MAY 6 1976

THE WHITE HOUSE

WASHINGTON

May 5, 1976

MEMORANDUM FOR MAX FRIEDERSDORF
JIM CANNON

FROM PAUL MYER

SUBJECT: Review of House Government Operations Committee Actions on General Revenue Sharing Wednesday, May 5, 1976

The House Government Operations Committee today rejected two attempts to subject the General Revenue Sharing formula to annual appropriations. The key vote was on an amendment offered by Congressman Moss. It was rejected 15-26, with twelve Democrats joining the Republican Members. This vote reaffirmed the commitment to long-term funding which the President has insisted is an essential provision of his renewal proposal. This vote took on added significance since both Mahon and Adams made special appearances before the Committee to appeal for annual appropriations. While this issue will be revisited on the floor, the wide margin will place us in a strong position to defend this provision at that time.

The Committee also rejected, 15-26, an attempt by Congressman Drinan to extend the program for only 2 3/4 years.

In other actions, the Committee not only rejected all attempts to modify the current distribution formula, but also adopted a Burton amendment which lessened the impact of a provision in the Subcommittee Bill which was designed to limit the General Revenue Sharing funds distributed to smaller communities and townships.

The Committee should complete action on the bill tomorrow when it considers the citizen participation, civil rights and reporting requirements provisions and takes up miscellaneous amendments. In the latter category, an attempt is anticipated to add a provision to distribute some additional funds on the basis of a "need" factor.

Attached is a copy of the roll call vote on the Moss amendment to subject the revenue sharing program to annual appropriations.

Attachment

Rejected an amendment by Mr. Moss to subject General Revenue Sharing to annual appropriations by a vote of 15-26 (15 D; 0 R & 12 D; 14 R):

YEA	NAY
Brooks	Fountain
Moss	Fascell
Moorhead	St. Germain (proxy)
Randall	Hicks
Rosenthal	Fuqua
Wright (proxy)	Stanton (proxy)
Conyers (proxy)	Abzug
Ryan (proxy)	Preyer
Burton	Harrington
Drinan	Levitas
Mezvinsky	Moffett
Jordan	Aspin (proxy)
English (proxy)	Horton
Evans (proxy)	Erlenborn
Maguire (proxy)	Wydler
	C. Brown (proxy)
	Gude
	McCloskey (proxy)
	G. Brown
	Thone
	Steelman (proxy)
	Pritchard
	Forsythe
	Kasten
	Gradison
	Steiger (proxy)

NOT VOTING -- Collins
Macdonald

MAY 7 1976

THE WHITE HOUSE

WASHINGTON

May 7, 1976

MEMORANDUM FOR MAX FRIEDERSDORF
JIM CANNON

FROM PAUL MYER

SUBJECT: House Government Operations Committee Actions on General Revenue Sharing Thursday, May 6, 1976

The House Government Operations Committee reported a General Revenue Sharing renewal bill by a vote of 39-3. Republican Members expressed strong reservations and reluctantly voted to report this bill. A report, including minority and individual views, will be filed on Wednesday, May 12, 1976.

The legislation does preserve the long-term funding concept and the current distribution formula. However, a number of Democratic amendments were adopted which must be either substantially modified or deleted before the bill can be viewed as acceptable legislation. The amendments are:

1. A greatly expanded civil rights provision (adopted, 23-19);

2. A provision calling for submission of reports by State and local governments on modernization and revitalization -- the old Humphrey-Reuss proposal (adopted, 21-20);

3. An additional allocation formula which would distribute any revenue sharing funds in excess of $6.5 billion on the basis of a poverty factor (adopted, 21-20); and

4. A provision expanding the Davis-Bacon Act to any capital project using revenue sharing funds (adopted, voice vote).

In other actions the Committee did clean up certain troubling features of the Subcommittee bill concerning the citizen participation, reporting and auditing requirements.

A detailed analysis of the Committee bill and the prospective legislative situation is now being developed. I believe we should schedule a meeting some time early next week to review this matter.

MAY 7 1976

President's Mail - May 6, 1976

House

1.	William Harsha	Writes in further regard to an add-on facility at the Portsmouth Atomic Energy Plant in Ohio.
2.	Bud Shuster	Expresses his "strong objection" to the appointment of Tom Longshore as a Commissioner of the Tennessee Valley Authority and urges reconsideration.
3.	Bill Frenzel	Sends his congratulations for the decision in the stainless steel flatware matter.
4.	Richard Ottinger	Hopes the Administration can set guidelines to avoid last-minute confusion in the scheduling of Bicentennial events for the Fourth of July, since it is on a Sunday this year. Passes along the recommendations of a constituent, the Rev. Donald K. Theobald.
5.	Henson Moore	Endorses invitation to address the World Travel Congress of the American Society of Travel Agents on September 13 in New Orleans.
6.	Walter Jones	Endorses invitation to a special Bicentennial event in Washington, North Carolina, on August 4.

President's Mail - May 6, 1976

Senate

1S	Mike Mansfield	Writes in further regard to the closure of Glasgow Air Force Base. "Congressional action on the disposal report as provided by Title 10, U.S. Code, is still pending and will be considered when a viable alternative use for Glasgow is developed."
2S	Robert Griffin	Urges that the President proclaim National Handicapped Awareness Week for May 16.

