployment rate data for such government if such data is determined in a manner which is substantially consistent with the manner in which local unemployment rate data is determined, or

(ii) if no consistent unemployment rate data is available, the local unemployment rate data for the smallest unit of identifiable local government in the jurisdiction of which such government is located.

(E) If the amount determined under subparagraph (C) which would be set aside for the purpose of making emergency support grants to a local government under subparagraph (B) is less than \$250 then no amount shall be set aside for such local government under subparagraph (B).

(4) DEFINITIONS.—For purposes of this subsection—

(A) the local excess unemployment percentage is equal to the difference resulting from the subtraction of 4.5 percentage points from the local unemployment rate;

(B) the local unemployment rate is equal to the rate of unemployment in the jurisdiction of the local government during the appropriate calendar quarter, as determined by the Secretary of Labor and reported to the Secretary (in the case of local governments treated as one local government under paragraph (3) (A), the local unemployment rate shall be the unemployment rate of the State adjusted by excluding consideration of unemployment and of the labor force within identifiable local governments, other than county governments, within the jurisdiction of that State);

(C) the local adjusted tax amount means—

(i) the amount of compulsory contributions exacted by the local government for public purposes (other than employee and employer assessments and contributions to finance retirement and social insurance systems, and other than special assessments for capital outlay) as such contributions are determined for the most recent period for which such data are available from the Social and Economic Statistics Administration for general statistical purposes,

(ii) adjusted (under rules prescribed by the Secretary) by excluding an amount equal to that portion of such compulsory contributions which is properly allocable to expenses for education,

(and in the case of local governments treated as one local government under paragraph (3) (A), the local tax amount shall be the sum of the local adjusted tax amounts of all local governments within the State, adjusted by excluding an amount equal to the sum of the local adjusted tax amounts of



identifiable local governments within the jurisdiction of that State);

(D) the term "identifiable local government" means a unit of general local government for which the Secretary of Labor has made a determination concerning the rate of unemployment for purposes of title II or title VI of the Comprehensive Employment and Training Act of 1973 during the current or preceding fiscal year; and

(E) the term "local government" means the government of a county, municipality, township, or other unit of government below the State which—

(i) is a unit of general government (determined on the basis of the same principles as are used by the Social and Economic Statistics Administration for general statistical purposes), and

(ii) performs substantial governmental functions.

Such term includes the District of Columbia and also includes the recognized governing body of an Indian tribe or Alaskan native village which performs substantial governmental functions. Such term does not include the government of a township area unless such government performs substantial governmental functions.

For the purpose of paragraph (4) (D), the Secretary of Labor shall, notwithstanding any other provision of law, continue to make determinations with respect to the rate of unemployment for the purposes of such title VI.

CONTINGENCY FUND

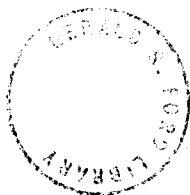
SEC. 204. (a) RESERVATION.—The Secretary shall reserve from the amounts appropriated pursuant to the authorization under section 202 for each calendar quarter an amount equal to the amount, if any, not paid to State or local governments by reason of section 210(c), but not in excess of an amount which is equal to 10 percent multiplied by the total amount appropriated under the authorization in section 202 for such quarter, for the purpose of making additional emergency support grants to State or local governments which are in severe fiscal difficulty, as determined under subsection (d).

(b) ALLOCATIONS.—The Secretary shall allocate from the amounts reserved under subsection (a) such amount as he determines is necessary for an additional emergency support grant to assist each State or local government, upon application by such government, which is in severe fiscal difficulty. The sum of the amounts allocated under this subsection may not be less than 75 percent of the amount reserved under subsection (a) for the calendar quarter. No amount may be allocated for an additional emergency support grant to a State or local government under this section in excess of an amount equal to the lesser of—

(1) 10 percent of the amount allocated to such State or local government under section 203 for the calendar quarter, or

(2) 15 percent of the amount reserved under this subsection for the calendar quarter.

