

**The original documents are located in Box 29, folder “Revenue Sharing Renewal Legislation (1)” of the John Marsh Files at the Gerald R. Ford Presidential Library.**

### **Copyright Notice**

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

[1976]

# PROJECTED TIMETABLE AND PROCEDURES FOR CONGRESSIONAL ACTION ON GENERAL REVENUE SHARING RENEWAL LEGISLATION<sup>1</sup>



	JANUARY	FEBRUARY	MARCH	APRIL (15-23 Recess)	MAY	JUNE	JULY (5-16 Recess)	AUGUST (11-20 Recess)	SEPTEMBER	OCTOBER	NOVEMBER -DECEMBER
			15th		15th				13th 15th 25th 1st		31st
<b>HOUSE GOVERNMENT OPERATIONS COMMITTEE</b>		SUBCOMMITTEE MARK-UP		FULL COMMITTEE MARK-UP							
<b>HOUSE RULES COMMITTEE</b>					ACTION COMPLETED ON 1ST BUDGET RESOLUTION <sup>2</sup> AND DEADLINE FOR REPEALING AUTHORIZATION BILLS	COMMITTEE CONSIDERATION OF RULE <sup>2</sup>	FLOOR CONSIDERATION				
<b>HOUSE BUDGET COMMITTEE</b>		COMMITTEE HEARINGS	MARK UP	REPORT AND CONGRESSIONAL ADOPTION OF 1ST BUDGET RESOLUTION				PREPARATION AND ADOPTION OF 2ND BUDGET RESOLUTION	ACTION COMPLETED ON ALL BUDGET AND SPENDING AUTHORITY BILLS		
<b>HOUSE APPROPRIATIONS COMMITTEE</b>						COMMITTEE MARK-UP AND FLOOR CONSIDERATION OF APPROPRIATIONS BILL <sup>3</sup>					
<b>SENATE FINANCE COMMITTEE</b>							FULL COMMITTEE MARK-UP AND FLOOR CONSIDERATION				
<b>SENATE BUDGET COMMITTEE</b>		COMMITTEE HEARINGS	MARK UP	REPORT AND CONGRESSIONAL ADOPTION OF FIRST BUDGET RESOLUTION				PREPARATION AND ADOPTION OF 2ND BUDGET RESOLUTION			
<b>SENATE APPROPRIATIONS COMMITTEE</b>						COMMITTEE MARK-UP AND FLOOR CONSIDERATION OF APPROPRIATIONS BILL <sup>3</sup>					

<sup>1</sup>The General Revenue Sharing program, authorized by the State and Local Fiscal Assistance Act, expires on December 31, 1976. As a combined authorization/appropriations measure, existing funds are not subject to the Congressional Budget Control Act. However, any renewal legislation is subject to the various constraints of the Budget Act.

<sup>2</sup>No new budget authority or spending bills may be considered prior to adoption of May 15th 1st Budget Resolution; waiver procedure necessary for either earlier consideration and the appropriation of funds by an authorization committee.

<sup>3</sup>Appropriations Committee action necessary if existing GRS authorization/appropriations provision is modified by renewal bill.

1. Ford's background

2 - Budget v. WTM/App.

MAR 3 1976

THE WHITE HOUSE

WASHINGTON

March 3, 1976



MEMORANDUM FOR

JACK MARSH

FROM

PAUL MYER

*Paul Myer*

SUBJECT:

General Revenue Sharing  
Legislative Situation

Attached for your information are some current documents which relate to our discussion with the President last night.

You may know that I received a phone call from Cong. Fountain's office last night informing me that the Democratic Subcommittee Members will be holding at least one more private caucus. He anticipates the beginning of Subcommittee mark-up next week, but could not give me a firm commitment.

Attachments



March 2, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF

FROM

PAUL MYER

SUBJECT:

GRS -- Potential Motion  
to Discharge Government  
Operations Committee  
from Consideration

Following our brief discussion this morning on the President's expression of interest in House action to discharge the Government Operations Committee from consideration of General Revenue Sharing bill, Jim Cannon discussed this with me in even greater depth.

This matter will be the subject of discussion with the President today at 5:00 p.m., and I believe that this attempt should be given the most careful consideration with respect to timing, support of the Republican Leadership, the potential to attract Democratic support, and our ability to win. The use of the discharge motion is really the ultimate weapon and should only be used if we believe there will be no other opportunity to ensure House consideration of the legislation. At the present time, I am awaiting word from L. H. Fountain with respect to completion of private deliberations among his Subcommittee Democratic colleagues and announcement of a firm mark-up schedule.

For Jim's background information on the procedures governing a discharge motion, I have sent him the attached memorandum.

Attachment



March 2, 1976

MEMORANDUM FOR

JIM CANNON

FROM

PAUL MYER

SUBJECT:

House Rules Governing  
the Discharge of Com-  
mittees

Procedures to discharge a House committee from the consideration of a public bill or resolution are governed by Clause 4, Rule XXVII, of the Rules of the House of Representatives.

In outline form, the following steps are involved:

1. The filing of a motion to discharge.
2. Accumulation of 218 signatures.
3. A vote to approve the motion to discharge.
4. A vote to consider the bill should a motion to discharge be successful.
5. Consideration of the bill under the general rules of the House.

Attached for your information is a more detailed explanation of the discharge procedures.

As you know, a discharge motion is presently pending in the House. If a decision were made to take this approach, the existing motion would become the vehicle for this effort.