MAY 20 1976

THE WHITE HOUSE

WASHINGTON

May 20, 1976

MEMORANDUM FOR JACK MARSH

FROM PAUL MYER

SUBJECT: Anticipated Telegram on Revenue Sharing Meeting From State and Local Officials

I have just been informed that the President will receive tomorrow a telegram from key State and local officials requesting that the President convene an emergency meeting with them and the bi-partisan leadership of the House of Representatives to discuss the General Revenue Sharing legislative situation. The telegram will be signed by:

Governor Robert Ray of Iowa
(Chairman, National Governors' Conference)

Mayor Moon Landrieu of New Orleans, Louisiana
(President, U. S. Conference of Mayors)

Mayor Hans Tanzler of Jacksonville, Florida
(President, National League of Cities)

Commissioner Vance Webb of Kern County, Calif.
(President, National Association of Counties)

State Senator Tom Jensen of Tennessee
(President, National Conference of State Legislatures)

The reason for their request is to enlist the President's assistance in gaining strong bi-partisan support for an acceptable General Revenue Sharing bill in the House. They are greatly concerned that without such leadership, the House situation may become divisive and lead to the adoption of bad legislation.

I believe this request should be viewed as a plus in terms of the President's continued leadership and interest in this subject.

It's my understanding that the telegram will not be released to the press until the weekend. I recommend a timely and favorable response.

cc: Max Friedersdorf
Jim Cannon
Jim Lynn
Steve McConahey
Jim Cavanaugh
Dick Allison

THE WHITE HOUSE

WASHINGTON

May 21, 1976

MEMORANDUM FOR JIM CAVANAUGH

FROM PAUL MYER

SUBJECT: Anticipated Telegram on General Revenue Sharing Meeting

The telegram from the New Coalition is now awaiting Governor Ray's signature. (The Conference of Mayors' "problem" has been resolved and Landrieu's signature will appear.) I expect a call when the telegram is approved and will forward the advance text to you.

Per our earlier discussion, I believe the President should respond tomorrow, Saturday, May 22, with a phone call to Governor Ray. The President should indicate his continued interest in this matter and his decision to call the requested meeting as soon as practicable. The June 3rd date, already set aside for the other meeting, would be appropriate and timely.

With respect to press plans, I recommend an announcement by the press office regarding receipt of the telegram and the President's response. (The telegram will not be released by the organizations until late Saturday, so we will have the lead.) The press announcement should note Congressional delay and opposition to legislation to extend the General Revenue Sharing program. It is significant but not surprising, given the President's personal interest and continued leadership on this issue, that these State and local officials have turned to him at this critical juncture for needed assistance in gaining bi-partisan Congressional support. Reference should also be made to the fact that the current program expires on December 31, 1976, and many States and communities need to know now the extent of the General Revenue Sharing payments they will receive beyond that date. A termination or reduction in these payments will result in increased taxes and/or reduced services.

THE WHITE HOUSE

WASHINGTON

May 27, 1976

MEMORANDUM FOR MAX FRIEDERSDORF
JIM CANNON

FROM PAUL MYER

SUBJECT: House Appropriations Committee Action on General Revenue Sharing Legislation

The House Appropriations Committee today reported, by voice vote and without amendment, the General Revenue Sharing renewal bill (H. R. 13367), earlier reported by the House Government Operations Committee. The Appropriations Committee had obtained jurisdiction under the sequential referral procedures of the Congressional Budget Act related to the consideration of entitlement legislation and could have modified the funding level of the bill.

As reported, the bill would result in outlays of \$6.65 billion for General Revenue Sharing payments in FY77, an increase of \$107.5 billion over the First Congressional Budget Resolution. Actually, the bill proposes new entitlement authority of \$4,987,500,000 for January 1, 1977, through September 30, 1977 and the Budget Resolution allocated only \$4,880,000,000 in entitlement authority -- a difference of \$107.5 million. The reason for this difference is that the amount contained in H. R. 13367 would continue revenue sharing payments at the same level as those for the last six months of the currently authorized program. While on the other hand, the amount in the budget resolution would result in a cut in that level of \$107.5 million. The budget resolution contains essentially the same level as proposed by the President in his Budget. However, the President's recommendations were based on his legislative proposals to change the existing revenue sharing program by reducing the authorized increase in the last six months of the current program by \$150 million and then applying this amount to the remaining nine months of the fiscal year. Since the committee bill did not modify the amount currently authorized and appropriated, the Appropriations Committee's decision simply reflects their desire to continue the program at the present level as opposed to recommending the lower amount which would have the effect of reducing the payments.

Since the Appropriations Committee had jurisdiction only over the cost provisions of the bill, no action was taken on other matters of legislative policy which many Members of the Committee are opposed to -- specifically, the entitlement financing provision itself. Chairman Mahon indicated, in response to questions, that he intends to offer a motion to strike the entitlement provision and make the bill a straight authorization for appropriations when the matter is considered on the House floor. He further indicated that this issue will be the subject of further discussion by the Committee.

It is anticipated that the bill will be considered by the Rules Committee some time next week. It is possible that House floor action will be scheduled for the week of June 7. If not, it is unlikely that the bill would be considered until just prior to the July 4 recess (the week of June 28), since the House begins two weeks of scheduled consideration of appropriations measures on June 15. Indications are that the leadership would like to have this bill out of the way before the appropriations measures are considered.

THE WHITE HOUSE

WASHINGTON

MEETING ON GENERAL REVENUE SHARING
RENEWAL LEGISLATIVE SITUATION

Thursday, June 3, 1976
2:30 p.m. (90 minutes)
State Dining Room

From: James M. Cannon
Max Friedersdorf

I. PURPOSE

To discuss the General Revenue Sharing legislative situation with representatives of the New Coalition and the House bi-partisan leadership and seek support for House adoption of an acceptable bill.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The House is tentatively scheduled to consider the General Revenue Sharing renewal bill (H. R. 13367), as reported by the Government Operations Committee and Appropriations Committee, next week. Although this bill includes many of the major elements of your renewal proposal and were contained in the Fountain Subcommittee bill, the Committee adopted four amendments which are unacceptable (see Tab A).