(c) SPECIAL RULE FOR PUERTO RICO, VIRGIN ISLANDS, GUAM, AND THE TRUST TERRITORIES OF THE PACIFIC.—The Secretary may allocate from the amount reserved under subsection (a) amounts for the purpose of making emergency support grants to the governments of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territories of the Pacific, upon application by such governments, if such governments are in severe fiscal difficulty, as determined



under subsection (d). The total amount of payments made under this paragraph during any calendar quarter may not exceed 10 percent of the amount reserved under subsection (a) for that quarter. For purposes of sections 205 through 215, the governments of the Commonwealth of Puerto Rico, the Virgin Islands, Guam, and the Trust Territories of the Pacific shall be considered to be State governments.

(d) **CRITERIA FOR SEVERE FISCAL DIFFICULTY.**—For purposes of this section, a State or local government shall be considered to be in severe fiscal difficulty if—

- (1) the rate of unemployment during the appropriate calendar quarter within its jurisdiction exceeds the national annual average rate of unemployment,
- (2) it is currently unable, or will be unable before the end of the current calendar quarter, to pay accrued interest to the holders of the outstanding debt instruments, or
- (3) it must increase taxes immediately to maintain its level of basic services or reduce the level of those services before the end of the current calendar quarter.

USES OF EMERGENCY SUPPORT GRANTS

SEC. 205. Each State and local government shall use emergency support grants made under this title for the maintenance of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government, as the case may be. State and local governments may not use emergency support grants made under this title for the acquisition of supplies and materials and for construction unless such supplies and materials or construction are essential to maintain basic services.

APPLICATIONS

SEC. 206. (a) **IN GENERAL.**—Each State and local government may receive emergency support grants under this title only upon application to the Secretary, at such time, in such manner, and containing or accompanied by such information as the Secretary prescribes by rule. The Secretary may not require any State or local government to make more than one such application during each fiscal year. Each such application shall—

- (1) include a State or local government program for the maintenance, to the extent practical, of levels of public employment and of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government which is consistent with the provisions of section 205;
- (2) provide that fiscal control and fund accounting procedures will be established as may be necessary to assure the proper disbursement of, and accounting for, Federal funds paid to the State or local government under this title;
- (3) provide that reasonable reports will be furnished in such form and containing such information as the Secretary may reasonably require to carry out the purposes of this title and provide that the Secretary, on reasonable notice, shall have access to, and the right to examine any books, documents, papers, or records as he may reasonably require to verify such reports;
- (4) provide that the requirements of section 207 will be complied with;
- (5) provide that the requirements of section 208 will be complied with;



(6) provide that the requirements of section 209 will be complied with; and

(7) provide that any amount received as an emergency support grant under this title shall be expended by the State or local government before the end of the 6-calendar-month period which begins on the date after the day on which such State or local government receives such grant.

(b) STATE ALLOCATION PLANS FOR PURPOSES OF SECTION 203(c)(3).—A State may file an allocation plan with the Secretary for purposes of section 203(c)(3)(C)(i) at such time, in such manner, and containing such information as the Secretary may require by rule. Such allocation plan shall meet the following requirements:

(1) the criteria for allocation of amounts among the local governments within the State shall be consistent with the allocation formula for local governments under section 203(c)(2);

(2) the allocation criteria must be specified in the plan; and

(3) the plan must be developed after consultation with appropriate officials of local governments within the State other than identifiable local governments. The allocation plan required under the subparagraph shall, to the extent feasible, include consideration of the needs of small local government jurisdictions with severe fiscal problems.

(c) APPROVAL.—The Secretary shall approve any application that meets the requirements of subsection (a) or (b) within 30 days after he receives such application, and shall not finally disapprove, in whole or in part, any application for an emergency support grant under this title without first affording the State or local government reasonable notice and an opportunity for a hearing.

NONDISCRIMINATION

SEC. 207. (a) IN GENERAL.—No person in the United States shall, on the grounds of race, religion, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds made available under this title.

(b) AUTHORITY OF THE SECRETARY.—Whenever the Secretary determines that a State government or unit of local government has failed to comply with subsection (a) or an applicable regulation, he shall, within 10 days, notify the Governor of the State (or, in the case of a unit of local government, the Governor of the State in which such unit is located, and the chief elected official of the unit) of the noncompliance. If within 30 days of the notification compliance is not achieved, the Secretary shall, within 10 days thereafter—

(1) exercise all the powers and functions provided by title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d);

(2) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted; or

(3) take such other action as may be provided by law.