Attachment



RULES OF THE HOUSE OF REPRESENTATIVES RELATING TO  
MOTIONS TO DISCHARGE A COMMITTEE  
(Clause 4, Rule XXVII)

Any Member may file a motion to discharge a committee from the consideration of a public bill or resolution which has been pending in a committee for at least thirty days. Only one such motion may be presented for each bill or resolution.

This motion shall be placed in the custody of the Clerk of the House and made available for Members to sign. (A Member may also remove his name.) When a majority of the total Membership of the House shall have signed the motion (218 Members), it is then placed on the House Calendar of Motions to Discharge Committees. No subsequent action may be taken for at least seven legislative days.

On the second and fourth Mondays of each month, any Member who signed the discharge motion may be recognized for the purpose of calling up the motion and the House shall proceed to its consideration without any intervening motions. Following 20 minutes of debate, the House proceeds to an immediate vote on the motion to discharge.

If the motion prevails, it shall then be in order for any Member who signed the motion to move that the House proceed to the immediate consideration of such bill or resolution. This motion is of high privilege and is not debatable. If this motion is decided in the affirmative, the bill shall be immediately considered under the general rules of the House. If the House should vote against immediate consideration, the bill is then referred to its proper calendar and be entitled to the same rights and privileges that it would have had if the committee to which it was referred had duly reported it to the House for consideration.

This rule would not apply to a bill that has been reported by a committee during the interval between the placing of the motion to discharge on the calendar and the day when such motion is called up for action in the House.



WASHINGTON

February 28, 1976

MEMORANDUM FOR: JAMES M. CANNON  
FROM: PAUL MYER  
SUBJECT: General Revenue Sharing--House  
Legislative Status

On Thursday, February 26, Democratic members of the House Subcommittee held a private caucus to discuss legislation to renew the General Revenue Sharing program. Committee Chairman Brooks also attended and played an active role in the meeting. The purpose of this session was to determine the interest and concerns of the majority and develop a course of action. It is their intention to seek a consensus on the content of a renewal bill. No date for formal, public mark-up meetings has been scheduled, and no such announcement is anticipated until the Democrats have concluded their private deliberations. Officially, Subcommittee Chairman Fountain noted that "substantial progress" is being made and that the Democrats will meet again on Monday, March 2, to continue their discussion.

Based on available information about the meeting, the following facts are known:

1. The Democrats are committed to reporting a bill by May 15; however, they want it to be a "Congressional" bill as opposed to the President's proposal.
2. Chairman Brooks wants the Subcommittee to draft a bill which recognizes his personal views and would enjoy his support.
3. The major issues they are seeking to resolve reflect opposition to key points in the President's proposal: length of program authorization; amount of funds to be made available and the manner in which such appropriations are made; modification of the existing formula in order to allocate more funds to jurisdictions of greater "need"; possible inclusion of a "countercyclical aid" provision; and stronger civil rights enforcement and citizen participation requirements.



Personal discussions with all members prior to and after this meeting, as well as the observations of others, indicate that the Democrats are under great pressure to move, but are uncertain as to how they can accommodate the competing and diversified demands now associated with this issue. According to one source, the Democrats are clearly "frightened" by the prospects confronting them. Strong Committee leadership is lacking, and staff support is weak. Few of these Democrats have any experience in dealing with legislation involving such political or substantial issues. Importantly, there is little confidence that whatever they do would be acceptable to a majority of their colleagues in the House.

I will have an additional report for you following the Democrats' Monday caucus.



MAR 12 1976

THE WHITE HOUSE  
WASHINGTON

FOR JACK MARSH

FYI...



THE WHITE HOUSE

WASHINGTON

March 11, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF  
JIM CANNON

FROM

*Paul* PAUL MYER

SUBJECT:

Review of House Subcommittee Actions on General Revenue Sharing Renewal -- Thursday, March 11, 1976

The House Government Operations Subcommittee met this morning to begin mark-up of General Revenue Sharing renewal legislation. Only one Democratic Member was absent (Glenn English) and both Jack Brooks and Frank Horton, as ex officio members, actively participated in the session.

The Subcommittee tentatively decided two major issues: (1) to extend the program's authorization for a 3 3/4-year period and (2) to "freeze" the level of funding at the current amount with no annual increment; however, providing an unspecified authorization of additional funds in order to "hold harmless" any recipient governments who would lose funds as a result of prospective formula changes.

The Subcommittee is now working off an "issues paper", not an actual bill. Under this procedure, these and all subsequent decisions will be reviewed when the Members are provided with a staff draft of a clean bill reflecting the Subcommittee's actions on specific issues. The Subcommittee will meet again on Monday, March 15, at 2:00 p.m. and will be moving into various proposals to change the allocation formula.

The following is a more detailed analysis of the Subcommittee's actions:

1. Duration of Extension: The Subcommittee voted to extend the program's authorization for an additional 3 3/4 years (January 1, 1977-September 30, 1980).



This vote followed the defeat of an earlier motion to extend the program for only 1 3/4 years.

Essentially the Subcommittee felt that the duration of extension was an arbitrary decision and that the period adopted was an acceptable compromise. However, a number of Democrats clearly desire the shorter period on the basis that the next President would be able to affect any future decision on the desirability and nature of the program during his term. The President has proposed a 5 3/4-year extension, reflecting a balance between a permanent program and the need to review all Federal programs.