An effort may be made to substitute the Subcommittee bill for the Committee bill. While neither bill is as good as your original proposal, the Subcommittee bill is closer to your position and enjoyed bi-partisan support. The public interest groups share this view but have not endorsed the substitute.

The New Coalition requested you to call this meeting in an effort to obtain the support of the House bi-partisan leadership for the best possible General Revenue Sharing bill (see Tab B). The State and local government officials would like to see the same degree of bi-partisan support and Congressional-White House cooperation which led to the original enactment of the program.

B. Participants: See Tab C.

C. Press Plan: To be announced; photo opportunity and coverage of opening remarks; briefing opportunity after meeting.

III. TALKING POINTS

1. The renewal of General Revenue Sharing remains a top priority on my agenda. If it is not extended, the fiscal and economic consequences would be severe in many States and local communities.

2. I have sought to work with the Congress in order to achieve adoption of sound legislation. In that spirit, I have asked you here today.

3. The House will soon begin consideration of the Committee bill, H. R. 13367. While I am pleased that a bill has finally emerged, I have great reservations about the Committee bill. I know that many of you share those concerns.

4. I hope the House will endorse the revenue sharing concept and adopt a bill which is consistent with the objectives of my original renewal proposal. I am prepared to continue to work with the bipartisan leadership and representatives of State and local government to achieve that goal.

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).

   Committee Bill: Identical to Subcommittee bill.

2. Method of Funding

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

   Subcommittee Bill: Establishes an "entitlement" financing approach.

   Committee Bill: Identical to Subcommittee bill.

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.

   Committee Bill: Broadens nondiscrimination requirements of the Subcommittee bill specifically authorizing actions by the Attorney General and private citizens.

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.

Committee Bill: Retains the current formula without change, but adds a "Supplemental Fiscal Assistance" provision to distribute $150 million in accordance with a new formula based on a poverty factor.

5. Government Modernization

President's Proposal: No provision.

Subcommittee Bill: No provision.

Committee Bill: Recipients must report to the Secretary on efforts to "modernize and revitalize" State and local governments. The voluntary goal and advisory criteria of a master plan is set forth.

6. Davis-Bacon

President's Proposal: No change in current law.

Subcommittee Bill: No change in current law.

Committee Bill: Davis-Bacon would apply to any construction project funded in whole or in part with revenue sharing funds. Currently, Davis-Bacon coverage applies only to projects funded with 25% or more of revenue sharing funds.

TAB B -- NEW COALITION TELEGRAM

The following is the text of the New Coalition's telegram to the President requesting this meeting:

May 21, 1976

The President
The White House
D. C. 20500

Dear Mr. President:

Since revenue sharing is so important to the organizations and people represented by the members of the New Coalition, the leaders of the New Coalition believe it would be extremely helpful if you would call a meeting of the Democratic and Republican leaders of the House and a member of each Coalition organization in order to discuss our major concerns over the revenue sharing bill scheduled to come before the full House in the near future.

If you, too, see that there would be value in such a meeting and would be willing to call us together with the Leadership, we would be most appreciative.

Governor Robert D. Ray, Chairman
The New Coalition and National Governors' Conference

Mayor Hans Tanzler, Chairman
National League of Cities

Supervisor Vance Webb, President
National Association of Counties

Mayor Moon Landrieu, President
U. S. Conference of Mayors

Representative Tom Jensen, President
National Conference of State Legislatures

TAB C -- PARTICIPANTS

I. Congressional

Carl Albert, The Speaker
Tip O'Neill, Majority Leader
John McFall, Majority Whip
Phil Burton, Chairman, House Democratic Caucus
Jack Brooks, Chairman, House Government Operations Committee
L. H. Fountain, Chairman, House Subcommittee on Intergovernmental Relations and Human Resources
John Rhodes, Minority Leader
Bob Michel, Minority Whip
John Anderson, Chairman, House Republican Conference
Frank Horton, Ranking Minority Member, House Government Operations Committee
Jack Wydler, Ranking Minority Member, House Subcommittee on Intergovernmental Relations and Human Resources

II. New Coalition

Bob Ray, Governor of Iowa (Chairman of the New Coalition)
Pat Lucey, Governor of Wisconsin
Dan Evans, Governor of Washington
Tom Jensen, Minority Leader, Tennessee House of Representatives
Martin Sabo, Speaker, Minnesota House of Representatives
John Poelker, Mayor of St. Louis, Missouri
Moon Landrieu, Mayor of New Orleans, Louisiana
Kenneth Gibson, Mayor of Newark, New Jersey
Tom Moody, Mayor of Columbus, Ohio
William Beech, Supervisor, Montgomery County, Tennessee
Elizabeth Hair, Supervisor, Mechlenberg County, North Carolina
Lou Mills, Executive, Orange County, New York

Steve Farber, Executive Director, National Governors' Conference
Earl Mackey, Executive Director, National Conference of State Legislatures
Alan Beals, Executive Vice President, National League of Cities
John Gunther, Executive Director, U. S. Conference of Mayors
Ralph Tabor, Director of Federal Relations, National Association of Counties