(c) ENFORCEMENT.—Upon his finding of discrimination under subsection (b), the Secretary shall have the full authority to withhold or temporarily suspend any grant under this title, or otherwise exercise any authority contained in title VI of the Civil Rights Act of 1964, to assure compliance with the requirement of nondiscrimination in federally assisted programs set forth in that title.

(d) APPLICABILITY OF CERTAIN CIVIL RIGHTS ACTS.—

(1) Any party who is injured or deprived within the meaning of section 1979 of the Revised Statutes (42 U.S.C. 1983) or of



section 1980 of the Revised Statutes (42 U.S.C. 1985) by any person, or two or more persons in the case of such section 1980, in connection with the administration of an emergency support grant under this title may bring a civil action under such section 1979 or 1980, as applicable, subject to the terms and conditions of those sections.

(2) Any person who is aggrieved by an unlawful employment practice within the meaning of title VII of the Civil Rights Act of 1964 (42 U.S.C. 2000e et seq.) by any employer in connection with the administration of an emergency support grant under this title may bring a civil action under section 706(f)(1) of such Act (42 U.S.C. 2000e-5(f)(1)) subject to the terms and conditions of such title.

LABOR STANDARDS

SEC. 208. All laborers and mechanics employed by contractors on all construction projects assisted under this title shall be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-5). The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 C.F.R. 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

SPECIAL REPORTS

SEC. 209. Each State and local government which receives a grant under the provisions of this title shall report to the Secretary any increase or decrease in any tax which it imposes and any substantial reduction in the number of individuals it employs or in services which such State or local government provides. Each State which receives a grant under the provisions of this title shall report to the Secretary any decrease in the amount of financial assistance which the State provides to the local governments within its jurisdiction below the amount which equals the amount of such assistance which such State provided to such local governments during the 12-month period which ends on the last day of the calendar quarter immediately preceding the date of enactment of this title, together with an explanation of the reasons for such decrease. Such reports shall be made as soon as it is practical and, in any case, not less than 6 months after the date on which the decision to impose such tax increase or decrease, such reductions in employment or services, or such decrease in State financial assistance is made public.

PAYMENTS

SEC. 210. (a) IN GENERAL.—From the amount allocated for State and local governments under sections 203 and 204, the Secretary shall pay to each State and to each local government, which has an application approved under section 206, an amount equal to the amount allocated to such State or local government under section 203 or section 204.

(b) ADJUSTMENTS.—Payments under this title may be made with necessary adjustments on account of overpayments or underpayments.

(c) TERMINATION.—No amount shall be paid to any State or local government under the provisions of this section for any calendar quarter if—



(1) the average rate of unemployment within the jurisdiction of such State or local government during the most recent calendar quarter which ended three months before the beginning of such calendar quarter was less than 6 percent, and

(2) the rate of unemployment within the jurisdiction of such government for the last month of the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 6 percent.

STATE AND LOCAL GOVERNMENT ECONOMICIZATION

SEC. 211. No State or local government may receive any payment under the provisions of this title unless such government in good faith certifies in writing to the Secretary, at such time and in such manner and form as the Secretary prescribes by rule, that it has made substantial economies in its operations and that without grants under this title it will not be able to maintain essential services without increasing taxes or maintaining recent increases in taxes thereby weakening Federal Government efforts to stimulate the economy through reductions in Federal tax obligations.

WITHHOLDING

SEC. 212. Whenever the Secretary, after affording reasonable notice and an opportunity for a hearing to any State or local government, finds that there has been a failure to comply substantially with any provision set forth in the application of that State or local government approved under section 206, the Secretary shall notify that State or local government that further payments will not be made under this title until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made under this title.

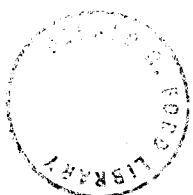
REPORTS

SEC. 213. The Secretary shall report to the Congress as soon as is practical after the end of each calendar quarter during which grants are made under the provisions of this title. Such report shall include information on the amounts paid to each State and local government and a description of any action which the Secretary has taken under the provisions of section 212 during the previous calendar quarter. The Secretary shall report to Congress as soon as is practical after the end of each calendar year during which grants are made under the provisions of this title. Such reports shall include detailed information on the amounts paid to State and local governments under the provisions of this title, any actions with which the Secretary has taken under the provisions of section 212, and an evaluation of the purposes to which amounts paid under this title were put by State and local governments and the economic impact of such expenditures during the previous calendar year.