2. Level of Funding: The Subcommittee voted to authorize funding the program at the current level (\$6.35 billion) with no annual increase, providing that a separate unspecified amount would be authorized to "hold harmless" any recipient jurisdiction from a reduction in the first year due to anticipated allocation formula changes. In effect, this "freeze" means a no-growth, phased-down program. Compared to the President's proposal to continue the current funding level with an annual \$150 million increase, all recipient jurisdictions will lose funds, including those which might gain slightly due to any changes in the allocation formula.

This decision reflects the clear desire of the majority to allocate anticipated domestic appropriation increases in other programs, such as existing categorical grants and a countercyclical aid program. This latter program was briefly discussed and will be reviewed in greater depth next week when formula issues are considered.

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

Attachment



I. Duration of Extension

1. Motion by Brown to extend program authorization for 5 3/4 years (President's proposal).

Defeated Jordan amendment for 1 3/4-year extension by vote of 5-9:

YEA

NAY

Mezvinsky  
Jordan  
Burton  
Drinan  
Brooks

Fountain  
Fuqua  
English (proxy)  
Levitas  
Wydler  
Brown  
Steelman  
Horton

Adopted Drinan amendment for 3 3/4-year extension by vote of 7-6:

YEA

NAY

Mezvinsky  
Jordan  
Burton  
Drinan  
English (proxy)  
Levitas  
Brooks

Fountain  
Fuqua  
Wydler  
Brown  
Steelman  
Horton

2. Adopted amended Brown motion for 3 3/4-year extension by vote of 7-5:

YEA

NAY

Fuqua  
Mezvinsky  
Jordan  
Drinan  
English (proxy)  
Levitas  
Brooks

Fountain  
Wydler  
Brown  
Steelman  
Horton

PASS

Burton



II. Level of Funding

1. Defeated Horton motion to fund program at current level with annual \$150 million increment (President's proposal) by vote of 5-7:

<u>YEA</u>	<u>NAY</u>
Fountain	Fuqua
Wydler	Mezvinsky
Brown	Burton
Steelman (proxy)	Jordan
Horton	Drinan
	Levitas
	Brooks

NOT VOTING -- English

2. Defeated Horton motion to fund program at current level with annual \$150 million increment, plus an unspecified "hold harmless" amount by a vote of 5-7:

<u>YEA</u>	<u>NAY</u>
Fountain	Fuqua
Wydler	Mezvinsky
Brown	Burton
Steelman (proxy)	Jordan
Horton	Drinan
	Levitas
	Brooks

NOT VOTING -- English

3. Adopted Drinan motion to freeze funding at current level (no annual increment) with an unspecified "hold harmless" amount by a vote of 7-5:

<u>YEA</u>	<u>NAY</u>
Fuqua	Fountain
Mezvinsky	Wydler
Jordan	Brown
Burton	Steelman (proxy)
Drinan	Horton
Levitas (proxy)	
Brooks	

NOT VOTING -- English



THE WHITE HOUSE

WASHINGTON

March 10, 1976

MEMORANDUM FOR

FROM

SUBJECT:

MAX FRIEDERSDORF  
JIM CANNON

PAUL MYER

GRS Mark-up -- Possible  
Subcommittee Actions

Based upon my most recent discussions with Members and staff, the following appears to be the general direction which the Democrats will seek to move as GRS mark-up begins tomorrow, Thursday, March 11. The Subcommittee will continue mark-up on Monday, March 15 at 2:00.

1. Duration of Extension: 4 3/4 years (if authorization only); some support for 1-1 3/4 years only.

(Administration Position -- 5 3/4 years.)

2. Level of Funding: continue at present level, use \$150 million stairstep increment as "hold harmless" pot to lessen possible formula change impact; add some funds in required Budget Committee estimate for a countercyclical program.

(Administration Position -- \$6.5 billion for FY77; \$39.85 billion permanent appropriations for 5 3/4 years, including \$150 million annual increase.)

3. Method of Funding: authorization only, Appropriations Committee jurisdiction with 1-2 years advance funding; some support for combined authorization/appropriations for 1-1 3/4 years only.

(Administration Position -- combined authorization/appropriations.)



4. Formula Changes:

- a) redefinition of eligible units of government to drop many townships;
- b) substitute poverty population for per capita personal income factor;
- c) raise 145% per capita ceiling to 175-300%, reduce and/or re-order application of 20% floor-50% limitation, establish "hold harmless" provision (see #2 above).

(Administration Position -- No change, except raise 145% ceiling to 175% by 6% over 5 years.)

5. Priority Expenditures: eliminate categories.

(Administration Position -- no change.)

6. Non-discrimination: strengthen civil rights provisions, probably along lines recommended by House Judiciary Subcommittee, to remove discretionary authority and require more forceful enforcement.

(Administration Position -- authorize Treasury to withhold funds, require repayment and terminate payments where civil rights violations are found.)

7. Citizen Participation: adopt Administration proposal plus additional provisions similar to CD block grant program; perhaps require "advisory committees" and improve existing reporting requirements.

(Administration Position -- require certification of public access to decision-making on use of funds.)

8. Reporting Requirements: revise reporting requirements to provide more useful information for citizens, Congress and the Administration.

(Administration Position -- give Treasury discretion to determine form and content of reports.)



*File*  
THE WHITE HOUSE

WASHINGTON

March 15, 1976

MEMORANDUM FOR

*Paul Myer*  
MAX FRIEDERSDORF  
JIM CANNON

FROM

PAUL MYER

SUBJECT:

Review of House Subcommittee Actions on General Revenue Sharing Renewal -- Monday, March 15, 1976

The House Government Operations Subcommittee met this afternoon to continue mark-up of General Revenue Sharing renewal legislation. Mayors and city officials from all States and districts represented by Subcommittee Members were in attendance.