III. Administration

The Vice President
Jack Marsh, Counsellor to the President
Max Friedersdorf, Assistant to the President for Legislative Affairs
James M. Cannon, Assistant to the President for Domestic Affairs
Paul O'Neill, Deputy Director, Office of Management and Budget
Paul Myer, Assistant Director, Domestic Council
Charles Leppert, Deputy Assistant to the President
Tom Loeffler, Special Assistant for Legislative Affairs
Pat Rowland, Special Assistant to the President
Steve McConahey, Special Assistant to the President for Intergovernmental Affairs
Pat Delaney, Associate Director, Domestic Council
Ray Shafer, Counsellor to the Vice President
Jack Veneman, Counsellor to the Vice President
Ed Schmults, Deputy Counsel to the President
Richard Albrecht, General Counsel, Department of the Treasury
Harold Eberle, Assistant Secretary for Legislative Affairs, Department of the Treasury

JUN 11 1976

THE WHITE HOUSE

WASHINGTON

June 11, 1976

MEMORANDUM FOR MAX FRIEDERSDORF
JIM CANNON

FROM PAUL MYER

SUBJECT: ~~House~~ Adoption of General Revenue Sharing Renewal Legislation

As you know the House of Representatives yesterday approved legislation to revise and extend the General Revenue Sharing program. In brief the House adopted the Fountain subcommittee bill, as opposed to the legislation reported by the full Government Operations Committee. In so doing, the House rejected the four major provisions added by the Committee dealing with broadened nondiscrimination protection, expansion of Davis-Bacon labor coverage, "modernization" reports by State and local governments and the supplementary fiscal assistance provision, the so-called Fascell amendment. A detailed analysis is being prepared and will be distributed on Monday.

I do not anticipate any action in the Senate until after the upcoming July Fourth recess. The Senate Finance Committee is occupied with the major tax bill and debt limit legislation. When the Senate does begin consideration of this matter, I would expect Senator Long to hold some hearings to examine the differences between the House bill, existing law and the President's proposal and move immediately into mark-up. However, it is likely that an enrolled bill will not be sent to the President until September for his signature.

Attached for your information is a copy of the President's statement regarding House passage of this legislation.

Attachment

June 10, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I am extremely pleased that the House of Representatives has finally passed a bill to extend the General Revenue Sharing program. While the bill which passed the House does not contain many of my proposals for renewal of this critical domestic program, it does preserve the revenue sharing concept and incorporates certain changes I have proposed. I am hopeful that the Senate will proceed to consider this legislation quickly and will examine my recommendations to improve the program. The re-enactment of this legislation is urgently necessary in order to avoid serious economic and fiscal problems for many states and units of local government.

# # #

Jack Marsh

JUN 2

THE WHITE HOUSE

WASHINGTON

June 21, 1976

MEMORANDUM FOR MAX FRIEDERSDORF
JIM CANNON

FROM PAUL MYER

SUBJECT: General Revenue Sharing -- Treasury Analysis of H. R. 13367

Attached for your information is a copy of an analysis on the House-passed General Revenue Sharing bill (H. R. 13367) prepared by the Treasury Department.

Attachment

OFFICE OF THE SECRETARY OF THE TREASURY
WASHINGTON, D.C. 20220

June 17, 1976

MEMORANDUM FOR: Mr. Richard R. Albrecht

FROM: Kent A. Peterson KAP

SUBJECT: H.R. 13367, General Revenue Sharing Bill Passed by the House of Representatives, June 10, 1976.

I. Funding Level

A. $24,937,500,000 to be distributed Jan. 1, 1977 through September 30, 1980.

B. $17,925,000 provided for non-contiguous States adjustment amounts.

II. Funding Mechanism

3 3/4 year entitlement. (Appropriations Committee's annual authority limited to adjustments between funding levels of legislative committee and budget resolution).

III. Annual Increment

No increment as currently. Funds are frozen at the 1976 level of $6.65 billion. (July-Dec. 1976 appropriation annualized).

IV. Eligibility

To participate local governments must:

(1) Be defined as a unit of general purpose government by the Census Bureau or be a recognized government of an Indian tribe or Alaskan native village. (Extent of current standard).

(2) Impose taxes or receive intergovernmental transfer payments. A tax collected by another government from a government's geographic area and the net proceeds of which are returned to a government are deemed to be imposed by the government to which the proceeds are returned.

(3) Provide "substantially" for at least 2 of the following services for its citizens: police protection, courts and corrections, fire protection, health services, social services for poor and aged, public recreation, public libraries, zoning or land use planning, sewerage disposal or water supply, solid waste disposal, pollution abatement, roads or street construction and maintenance, mass transportation, and education.

(4) Spend at least 10% of their total expenditures for each of two of the services (exclusive of general and financial administration and for property assessment) or provide for four of them in the most recent fiscal year.

The 10% requirement does not apply if a unit has been and continues to perform two or more services since January 1, 1976.

V. Formula Provisions

A. Annual amounts up to $6.5 billion distributed as currently:

(1) Allocated by 2 interstate formulas, one based on population, per capita income, and tax effort, the other on these factors plus state income tax collections and urbanized population. Allocations within state are based on population,per capita income, and tax effort.

(2) States receive 1/3 of funds distributed, local governments 2/3.

(3) Sets maximum entitlement to local governments at 145% of the average Statewide per capita amount.

(4) Sets minimum entitlement to local governments at 20% of the average Statewide per capita entitlement.

(5) No local government to receive GRS in excess of 50% of its own source non-school revenues plus intergovernmental transfers.

(6) Any general purpose government due to receive less than $200 annually will not participate in the program.

VI. <u>Citizen Participation and Public Hearings</u> (a new set of requirements)

A. <u>Pre-Report Hearing</u>:

Recipient governments must hold public hearings on the Proposed Use Reports at least 7 days before submission of a report to ORS. The Secretary may waive the hearing in accordance with regulations if it would be unreasonably burdensome in relation to funds to be received.