ADMINISTRATION

SEC. 214. (a) RULES.—The Secretary is authorized to prescribe, after consultation with the Secretary of Labor, such rules as may be necessary for the purpose of carrying out his functions under this title.

(b) COORDINATION.—In administering the provisions of this title, the Secretary is authorized to use the services and facilities of any agency of the Federal Government and of any other public agency or institution in accordance with appropriate agreements, and to pay for



such services either in advance or by way of reimbursement as may be agreed upon.

PROGRAM STUDIES AND RECOMMENDATIONS

SEC. 215. (a) EVALUATION.—The Comptroller General of the United States shall conduct an investigation of the impact which emergency support grants have on the operations of State and local governments and on the national economy. Before and during the course of such investigation the Comptroller General shall consult with and coordinate his activities with the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations. The Comptroller General shall report the results of such investigation to the Congress within two years after the date of enactment of this title together with an evaluation of the macro-economic effect of the program established under this title and any recommendations for improving the effectiveness of similar programs. Such report shall include the opinions of the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations with respect to the program established under this title and any recommendations which they may have for improving the effectiveness of similar programs. All officers and employees of the United States shall make available all information, reports, data, and any other material necessary to carry out the provisions of this subsection to the Comptroller General upon a reasonable request.

(b) COUNTERCYCLICAL STUDY.—The Director of the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations shall conduct a study to determine the most effective means by which the Federal Government can stabilize the national economy during periods of excess expansion and high inflation through programs directed toward State and local governments. Before and during the course of such study the Director and the Advisory Commission shall consult with and coordinate their activities with the Comptroller General of the United States. The Director and the Advisory Commission shall report the results of such study to Congress within two years after the date of enactment of this title. Such study shall include the opinions of the Comptroller General with respect to such study.

TITLE III

SEC. 301. (a) Section 201(c) of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

“(c) There are hereby authorized to be appropriated such sums as may be necessary to carry out the provisions of this section and section 202, except that annual appropriations for the purpose of purchasing evidences of indebtedness, paying interest supplement to or on behalf of private entities making and participating in loans, and guaranteeing loans, shall not exceed \$170,000,000 for the fiscal year ending June 30, 1966, and for each fiscal year thereafter through the fiscal year ending June 30, 1973, and shall not exceed \$55,000,000 for the fiscal year ending June 30, 1974, and shall not exceed \$75,000,000 for the fiscal year ending June 30, 1975, and shall not exceed \$200,000,000 for the fiscal year ending June 30, 1976.”

(b) Section 202(a)(1) of such Act, as amended, is amended by adding after paragraph (1) the following new paragraph:

“(2) In addition to any other financial assistance under this title, the Secretary is authorized, in the case of any loan guarantee under authority of paragraph (1) of this section to pay to or on behalf of the private borrower an amount sufficient to reduce up to 4 percentage



points the interest paid by such borrower on such guaranteed loans. Payments made to or on behalf of such borrower shall be made no less often than annually. No obligation shall be made by the Secretary to make any payment under this paragraph for any loan guarantee made after December 31, 1976."

(c) Section 202(a) of such Act, as amended, is amended by renumbering existing paragraph (2) as (3), including any references thereto.

SEC. 302. Title IV of the Public Works and Economic Development Act of 1965 is further amended by adding at the end thereof, the following:

"PART D—URBAN ECONOMIC DEVELOPMENT

"SEC. 405. (a) For the purposes of this section, the term 'city' means (A) any unit of general local government which is classified as a municipality by the Bureau of the Census, or (B) any other unit of general local government which is a town or township and which, in the determination of the Secretary, (i) possesses powers and performs functions comparable to those associated with municipalities, (ii) is closely settled, and (iii) contains within its boundaries no incorporated places as defined by the Bureau of the Census.