The Subcommittee tentatively decided (7-6) to draft a General Revenue Sharing renewal bill as authorization legislation only. Although the question of advance appropriations was discussed, the adopted motion is silent on this point. This decision followed defeat of the President's proposal to continue the present combined authorization/appropriations method of funding the program (6-7) and a compromise proposal providing for a 1 3/4-year authorization/appropriation with annual appropriations thereafter (4-9).

The Republican Members held firm for the President's proposal throughout the mark-up session. A review of the votes indicates that additional support might be obtained from the Democratic side for the President's proposal in subsequent Subcommittee mark-up sessions or at the Full Committee level. It is obvious from the two meetings that the two Freshmen Subcommittee Democrats, English and Levitas, will be swing votes on these and other issues. The only two Democrats to vote consistently with the President were Subcommittee Chairman Fountain and Don Fuqua.

The Subcommittee will continue its deliberations on Tuesday, March 16, at 10:00 a.m. to consider the allocation formula. A larger delegation of mayors and other city officials is anticipated.



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

Attachment



Method of Funding

1. Defeated Horton motion to continue present combined authorization/appropriation method of funding for duration of extension (President's proposal) by vote of 6-7:

YEA

NAY

Fountain  
Fuqua  
Wydler  
Brown  
Steelman  
Horton

Mezvinsky  
Jordan  
Burton  
Drinan  
English  
Levitas  
Brooks

2. Defeated Levitas motion to provide combined authorization/appropriation method of funding for 1 3/4 years with annual appropriations in subsequent years by a vote of 4-9:

YEA

NAY

Fountain  
Fuqua  
English  
Levitas

Mezvinsky  
Jordan  
Burton  
Drinan  
Brooks  
Wydler  
Brown  
Steelman  
Horton

3. Defeated Wydler motion to designate GRS as an "entitlement" program in accordance with Congressional Budget Act provisions, in effect providing combined authorization/appropriations for duration of extension by vote of 6-7:

YEA

NAY

Fountain  
Fuqua  
Wydler  
Brown (proxy)  
Steelman  
Horton

Mezvinsky  
Jordan  
Burton  
Drinan  
English  
Levitas  
Brooks



4. Adopted Burton motion to provide for an authorization only for duration of extension by vote of 7-6:

YEA

Mezvinsky  
Jordan  
Burton  
Drinan  
English  
Levitas\*  
Brooks

NAY

Fountain  
Fuqua  
Wydler  
Brown (proxy)  
Steelman  
Horton

\*Note: passed on first round.



MAR 16 1976

THE WHITE HOUSE  
WASHINGTON

March 16, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF  
JIM CANNON

FROM

*Paul Myer*  
PAUL MYER

SUBJECT:

Review of House Subcommittee Actions on General Revenue Sharing Renewal -- Tuesday, March 16, 1976

The House Government Operations Subcommittee continued to mark-up General Revenue Sharing renewal legislation today, considering various allocation formula modifications.

The key action taken was defeat of a proposal to substitute a "need" factor (number of individuals below poverty level) for the current per capita personal income factor; and thus, shift substantial funds to large urban areas and drop one-third of the present recipients from the program. This was a proposal included in the Fascell bill and endorsed by those Congressmen and national organizations seeking to modify the program. The decision came on a 10-1 vote in support of continuing to use the present data elements. This was a major endorsement of the President's proposal.

In addition, the Subcommittee unanimously agreed to retain the 1/3-2/3 State-local split distribution of funds.

Also discussed were changes in the definition of eligible units of government. At issue is the inclusion of townships. Although the Subcommittee defeated a motion to leave the definition unchanged, they agreed to delay action on this issue until the next session when more detailed information will be available. Pending is a Drinan motion to remove townships.



The Subcommittee will reconvene on Thursday morning, March 18, to continue its deliberations. Additional formula modifications will be considered at that time.

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

Attachment



Eligible Units of Government

1. Defeated Wydler motion to retain existing definition by a vote of 5-7:

YEA	NAY
Fountain	Mezvinsky
Wydler	Jordan
Brown	Burton
Steelman	Drinan
Horton	English
	Levitas
	Brooks

NOT VOTING -- Fuqua

2. Agreed by unanimous consent to Levitas motion to delay vote on a Drinan motion to modify existing definition and possibly exclude townships.

Formula Provisions

1. Adopted Jordan motion to retain 1/3-2/3 State-local split by unanimous voice vote.
2. Adopted Wydler motion to continue the use of per capita personal income instead of poverty data as a major formula factor by a vote of 10-1:

YEA	NAY
Fountain	Burton
Mezvinsky	
Jordan	
English	
Levitas (proxy)	
Brooks (proxy)	
Wydler	
Brown (proxy)	
Steelman (proxy)	
Horton	

PASS -- Drinan  
NOT VOTING -- Fuqua



MAR 18 1976

THE WHITE HOUSE

WASHINGTON

March 18, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF  
JIM CANNON

FROM

PAUL MYER

SUBJECT:

Review of House Subcom-  
mittee Actions on General  
Revenue Sharing Renewal --  
Thursday, March 18, 1976

The House Government Operations Subcommittee continued to mark-up General Revenue Sharing renewal legislation today.