B. <u>Pre-Budget Hearing</u>:

Recipient governments must hold a second hearing, at least 7 days before adoption of their budgets. These hearings will deal with proposed use of GRS funds in relation to the entire budget. Citizens will have the opportunity to provide oral and written comment and have questions answered on GRS use and the entire budget.

The Secretary may waive requirement in accordance with regulations or if processes are already in place which assure the opportunity for participation as contemplated here and include a hearing on proposed use of GRS funds in relation to the entire budget.

C. "Adequate notice" of both hearings is required and notice of pre-budget hearings must be 30 days prior to the hearing which must be at a place and time that "permits and encourages" citizen participation.

D. Allocation of GRS monies must be in accordance with State and local law as currently.

E. Any hearing required must provide senior citizens and their organizations an opportunity to be heard prior to the allocation of funds.

VII. Reporting and Publicity Requirements

A. Current Planned Use Reports are renamed Proposed Use Reports and expanded to include comparison of the expenditure or obligation of GRS funds to be received during the current entitlement period with the use of funds during the two previous entitlement periods. Recipients must compare these past, current and proposed uses to items in the official budget. Proposed Use Reports are also expanded to specify whether the proposed uses are for a new or expanded program, a continuation of an activity, or for tax stabilization or reduction. The Secretary determines the form, detail, and time of submission prior to the beginning of an entitlement period.

B. Thirty days before the pre-budget hearing the government must publish in a general circulation newspaper and make available to the public, its Proposed Use Report and a summary of its budget. The official budget must "specify with particularity" those items funded in whole or part with shared revenues. The budget must be made available for inspection.

C. Actual Use Reports must be filed with ORS and be made available to the public. These reports are expanded over current Actual Use Reports to require an explanation of any differences between proposed and actual uses and with particularity the relation of GRS uses to budget items. As with Proposed Use Reports, reporting is related to entitlement periods rather than fiscal years of recipients.

D. Within thirty days after adoption of its budget, a recipient must publish in a general circulation newspaper and make available to the public a narrative of the budget. This narrative must relate budget items and GRS use and explain changes from the proposed budget.

E. Budgets and budget summaries and Proposed Use Reports must be available at the principal government offices and libraries.

F. Publication requirements may be waived in whole or part in accordance with regulations of the Secretary where they are unreasonably burdensome relative to funds made available under GRS or where publication would be impractical. The 30-day requirement for publication and availabity of Proposed Use Reports and budget material may be modified to the minimum degree necessary to comply with State and local law if the Secretary is satisfied there will be adequate notification.

G. Local Proposed and Actual Use Reports to be provided to Governors by the Secretary.

H. The Proposed Use Report to be submitted by governments in metropolitan areas to areawide organizations at the time of publication.

I. Committee report language states that the Secretary should take into account governments' budget cycles in drafting regulations to carry out participation, reporting, and publicity requirements.

VIII. Anti-Discrimination Provisions

A. Discrimination prohibited on the basis of handicapped status, age and religion in addition to race, color, sex, and national origin (as currently) under all State and local programs except where a recipient can prove "by clear and convincing evidence" that the program was not funded in whole or part, directly or indirectly, with GRS monies. (Handicapped aspect applies to construction begun on January 1, 1977).

B. Extensive hearing and compliance procedures are spelled out including:

(1) 10 days for the Secretary to notify a recipient (and Governor) of non-compliance when there has been receipt of notice of a finding, after notice and opportunity for hearing (except in the case of a finding by the Secretary), by a Federal or State court, by a Federal or State administrative agency, or by the Secretary (after opportunity to submit documentary evidence).

(2) Voluntary agreements to be signed by the Secretary, the Governor, and the chief executive officer of a locality and provided prior to effectiveness to complainants.

(3) Semiannual compliance reports to be filed with the Secretary and the Attorney General.

(4) 15 day period after receipt of compliance reports in which the Secretary is to supply complainants with copies of compliance reports.

(5) Suspension of payments 90 days after notification of the finding if compliance is not achieved, or as a result of a civil suit by the Attorney General alleging discrimination in violation of the GRS Act in any activity of a recipient.

(a) Recipients may request a preliminary hearing within 90 days of notification, which if findings are favorable to the recipient may delay suspension of funds resulting from a determination by the Secretary for up to 210 days after notice or until the determination of a hearing on the merits is made(within 30 days after conclusion of such hearing.)

(b) Suspension as the result of a civil suit by the Attorney General may be the subject of preliminary relief by the court within 45 days after filing of the case.

(6) Recipients may request a hearing on the merits at any time after notice but within 120 days after suspension, to be initiated in 30 days. The Secretary may also initiate such a hearing if the preliminary hearing resulted in a finding favorable to the recipient.

(7) Within 30 days after conclusion of such hearing, or in the absence of a hearing, within 210 days after notice of noncompliance, the Secretary shall make a finding of compliance or noncompliance. In case of a finding of noncompliance, he shall notify the Attorney General, terminate funds, and if appropriate, seek repayment. In case of a finding of compliance, payment of suspended funds will resume.

(a) Suspended funds are paid only if a recipient enters into a compliance agreement, a recipient complies fully with a Federal or State court order (covering all matters raised in the original notice), or the Secretary finds compliance as a result of a hearing on the merits.

(b) Recipients have access to judicial review of a final determination of the Secretary.

(8) The Secretary is directed to enter into agreements with Federal and State agencies and promulgate regulations establishing reasonable time limits for compliance actions by Treasury and cooperating agencies.

C. The Attorney General, as presently, has independent authority to bring civil suits when he has reason to believe recipients are engaging in patterns or practices of discrimination.