"(b) Any city with a population of 50,000 or more which has submitted to and has had approved by the Secretary an overall economic development program in accordance with section 202(b)(10) of this Act shall be designated by the Secretary as a 'redevelopment area' and such area shall be entitled to the assistance authorized by this Act, except that only funds authorized by subsection (d) of this section shall be expended in providing such assistance to a city whose only designation as a 'redevelopment area' is under this section. Nothing in this section shall be construed to prohibit the designation of a city as a 'redevelopment area' under this section in addition to its designation as a 'redevelopment area' under any other provision of this Act, and nothing in this section shall be construed to prohibit a city designated a 'redevelopment area' both under this section and another provision of this Act from receiving assistance under this Act through the expenditure of funds both under this section and under any other provision of this Act.

"(c) In addition to any other assistance available under this Act, if a city that has been designated as a redevelopment area under this section prepares a plan for the redevelopment of the city or a part thereof and submits such plan to the Secretary for his approval and the Secretary approves such plan, the Secretary is authorized to make a grant to such city for the purpose of carrying out such plan. Such plan may include industrial land assembly, land banking, acquisition of surplus government property, acquisition of industrial sites including acquisition of abandoned properties with redevelopment potential, real estate development including redevelopment and rehabilitation of historical buildings for industrial and commercial use, rehabilitation and renovation of usable empty factory buildings for industrial and commercial use, and other investments which will accelerate recycling of land and facilities for job creating economic activity. Any such grant shall be made on condition (A) that the city will use such grant to make grants or loans, or both, to carry out such plans, and (B) the repayments of any loans made by the city from such grant shall be placed by such city in a revolving fund available solely for the making of other grants and loans by the city, upon approval by the Secretary, for the economic redevelopment of the city.



“(d) There is hereby authorized to be appropriated to carry out this section not to exceed \$50,000,000 for the fiscal year ending June 30, 1976, and not to exceed \$50,000,000 for the transition period ending September 30, 1976.”

SEC. 303. (a) Section 1003(c) of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

“(c) Where necessary to effectively carry out the purposes of this title, the Secretary of Commerce is authorized to assist eligible areas in making applications, for grants under this title.”

(b) Section 1003(d) of such Act, as amended, is amended to read as follows:

“(d) Notwithstanding any other provisions of this title, funds allocated by the Secretary of Commerce shall be available only for a program or project which the Secretary identifies and selects pursuant to this subsection, and which can be initiated or implemented promptly and substantially completed within twelve months after allocation is made. In identifying and selecting programs and projects pursuant to this subsection, the Secretary shall (1) give priority to programs and projects which are most effective in creating and maintaining productive employment, including permanent and skilled employment measured as the amount of such direct and indirect employment generated or supported by the additional expenditures of Federal funds under this title, and (2) consider the appropriateness of the proposed activity to the number and needs of unemployed persons in the eligible area.”

(c) Section 1003(e) of such Act as amended, is amended to read as follows:

“(e) The Secretary, if the national unemployment rate is equal to or exceeds 6½ per centum for the most recent three consecutive months, shall expedite and give priority to grant applications submitted for such areas having unemployment in excess of the national average rate of unemployment for the most recent three consecutive months. Seventy per centum of the funds appropriated pursuant to this title shall be available only for grants in areas as defined in the second sentence of this subsection. If the national average unemployment rate recedes below 6½ per centum for the most recent three consecutive months, the authority of the Secretary to make grants under this title is suspended until the national average unemployment has equaled or exceeded 6½ per centum for the most recent three consecutive months. Not more than 15 per centum of all amounts appropriated to carry out this title shall be available under this title for projects or programs within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be available for such projects or programs.”

SEC. 304. Section 1004 of the Public Works and Economic Development Act of 1965, as amended, is amended to read as follows:

“SEC. 1004. (a) Within forty-five days after enactment of the Emergency Job and Unemployment Assistance Act of 1974 or within forty-five days after any funds are appropriated to the Secretary to carry out the purposes of this title, each department, agency, or instrumentality of the Federal Government, each regional commission established by section 101 of the Appalachian Regional Development Act of 1965 or pursuant to section 502 of this Act, shall (1) complete a review of its budget, plans, and programs and including State, substate, and local development plans filed with such department, agency or commission; (2) evaluate the job creation effectiveness of programs and projects for which funds are proposed to be obligated in the calendar



year and additional programs and projects (including new or revised programs and projects submitted under subsection (b)) for which funds could be obligated in such year with Federal financial assistance under this title; and (3) submit to the Secretary of Commerce recommendations for programs and projects which have the greatest potential to stimulate the creation of jobs for unemployed persons in eligible areas. Within forty-five days of the receipt of such recommendations the Secretary of Commerce shall review such recommendations, and after consultation with such department, agency instrumentality, regional commission, State, or local government make allocations of funds in accordance with section 1003 (d) of this title.