As a first order of business, the Subcommittee resumed consideration of possible changes in the definition of eligible units of government. Pending was a Drinan motion to continue to limit eligibility to States and general purpose local governments, but re-define the latter to mean local units which meet Census Bureau criteria and also perform, or impose taxes to provide, two or more municipal-type services. After considerable discussion, the Subcommittee approved this motion. The new definition would become effective October 1, 1977, and, depending on the availability of data, could drastically affect townships and smaller communities.

The Administration's position on this issue should have prevailed. However, due to the unresponsiveness of certain "departmental experts", particularly those of Treasury's Office of Revenue Sharing, the issue was greatly confused and resulted in a shift of three Democratic votes in favor of Drinan's motion.

The Subcommittee also decided to retain the existing 145% per capita ceiling. The Administration had proposed to gradually raise the 145% ceiling to 175% in an effort to permit some hard-pressed urban jurisdictions now constrained to receive more money. The



Subcommittee's action was somewhat surprising since many of the Democratic Members had previously indicated a desire to raise the constraint beyond the Administration request. It was obvious from the debate today that the desire to avoid the expenditure of additional funds on revenue sharing (i.e. the need for a "hold harmless" provision) and a growing sensitivity to the political impact of any formula changes led to their decision to leave this formula element unchanged.

The Subcommittee will reconvene on Tuesday morning, March 23, 1976, to continue its deliberations. Additional formula modifications will be considered at that time.

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

Attachment



Eligible Units of Government

Adopted Drinan motion to modify definition of eligible units of government in order to make certain townships and smaller communities ineligible to receive funds by a vote of 8-5:

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

Formula Provisions

Adopted Fuqua motion to retain 145% per capita constraint by a vote of 7-5:

YEA	NAY
Fuqua	Fountain
Mezvinsky	Wydler
Jordan	Brown (proxy)
Burton (proxy)	Steelman (proxy)
English	Horton (proxy)
Levitas	
Brooks (proxy)	

PASS -- Drinan



*Jack Marsh*

THE WHITE HOUSE

WASHINGTON

March 23, 1976

MEMORANDUM FOR

FROM

SUBJECT:

*Paul Myer*  
MAX FRIEDERSDORF

JIM CANNON

PAUL MYER

Review of House Subcommittee Actions on General Revenue Sharing Renewal -- Tuesday, March 23, 1976

The House Government Operations Subcommittee resumed consideration of General Revenue Sharing renewal legislation today.

The Subcommittee completed action on the remaining formula issues, deciding by voice votes to retain major features of the existing formula (20% per capita floor, 50% limitation and \$200 minimum entitlement provisions).

In a related decision, the Subcommittee rejected an attempt to add "user charges", such as those for water, sewage and sanitation services, to a local government's tax effort calculations. This calculation is one factor in determining the allocation each local government receives and was the subject of lengthy debate. Although the Subcommittee voted to retain the existing language, additional amendments to revise this provision are anticipated.

The Subcommittee also decided to eliminate the priority expenditure categories for which local governments may now use shared revenues. Many Members believe that the categories are meaningless in light of the "fungibility" or displacement factor; others strongly supported elimination as being more consistent with the revenue sharing concept. The President had rejected this option in considering his proposals for renewal legislation, and it is likely that the Subcommittee will carefully re-examine this action following consideration of proposals to



revise the nondiscrimination and citizen participation requirements. The extent and nature of those decisions could have far-reaching implications if the existing categories are eliminated.

The Subcommittee is presently considering the matter of prohibiting use of revenue sharing funds to meet the matching requirements of other Federal programs, and will be moving into the nondiscrimination, citizen participation and reporting requirement issues in subsequent sessions.

The Subcommittee will meet again tomorrow morning at 10 a.m. to continue its deliberations. It is possible that all actions will be completed this week on their issue working paper, enabling the staff to draft a bill reflecting those decisions for final Subcommittee consideration and reporting prior to the April 15 recess deadline.

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

Attachment



I. Formula Provisions

1. Adopted Levitas motion to retain the 20% per capita floor on minimum allocations to local governments by voice vote.
2. Adopted Wydler motion to retain the existing limitation providing that no allocation to a local government can exceed 50% of its adjusted taxes by voice vote.
3. Adopted Mezvinsky motion to retain provision for a \$200 minimum entitlement by voice vote.

II. Priority Expenditure Categories

Adopted Levitas motion to eliminate the priority expenditure categories for revenue sharing funds by local governments by a vote of 10-3:

YEA	NAY
Fugua	Fountain
Mezvinsky	Burton
Jordan	English
Drinan	
Levitas	
Brooks	
Wydler	
Brown	
Steelman (proxy)	
Horton	



Jack March

THE WHITE HOUSE  
WASHINGTON

MAR 24 1976

March 24, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF  
JIM CANNON

FROM

PAUL MYER

SUBJECT:

Review of House Subcom-  
mittee Actions on General  
Revenue Sharing Renewal --  
Wednesday, March 24, 1976

The House Government Operations Subcommittee met this morning to continue mark-up of General Revenue Sharing renewal legislation.

In actions taken today the Subcommittee agreed to continue various operating provisions of the existing program without modification:

1. Retain prohibition on use of revenue sharing funds to fulfill the local matching requirement for Federal categorical grant programs;
2. Retain maintenance of effort requirement on State assistance to local units of government; and
3. Retain Davis-Bacon Act coverage for construction projects funded with shared revenues.

The Subcommittee also considered the required reporting by recipient governments, adopting a modification of the present provision which incorporates some of the Administration's recommendations, specifically containing language giving Treasury flexibility in establishing such requirements in the case of smaller jurisdictions.