D. Private suits are authorized upon the exhaustion of administrative remedies. Administrative remedies are deemed exhausted 60 days after the filing of a complaint with ORS or another agency unless within this period there has been a determination on the merits in which case remedies are deemed exhausted when the determination becomes final. The Attorney General may intervene in these suits.

IX. Matching Prohibition

Current prohibition against use of GRS funds to match other Federal funds is eliminated.

X. Davis-Bacon

Prevailing wage requirement is applied as currently to projects where 25% or more of funds are derived from GRS.

XI. Priority Categories

Present requirement restricting local use of GRS for operating and maintenance purposes to 8 expenditure categories is eliminated.

XII. Congressional Review

A. The Secretary of the Treasury must make an annual report to Congress on January 15 (March 1 currently) which includes in addition to current items the following: efforts to obtain civil rights compliance, extent of citizen participation, compliance with auditing and accounting requirements, use of funds, administrative problems with recommended solutions, and State and local modernization.

B. The Comptroller General may review operations and compliance as currently.

XIII. State Maintenance of Effort

Current requirement that States maintain level of fund transfers to localities as of FY 1972 is updated to FY 1976.

XIV. Auditing Requirements

Current requirement that governments must follow standard fiscal, accounting and auditing standards is broadened to require of each recipient an annual independent audit of its financial accounts in accordance with generally accepted auditing standards. The Secretary may provide regulations to accomplish this, however, he may provide for less formal or frequent reviews to assure that they are not unreasonably burdensome in relation to GRS entitlements. These regulations will also provide for the availability of audit documents to the public.

XV. Anti-lobbying Provision

The House bill adds a prohibition against direct or indirect use of GRS monies for "lobbying or other activities intended to influence any legislation regarding the provisions of the Act". Dues of national or State associations exempted. The Committee Report suggests that compliance be certified on use reports.

XVI. Dates of Effectiveness

Close of December 31, 1976 except funding section on enactment, and eligibility section on the close of September 30, 1977.

[redacted]

THE WHITE HOUSE

WASHINGTON

DATE: 8-26-76

TO: Jack Marsh

FROM: Max L. Friedersdorf

Please handle ______

Please see me ______

For your information ✓

Other We are working in support of Roth amendment.

THE WHITE HOUSE

WASHINGTON

August 25, 1976

MEMORANDUM FOR MAX FRIEDERSDORF

FROM PAUL MYER

SUBJECT: Nondiscrimination Provision of General Revenue Sharing Bill -- Addition of Religion

The present nondiscrimination provision of the General Revenue Sharing Act (sec. 122) prohibits discrimination on the basis of race, color, national origin, or sex in any program or activity funded in whole or in part with revenue sharing funds.

The House bill broadened the present nondiscrimination provision by adding further prohibitions against discrimination on the basis of age, handicapped status, and religion.

Title II of the 1964 Civil Rights Act (pertaining to discrimination in places of public accommodation) and Title VIII of the 1968 Civil Rights Act (pertaining to the sale or rental of housing) prohibit discrimination based on religion. Title VI of the Civil Rights Act of 1964 (relating to nondiscrimination in Federally assisted programs) does not contain any prohibition against discrimination on the grounds of religion.

A question has been raised as to whether the reference to religion in the House bill would result in the superimposing of a prohibition against religious discrimination on Title VI.

Representatives of the Catholic Church and other religious organizations have objected to the inclusion of the word religion. Their objection is based upon the fear that the House provision would prohibit the use of revenue sharing funds to support church-related programs and could lead to subsequent legal challenges to State and local governmental assistance now provided to church-related educational and social programs (e.g. State aid to church-related schools and institutions; textbook programs; etc.).

Civil rights groups advocate retention of the word "religion". They have stated that the House provision can be clarified to ensure that existing exemptions of religious corporations and educational institutions be included in the interpretation of the revenue sharing religious discrimination prohibition.

A good deal of confusion and emotional concern over this issue was evident at today's SEnate Finance Committee hearing on the House-passed bill.

Senator Roth (R-Del.) will propose an amendment to delete the reference to religion during the Committee's mark-up on this bill on Monday and the Administration will be asked its position on this issue.

THE WHITE HOUSE
WASHINGTON

3 Sep.

To Jim Lynn
and
Paul

(Sent 9/4/76)

I believe the President is going to want OMB views on this. Thanks.

Jack

MARSH

THE WHITE HOUSE

WASHINGTON

SEP 2 1976

September 2, 1976

MEMORANDUM FOR MAX FRIEDERSDORF
JIM CANNON

FROM PAUL MYER

SUBJECT: Senate Consideration of General Revenue Sharing Legislation

By unanimous consent agreement, Senator Long has authority to call up the Finance Committee's bill to revise and extend the General Revenue Sharing program at any time during the week of September 7. Although the leadership would like to begin on Wednesday and complete action on Thursday, the extent of work required to complete bill and report drafting may delay action until later in the week.

Of greater consequence, however, is a problem concerning the Finance Committee's decision on the funding level and funding mechanism of the General Revenue Sharing program which has the potential to delay or complicate Senate floor action on this bill.

I. FUNDING LEVEL

As reported, the Finance Committee bill provides \$6.9 billion in outlays for FY77. Since \$1.662 billion is already appropriated for the first quarter of FY77 in the current Act, the bill provides an additional \$5.238 billion for the fiscal year.

According to the Senate (and House) Budget Committee, the First Budget Resolution allocated only \$4.880 billion in additional outlays for General Revenue Sharing. Based upon their interpretation, the Finance Committee bill would exceed this target by \$358 million.