“(b) States and political subdivisions in any eligible area may, pursuant to subsection (a), submit to the appropriate department, agency, or instrumentality of the Federal Government (or regional commission) program and project applications for Federal financial assistance provided under this title.

“(c) The Secretary, in reviewing programs and projects recommended for any eligible area shall give priority to programs and projects originally sponsored by States and political subdivisions, including but not limited to new or revised programs and projects submitted in accordance with this section.”

SEC. 305. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, is amended by striking such section and renumbering subsequent sections accordingly.

SEC. 306. Section 1005 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended by striking the period and inserting the following at the end thereof: “unless this would require project grants to be made in areas which do not meet the criteria of this title.”

SEC. 307. (a) Section 1006 of the Public Works and Economic Development Act of 1965, as amended, as redesignated by this Act, is amended by inserting the following after “1975” in the first sentence: “and \$500,000,000 for the fiscal year 1976 and the transition period ending September 30, 1976”.

(b) Section 1006 as redesignated by this Act is further amended by striking “December 31, 1975” in the second sentence and inserting in lieu thereof “September 30, 1976”.

(c) Section 1006 of the Public Works and Economic Development Act of 1965 as redesignated by the Act is amended by adding at the end thereof the following new sentence: “Funds authorized to carry out this title shall be in addition to, and not in lieu of, any amounts authorized by other provisions of law.”

SEC. 308. Section 1007 as redesignated by this Act is amended by striking “December 31, 1975” and inserting in lieu thereof “September 30, 1976”.

SEC. 309. Title X of the Public Works and Economic Development Act of 1965 is further amended by adding at the end thereof the following new section:

“CONSTRUCTION COSTS

“SEC. 1008. No program or project originally approved for funds under an existing program shall be determined to be ineligible for Federal financial assistance under this title solely because of increased construction costs.”

SEC. 310. The Secretary of Commerce shall notify in a timely and uniform manner State and local governments having areas eligible



H. R. 5247—17

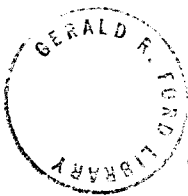
for assistance under Title X of the Public Works and Economic Development Act of 1965.

SEC. 311. (a) There is authorized to be appropriated to carry out title II of the Federal Water Pollution Control Act, other than sections 206, 208, and 209, for the fiscal year ending September 30, 1977, not to exceed \$1,417,968,050 which sum (subject to such amounts as are provided in appropriation Acts) shall be allotted to each State listed in column 1 of table IV contained in House Public Works and Transportation Committee Print numbered 94-25 in accordance with the percentages provided for such State (if any) in column 5 of such table. The sum authorized by this section shall be in addition to, and not in lieu of, any funds otherwise authorized to carry out such title during such fiscal year. Any sums allotted to a State under this section shall be available until expended.

(b) The Administrator of the Environmental Protection Agency shall, within 45 days from the date of enactment of this section, report to Congress his recommendations for a formula or formulas to be used to allot equitably and allocate new funds authorized to carry out title II of the Federal Water Pollution Control Act.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*



FOR IMMEDIATE RELEASE

FEBRUARY 19, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I am pleased that the Senate of the United States has sustained my veto of H.R. 5247, the Public Works Employment Act of 1975. Their action this afternoon in sustaining this veto is commendable, and those members of the Congress who stood firm against enormous political pressures in favor of this bill deserve the appreciation and gratitude of all Americans.

As I said last Friday in my veto message to the House of Representatives on this bill, the best and most effective way to create new jobs is to pursue balanced economic policies that encourage the growth of the private sector without risking a new round of inflation. This is the core of my economic policy, and I believe that the steady improvements in the economy over the last half year on both the unemployment and inflation fronts bear witness to its essential wisdom. I will continue this basic approach in dealing with the economy because it is sound and it is working.

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February 2, 1976

Dear Mr. Director:

The following bills were received at the White House on February 2nd:

✓H.R. 508
H.R. 5247

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

The Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C.