The Subcommittee will not meet again until the afternoon of Monday, March 29, 1976. At that time, the Subcommittee will consider the two remaining issues: proposals to modify the nondiscrimination and citizen participation provisions.

An effort is being made to reach a compromise on the civil rights issue. This issue was the subject of some private discussions I initiated this morning with Wydler, Brown, Fountain, Jordan, Levitas and Dick Albrecht of Treasury. As a result of these discussions, consideration of the issue was delayed until Monday. Action today may have resulted in the adoption of unacceptable provisions. I believe that the private discussions which will take place between now and Monday may fashion an approach which will be acceptable to the Administration and a majority of the Subcommittee.

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

Attachment



I. Matching Provisions

Adopted Horton motion to retain prohibition on use of funds to meet matching requirements for Federal grant programs by voice vote.

II. Maintenance of Effort

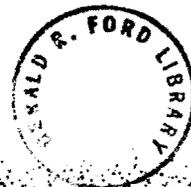
Adopted Mezvinsky motion to retain present maintenance of effort provision requiring State to maintain the aggregate level of assistance it provided local governments during calendar year 1976 by voice vote.

III. Davis-Bacon Act

Adopted Wydler motion to retain present Davis-Bacon Act applicability by voice vote.

IV. Reporting Requirements

Adopted Wydler motion to expand content of reports with respect to the relationship of revenue sharing funds to the budget of a recipient government and grant Treasury discretion to draft more flexible regulations by voice vote.



MAR 30 1976

THE WHITE HOUSE  
WASHINGTON

March 29, 1976

MEMORANDUM FOR

FROM

SUBJECT:

MAX FRIEDERSDORF  
JIM CANNON

PAUL MYER

Review of House Subcommittee Actions on General Revenue Sharing Renewal --  
Monday, March 29, 1976

The House Government Operations Subcommittee continued consideration of General Revenue Sharing renewal legislation this afternoon. The only issue considered was the scope of citizen participation provisions.

The Subcommittee adopted a concept which is somewhat broader than that proposed by the Administration; however, it incorporates a number of the President's recommended changes in the existing program. Under the Subcommittee concept, more detailed public information would be made available and related to the revised reporting requirements. Treasury and the public interest groups believe the approach is consistent with existing regulations and should not be unduly burdensome.

The Subcommittee had earlier rejected a proposal to require the establishment of local government budget process standards and the creation of citizen advisory committees to govern the decision-making on the use of revenue sharing funds.

The Subcommittee will resume its deliberations on Tuesday morning, March 30. Discussion of the nondiscrimination provisions is the only remaining substantive item on the agenda.

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

Attachment



Citizen Participation

1. Defeated Drinan motion to establish local governmental budget process standards and create "citizen advisory committees" with respect to uses of revenue sharing funds by a vote of 4-8:

YEA

Mezvinsky (proxy)  
Jordan  
Burton  
Drinan

NAY

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

NOT VOTING -- Brooks

2. Adopted Levitas motion to broaden existing requirements in order to provide information and access regarding revenue sharing funding decisions by a vote of 10-3:

YEA

Fountain  
Fuqua  
Mezvinsky (proxy)  
Jordan  
Levitas  
Brooks  
Wydler (proxy)  
Brown (proxy)  
Steelman (proxy)  
Horton

NAY

Burton  
Drinan  
English



MAR 31 1976

THE WHITE HOUSE

WASHINGTON

March 30, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF  
JIM CANNON

FROM

 PAUL MYER

SUBJECT:

Review of House Subcom-  
mittee Actions on General  
Revenue Sharing Renewal --  
Tuesday, March 30, 1976

The House Government Operations Subcommittee met this morning to continue consideration of General Revenue Sharing renewal legislation. The only action taken was adoption, by voice vote, of a Wydler-Mezvinsky proposal to revise the program's auditing and accounting provisions. As adopted, the present provisions governing fiscal accounting and audit procedures would be retained; however, the Secretary of the Treasury would be required to promulgate regulations to insure an independent audit of a recipient government's financial accounts where revenue sharing funds are involved and provide assurances for the public disclosure of such information.

The Subcommittee once again deferred action on the non-discrimination provision in an effort to give Members more time to work out a satisfactory compromise. Fountain, Jordan, Wydler, Horton and Brown are meeting this afternoon in a final attempt to secure an agreement. This effort was undertaken in order to avoid a serious civil rights fight that could hamper the progress of this legislation in committee and on the floor.

The Subcommittee will meet again on Wednesday morning, March 31, 1976.



*fm. Marsh*

APR 1 1976

THE WHITE HOUSE  
WASHINGTON

March 31, 1976

MEMORANDUM FOR

FROM

SUBJECT:

*Paul*  
MAX FRIEDERSDORF  
JIM CANNON

PAUL MYER

Review of House Subcom-  
mittee Actions on General  
Revenue Sharing Renewal --  
Wednesday, March 31, 1976

The House Government Operations Subcommittee continued its mark-up of legislation to extend the General Revenue Sharing program, adopting a revised approach to prohibit the discriminatory use of revenue sharing funds.

The Subcommittee adopted a Jordan proposal which reflected a concensus agreement supported by most Democrats and all Republicans on the Subcommittee. It was strongly opposed by Drinan.

In concept, the Jordan proposal extends the prohibition against discrimination to all activities of a recipient jurisdiction, except where a recipient government can provide "clear and convincing evidence" that the program or activity in question was not funded with revenue sharing funds, and require the suspension of revenue sharing payments where compliance is not secured.