The Finance Committee has, however, based its action upon a different interpretation. The section of the First Budget Resolution covering Revenue Sharing and General

Purpose Fiscal Assistance contained $350 million in "allowances" which the Finance Committee applied to the General Revenue Sharing program to compute its higher figure. Further, Senator Long is known to feel that since the "Tax Reform" bill emerging from conference will produce greater savings than anticipated, these revenues should be applied to programs within his Committee's jurisdiction. Under this interpretation, the $6.9 billion would be within the Budget Resolution target.

The Senate Budget Committee has questioned the Finance Committee's action. In a August 30, 1976 letter from Senators Muskie and Bellmon to Senator Long, the Budget Committee advised the Finance Committee:

> "...the First Budget Resolution deliberations did not contemplate use of any of the allowances target for general revenue sharing. In any event it is now clear these allowances amounts will be needed for other purposes.
>
> "In allocating the First Budget Resolution targets among Senator Committees, certain funds in the allowances category were held back and not allocated to any committee. It should be noted, however, that the statement of managers accompanying the Conference Report on the First Budget Resolution stated that these sums -- totalling $2.050 billion in budget authority and $350 million in outlays -- were to be'reserved <u>only</u> for jobs programs, including accelerated public works, countercyclical assistance, public service employment, small business assistance, or such other temporary job stimulus programs that the Congress may enact' (emphasis added)."

The Budget Committee had in fact earlier advised the Appropriations Committee that in light of subsequent Congressional actions, it should augment appropriations for job creating programs by the $350 million in the allowances category, thus earmarking these amounts for such purposes.

Further, the Budget Committee, in reporting the Second Budget Resolution, has allocated only $6.65 billion in outlays for revenue sharing during FY77. This figure represents the amount contained in the House-passed renewal bill. Senate consideration of the Budget Resolution is also scheduled for next week.

II. FUNDING MECHANISM

The Senate Finance Committee bill retains the House-passed entitlement financing provision.

This provision would continue long-term financing for General Revenue Sharing and is in accordance with the Congressional Budget Act. Under the entitlement financing provisions of the Budget Act, entitlement legislation is referred to the Appropriations Committees if it would generate entitlement authority in excess of the allocation made under the latest Congressional Budget Resolution. The legislation is 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.

When this legislation was considered in the House, the Government Operations Committee bill was referred to the House Appropriations Committee under these provisions since the bill proposed entitlement authority in excess of the amount allocated in the First Budget Resolution. As you know, the House Appropriations Committee reported the bill without amendment within three days.

Pending the resolution of the funding level issue discussed above, the Finance Committee bill may therefore be subject to referral under the entitlement financing procedures of the Budget Act.

Senator Long, however, may not be inclined to allow referral of this legislation to the Appropriations Committee. He is giving serious consideration to exercising an exception contained in the Budget Act which would waive referral to the Appropriations Committee. Specifically, Section 401 (d)(2) of the Budget Act provides that the entitlement financing procedures with respect to referral "shall not apply to new spending authority which is an amendment to or extension of the State and Local Fiscal Assistance Act of 1972, or a continuation of the program of fiscal assistance to State and local governments provided by that Act, to the extent so provided in the bill or resolution providing such authority."

* * * *

ACTION REQUIRED

Senators Long, Muskie and McClellan have not discussed these questions. Their resolution could be handled in an amicable manner or result in a floor fight.

It is conceivable that the Senate will simply avoid the technical aspects of the funding level issue, adopt the Finance Committee recommendation and then increase the amount allocated for General Revenue Sharing in the Second Budget Resolution to reflect that decision.

As you know, it is my opinion that even if the Senate were to go along with the $6.9 billion figure for FY77, the House conferees would not agree to that amount. A likely compromise allocating only $6.65 billion but retaining the annual $150 million increment for subsequent years would be most satisfactory in relation to the President's legislative and budgetary recommendations for General Revenue Sharing renewal.

Regarding the referral issue, the waiver provision was not exercised in the House. It is worth noting that the Administration's legislative recommendations did include this waiver authority in order to exempt General Revenue Sharing from the annual appropriations process. While the referral could be of a pro forma nature, as in the House, Senator Long is extremely jealous of his Committee's prerogatives. If the Senate did include the waiver in its bill, this provision would clearly add to our leverage in conference.

Given the personalities involved and the recent history of dispute over the power and authority of their respective committees, anything may happen. While it will be interesting to see this situation unfold, I am concerned that it not delay or jeopardize prompt Senate action. Particularly, the Administration must be careful of its involvement.

OMB has already been contacted by Senator Bellmon's office regarding the position of the Administration on the funding level issue. To my knowledge the referral matter has not yet surfaced. This is clearly a sensitive matter which merits your attention. It would be useful for us to meet with Jim Lynn and others who may be involved.

Jack Marsh

SEP 10 1976

THE WHITE HOUSE

WASHINGTON

September 10, 1976

MEMORANDUM FOR MAX FRIEDERSDORF
JIM CANNON

FROM PAUL MYER

SUBJECT: Status Report -- Senate Consideration of General Revenue Sharing Bill

The Senate will consider the General Revenue Sharing bill next Monday or Tuesday, the week of September 13. This unfortunate delay is the result of the protracted tax conference and a Democratic Senator exercising the so-called "three day rule". While the Senator or his reason for using this Senatorial privilege has not been identified, I believe it may be Senator Gravel (D-Alaska), who is attempting to gain support for two civil rights amendments that he apparently plans to offer (i.e. addition of nondiscrimination prohibitions on grounds of religion, age and handicapped status; provide for the payment of attorneys fees).

As you know, a potential floor fight between the Finance and Budget Committees over the funding level issue was negated when Senator Long earlier this week agreed to offer a floor amendment to revise the FY77 amount in accordance with the Budget Resolution. Specifically, the Committee bill will be modified to provide entitlement payments of $6.65 billion in FY77 (as opposed to $6.9 billion) and increased thereafter by $200 million per year (as opposed to $150 million). This would also reduce the total cost of the program by $750 million.