The Administration did not take a position on this specific approach and will withhold comment until actual legislative language is drafted. This matter will require review by representatives from Treasury, Justice and the White House. A tentative review indicated that the proposal was consistent with the Administration's objectives but went beyond the proposed legislative recommendations.

The Republican Members worked with Jordan to reach a concensus in order to avoid a major civil rights dispute. The fact that Jordan introduced this amendment and argued against Drinan and other proponents of stronger language



was an important development in the mark-up of this legislation.

The Subcommittee is scheduled to meet again tomorrow morning to resolve miscellaneous issues and should conclude this first phase of its mark-up process.

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

Attachment



Civil Rights

1. Adopted Jordan motion to clarify and strengthen the present nondiscrimination provision by voice vote.
2. Rejected Brooks motion to amend the Jordan proposal significantly broaden the nature and scope of the program's nondiscrimination provision by a vote of 5-8:

YEA

NAY

Mezvinsky  
Jordan\*  
Burton  
Drinan  
Brooks

Fountain  
Fuqua  
English  
Levitas  
Wydler  
Brown  
Steelman (proxy)  
Horton

\*(Jordan was prepared to pass if necessary to defeat this amendment.)



*M. Marsh*

APR 2 1976



THE WHITE HOUSE  
WASHINGTON  
April 1, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF  
JIM CANNON

FROM

PAUL MYER *Paul Myer*

SUBJECT:

Review of House Subcommittee Actions on General Revenue Sharing Renewal -- Thursday, April 1, 1976

The House Government Operations Subcommittee met this morning, ending the first phase of its General Revenue Sharing renewal legislation mark-up.

Staff has been directed to draft a clean bill reflecting the Subcommittee's tentative substantive decisions on various issues. It is anticipated that the Subcommittee will resume formal mark-up of the actual bill next Wednesday, April 7, 1976, and complete action just prior to the scheduled recess.

In actions taken today, the Subcommittee rejected motions to prohibit recipient governments from using their revenue sharing funds to lobby and to require a reduction in General Revenue Sharing funding equal to any prospective Congressional tax reduction. This latter motion was the subject of considerable partisan debate.

Also discussed was the intention of some Members to re-offer a modified "need" distribution formula amendment next week. The amendment will be a form of countercyclical-type assistance program with a cost of roughly \$400,000,000.

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

Attachment



1. Rejected Brooks motion to prohibit recipient governments from using revenue sharing funds for lobbying purposes by a vote of 6-7:

Yea	Nay
Mezvinsky	Fountain
Burton	Fuqua
Jordan	Levitas
Drinan (proxy)	Wydler
English	Brown
Brooks	Steelman (proxy)
	Horton

2. Rejected English motion to require reduction in General Revenue Sharing funding level to reflect any Federal tax reduction by a vote of 5-7:

Yea	Nay
Jordan	Fountain
Burton	Fuqua
Drinan	Mezvinsky
English	Wydler
Brooks	Brown
	Steelman (proxy)
	Horton

PASSING -- Levitas



APR 8 1976

THE WHITE HOUSE

WASHINGTON

April 8, 1976

MEMORANDUM FOR

MAX FRIEDERSDORF  
JIM CANNON

FROM

PAUL MYER

SUBJECT:

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

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

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

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

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



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

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

Attachment



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

YEA

NAY

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

Mezvinsky  
Jordan  
Burton  
Drinan  
English  
Brooks

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

YEA

NAY

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

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

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



APR 16 1976

THE WHITE HOUSE

WASHINGTON

April 15, 1976

MEMORANDUM FOR:

MAX FRIEDERSDORF  
JIM CANNON

FROM:

PAUL MYER

SUBJECT:

Review of House Subcommittee  
Actions on General Revenue  
Sharing Renewal

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

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

In summary, the Subcommittee bill would:

- \* extend the program's authorization for 3 3/4 years;
- \* establish entitlement financing for the program, providing funds for the total authorization period;
- \* freeze funding at its present level (\$6.6 billion) specifically rejecting any annual increase;
- \* retain the present distribution formula;
- \* delete present priority expenditure categories and matching prohibition;



- \* strengthen scope and enforcement of non-discrimination provisions, however, providing that all administrative remedies be exhausted prior to court action; and
- \* expand present, reporting, auditing and citizen participation requirements.

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

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



APR 28 1976

THE WHITE HOUSE  
WASHINGTON

SCHEDULE PROPOSAL  
DATE: April 28, 1976  
FROM: Jim Cannon  
VIA: Bill Nicholson

MEETING: Staff briefing on General Revenue Sharing legislative situation.

DATE: Saturday, May 1, 1976 or Tuesday, May 4, 1976

PURPOSE: To brief the President on status of General Revenue Sharing renewal legislation.

FORMAT: Oval Office  
Participants: See Tab A  
Time: 20 minutes

CABINET PARTICIPATION: None

SPEECH MATERIAL: Briefing paper to be submitted.

PRESS COVERAGE: None

STAFF: Paul J. Myer

RECOMMEND: Jack Marsh  
Max Friedersdorf  
Ed Schmults

OPPOSED: None

PREVIOUS PARTICIPATION: The President last discussed this matter with staff on March 2, 1976.

BACKGROUND: On April 25, 1976, the President asked Congress to continue the General Revenue Sharing program. The House Government Operations Subcommittee is finally scheduled to begin consideration of a renewal bill recently reported by the Fountain Subcommittee.