	Committee Bill	Anticipated Long Amendment
	(in billions)	
FY77*	$ 6.90	$ 6.65
FY78	7.05	6.85
FY79	7.20	7.05
FY80	7.35	7.25
FY81	7.50	7.45
FY82	7.65	7.65
TOTAL	$ 43.65	$ 42.90

(*includes $1,662. million in existing authority)

A number of Senators are preparing various floor amendments to modify certain aspects of the Committee bill. None of the known amendments are considered serious threats. However, the additional time available may lead to more floor amendments than anticipated.

In addition, we may face the problem of certain non-germane amendments. Since we are late in this session and General Revenue Sharing is considered "must sign" legislation, Senators may attempt to use this bill as a "Christmas tree". For example, Senator Taft is considering an OSHA amendment which has been bottled up in the Senate Labor Committee. It is conceivable that other Senators may avail themselves of the opportunity this bill presents.

My major concern is that the Senate may spend more time on this legislation than is necessary or desirable given the tight time circumstances we face and the nature of the prospective House conferees.

The adoption of amendments would greatly complicate the conference. I am working with Senator Long, the Finance Committee staff, and representatives of State and local government to limit the number and nature of amendments which might be offered next week. Since the funding issue has been favorably resolved in accordance with the President's policy, we are in a position to fully support the Committee bill.

THE WHITE HOUSE

WASHINGTON

September 15, 1976

MEMORANDUM FOR: MAX FRIEDERSDORF, JIM CANNON

FROM: PAUL MYER

SUBJECT: Senate Action on General Revenue Sharing Legislation (September 13-14, 1976)

The Senate yesterday adopted legislation to revise and extend the General Revenue Sharing program by a vote of 80-4. The Senate basically approved the bill as reported by the Finance Committee with relatively minor amendments. Attached for your information is a summary of the Senate-passed bill and those amendments adopted or rejected during floor consideration.

The Senate has already asked the House for a conference, appointing Senators Long, Talmadge, Hathaway, Gravel, Nelson, Fannin, Hansen and Packwood as its conferees. The conference issues are clear and the differences subject to constructive compromise. I am preparing a memorandum on this subject for your review.

I met separately yesterday evening with Congressmen Brooks, Horton, Fountain and Brown to discuss the conference situation. Brooks was extremely negative and indicated that he would give the matter some thought. The other Members expressed great concern over Brooks' anticipated selection of conferees and conduct during the conference.

I have asked representatives from State and local government and other organizations who have been working with us to contact the House Democratic leadership and other Members to urge them to impress upon Brooks their desire for an immediate and responsible conference.

Attachment

MAX - We must press hard for a Conference. Our friends should help. See Cannon.

ATTACHMENT A

SUMMARY -- MAJOR PROVISIONS OF THE SENATE-PASSED GENERAL REVENUE SHARING RENEWAL BILL

1. Length of Program -- 5 3/4 years (January, 1977-September, 1982)

2. Funding Level -- $41.23 billion; provides $6.65 billion for FY77 with stairstep increases of $200 million in each year thereafter.

3. Funding Mechanism -- entitlement financing (nondiscretionary annual appropriation of authorized amounts).

4. Distribution of Funds -- no change in existing statutory allocation formula or eligibility requirements.

5. Nondiscrimination -- modifies current nondiscrimination provision to add prohibition on the basis of age, handicapped status or religion; sets forth enforcement procedures which could lead to the suspension of funds where discrimination is found.

6. Other Provisions --

   A. deletes current priority expenditure categories and matching prohibition.

   B. simplifies current reporting, hearing and auditing requirements.

   C. provides for annual, instead of quarterly, payments for small units of government.

   D. authorizes a new study of revenue sharing and the Federal system by ACIR.

ATTACHMENT B

MAJOR SENATE FLOOR AMENDMENTS

Adopted

1. Long amendment to reduce from $6.9 to $6.65 billion the FY77 funding level with annual increases of $200 million each year thereafter (voice vote).

2. Gravel amendment to restore House provisions prohibiting discrimination on the basis of age or handicapped status (60-15).

3. Gravel amendment to provide for awarding of attorney fees to the prevailing party in a suit brought to enforce civil rights compliance (40-35).

4. Gravel amendment to apply existing civil rights prohibitions and exemptions on religious discrimination (59-16).

5. McGovern amendment to provide annual payments to any recipient which receives less than $4,000 per year.

Rejected

1. Biden amendment to subject program to annual appropriation process (14-62).

2. Fannin amendment to strike Davis-Bacon coverage (15-62).

3. Javits amendment to provide monthly payments to any governmental unit receiving more than $40 million per quarter and annual payments to any governmental unit receiving less than $4,000 per year.

SEP 16 1976

THE WHITE HOUSE
WASHINGTON

Date 9-15-76

TO: Jack Marsh

FROM: Max L. Friedersdorf

For Your Information ✓

Please Handle

Please See Me

Comments, Please

Other Brooks crumpled under pressure today & confirms appointed!

THE WHITE HOUSE

WASHINGTON

September 15, 1976

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to Max 9/20/76

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September 30   1:50 p.m.

THE WHITE HOUSE

WASHINGTON

Jack/Max:

The Brooks Amendment on the Revenue Sharing Conference Report was defeated by a vote of 147-252.

The next vote will occur on the Fountain/Horton Amendment which will restore the $6 Million with indexing.

Charlie Leppert

(NOTE: I left an identical message with Nel. Also, told Nancy.
Donna)