PARTICIPANTS

The Vice President

Jack Marsh

Max Friedersdorf

Jim Lynn

Paul O'Neil

Jim Cannon

Ed Schmults

Paul Myer



APR 28 1976

Possible

[Rev. sharing mtg]

Sat/Tues

THE WHITE HOUSE

WASHINGTON

April 28, 1976

[Full Commit next week]

MEMORANDUM FOR

JACK MARSH  
MAX FRIEDERSDORF  
JIM CANNON  
ED SCHMULTS

FROM



PAUL MYER

SUBJECT:

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

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

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

1. Length of Program and Level of Funding

*Length & Level*

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

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

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



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

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

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

\*  
2. Method of Funding

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

Subcommittee Bill: Establish "entitlement" financing approach.

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

The entitlement financing approach is desirable because --

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



### 3. Civil Rights

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

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

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

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

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

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

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

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

\* \* \* \*



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

Attachments



#1



## BASIC PROVISIONS

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

SUBCOMMITTEE DRAFT BILL

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



	Sets maximum entitlement to local government at 145 percent of the average statewide per capita entitlement.	Raised to 175 percent by 6 percentage points per entitlement period in five steps.	Retains 145 percent maximum limitation.
	Sets minimum entitlement to local government at 20 percent of the average statewide per capita entitlement.	No change.	No change.
	No local government to receive revenue sharing funds in excess of 50 percent of its own source non-school revenues plus any intergovernmental transfer.	No change.	No change.
	Any general purpose government due to receive less than \$200 annually will not participate in the program.	No change.	No change.
Citizen Participation and Public Hearing	Recipient governments must publish Planned and Actual Use Reports in newspapers of general circulation.	Same, but Secretary of the Treasury may authorize other methods to publicize use information where such are appropriate.	<ul style="list-style-type: none"> <li>a) Recipient governments must hold public hearings on the Proposed Use Report at least 7 days before the submission of the report to ORS.</li> <li>b) Recipient governments must hold a second hearing, at least 7 days before the adoption of their budget, showing the relationship of GRS funds to functional items in their budget.</li> <li>c) Thirty days before the second hearing, the government must publish a summary of its budget and Proposed Use Report in a general circulation newspaper.</li> <li>d) Hearings must be at a place and time that "permits and encourages citizen participation."</li> </ul>
	No requirement for public hearing or other means of public participation in use of funds.	Requires assurance that there will be a public hearing or other method by which the public may participate in deciding how the funds are to be spent.	
	Allocation of GRS monies must be in accordance with State and local law.	No change.	No change.
Reporting Requirements	Law prescribes reports on amounts and purposes of planned and actual expenditures.	No change.	Proposed Use Report must include comparative data use of GRS funds for the current and the two previous entitlement periods and must compare them to items in budget.

Proposed Use Reports must specify whether the use is for new or expanded program, a continuation of activity or tax stabilization or reduction.

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

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

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



**Anti-Discrimination Provisions**

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

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

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

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

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

**Matching Prohibition**

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

No change.

Matching prohibition eliminated.

**Davis-Bacon Provision**

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

No change.

No change.

**Priority Categories**

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

No change.

Priorities eliminated.

Congressional  
Review

No general review of program  
is required.

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

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

State  
Maintenance  
of Effort

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

No change.

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

Auditing  
Requirements

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

No change.

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

Anti-lobbying  
Provisions

No provision.

No provision.

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



# 2



THE WHITE HOUSE

WASHINGTON

April 9, 1976

MEMORANDUM FOR

FROM

SUBJECT:

 PAUL O'NEILL

PAUL MYER

Entitlement Financing  
for General Revenue  
Sharing

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

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



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

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

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

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

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



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

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

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

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

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



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

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

Attachment

cc: Jim Cannon  
Max Friedersdorf  
Art Quern



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

Attached per your request is a copy of the entire  
went through amendment adopted by the Subcommittee  
- it does not address the issues of the program  
or duration of the program issues. These matters  
are still open and will be considered in full con-

Habitat / Trees - looks good

Day Care - looks bad

For Aid - vets quinn

FBC -

Attachment  
cc: Jim Cannon  
Max Friedberg  
Art Quiza



Marsh

THE WHITE HOUSE

WASHINGTON

April 30, 1976

STAFF BRIEFING ON GENERAL REVENUE SHARING  
RENEWAL LEGISLATIVE SITUATION

Saturday, May 1, 1976  
The Oval Office

From: Jim Cannon *JAC*

I. PURPOSE

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

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

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

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

Four major issues will dominate full Committee consideration:

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

Tab A is a summary of these points.



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

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

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

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

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

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



TAB A -- REVIEW OF MAJOR ISSUES

1. Length of Program and Level of Funding

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

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

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

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

2. Method of Funding

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

Subcommittee Bill: Establishes an "entitlement" financing approach.

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

3. Civil Rights

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



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

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

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

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

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

#### 4. Formula Provisions

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

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

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



TAB B --

STATISTICAL DISPLAY

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

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

\* 2 vacancies, Speaker not voting.



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

Republicans

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

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



TAB D -- PARTICIPANTS

The Vice President

Jack Marsh, Counsellor to the President

James Cannon, Assistant to the President

James Lynn, Director of the Office of  
Management and Budget

Ed Schmults, Deputy Counsel to the  
President

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

Charles Leppert, Deputy Assistant to  
the President

Robert Wolthuis, Deputy to the Assistant  
to the President

Paul Myer, Assistant Director, Domestic  
Council

Richard Albrecht, General Counsel,  
Department of the Treasury

