League of Women Voters of Minnesota Records

FILE COPY

JOHN A. BLATNIK
8TH DISTRICT, MINNESOTA

ROOM 2449
RAYBURN HOUSE OFFICE BLDG.

CHAIRMAN
COMMITTEE ON PUBLIC WORKS

Congress of the United States
House of Representatives
Washington, D.C. 20515

May 14, 1973

Ms. Maryanne McCoy
League of Women Voters
1200 2nd Avenue South
Minneapolis, Minnesota 55403

Dear Maryanne:

Sorry I missed your recent visit to Washington, but I did receive and read thoroughly the material you left on the various Community Action Programs which have been affected by the Nixon Administration's impoundment of funds.

These programs, so drastically cutback and some of which the Administration intends to eliminate, have provided invaluable services to needy Americans, to gifted young people in the field of education, and to the elderly. The Congress must not allow the termination of these programs for the values involved transcend the narrow aims of this Administration, and I want to assure you that I will continue working to support programs referred to in the information you left, as well as other vital programs such as the Economic Development Administration and the Upper Great Lakes Regional Commission which have kept Northeastern Minnesota from becoming a junior Appalachia.

Looking forward to seeing you soon - and again, my thanks and all best wishes.

Sincerely,

John

John A. Blatnik, M. C.

JAB/gt

RTh McC

League of Women Voters of Northfield

APR 18 1973

April 10, 1973

Enclosed is a copy of the information the Northfield League gathered on the effect of proposed federal budget cuts on services to Rice County residents.

Also enclosed is a copy of the letter we sent to Senator Mondale, Senator Humphrey, and Representative Quie.

Georgiana Campbell
National Action Chairman

Northfield, Minnesota 55057

Funds for Services for the Mentally Retarded

Program name: Title IV-A of the Social Security Amendment

Program description: Tuition for persons attending the Rice Co. Activity center is at least partially covered by these federal funds. A change in eligibility requirements (which would decrease the number eligible) is anticipated as the direction a cut in funding would take.

Services: The Rice County Activity Center operates daytime activities for the mentally retarded. Some persons served commute from their homes. Others have been moved out of the State School into foster homes in Faribault; they attend the Activity Center daily and live in the homes during the evenings and weekends. If the Activity Center were not there or if its hours of program were reduced, the foster home set-up probably would not work for these ex-residents of the State School since the homes would then have to be staffed for additional daytime supervision. The cost of the foster homes would then be prohibitive.

Retarded children are now sent to summer camp out of Title IV-A funds. It is not known how a cut-back in funds would affect this service.

Funds: $15,000 in Federal funds out of a total annual budget of $40,000 for the Rice County Activity Center. Loss of federal funds would mean a radical reduction in program.

Number of people served: 39 out of 40 adults now at the center are at least partially funded by Title IV-A funds; there is also a long waiting list; some involved now might have to return to institutions

NOTE: Speaking of Minnesota as a whole: $2 million would be cut from a state-wide budget of $6 million by these proposed federal fund cutbacks.

Source: Molly Woehrlin, Chairman, Governmental Affairs Committee
Minn. Assoc. for Retarded Children

Office of Economic Opportunity

Program name: Operation Outreach
Program description: economicallydisadvantaged individuals hired to find and provide or refer for help others at poverty level
Services: as above
Funds: $19,000 FY '73 for 3-county area so approximately $6,334 for Rice County; primarily for staff salary, travel
People served: Approximately 666 in Rice County last year

Program name: Youth Programs
Program description: Youth Emergency Service in Northfield--telephone callers requestion help receive appropriate assistance or are referred.
Faribault Youth Center.
Morristown YECA -- youth work on ecological projects, as making duck ponds and fish ladders, recycling
Services: as above
Funds: $34,000 FY '73 for 3-county area; approximately $11,333 for Rice County
People served: 1,333 in Rice County

Program name: Family Planning
Program description: information on family planning made available free to qualified women
Services: as above; 2 full-time and 2 part-time staff to serve 3-county area
Funds: $29,000 for 3-county area or $9,666 for Rice County
People served: approximately 133 in Rice County

Source: W. Christianson
Director OEO

Employment Training Programs

Program name: Emergency Employment Act (EEA) also known as PEP (Public Employment Program)

Program description: funds available to governmental agencies so that they can hire needed help

Services: jobs provided to those needing jobs; governmental agencies (such as a city, school system) received additional needed staff

Funds: Rice County has received grants of $188,000 and $82,000

Number of people served: 60 jobs plus those benefitting from the additional services

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Program Name: Neighborhood Youth Corp

Program description: provide jobs: 1) in-school; 2) in-school summer; 3) out-of-school

Services: jobs for jobless and services to the community

Number of people served: 100 employed summer of 1972
10 employed as in-school

Funds:

Program name: Work-Study Program

Program description: work-study program for those attending the Vocational School

Services: as above

Number of people served:

Funds:

Program name: New Careers Program or PSC (Public Service Careers)
Program description: jobs provided by Community Action Agency contracting with those wanting employees
Services: our Community Action Agency has a contract in Worthington, providing jobs
Number of persons served: 3-4
Funds:

Source: James Cupp, Office Manager, Faribault Office, Manpower Services

Regional Library Funds

Program Name: Title I LSCA
Program description: Funds go to a regional library association of 11 Southeastern Minnesota counties, including Rice Co.
Services: Reciprocal borrowing (from any library within the association. Consolidated book buying. Bookmobilxe.

Funds: Of the total budget, 50% of the funds come from the federal government and 50% from the state government but the entire amount is administered by the State Department of Education.
1971-72: $30,000 budget ($15,000 - federal funds)
1972-73: $110,000 budget submitted; hopefully will get $80,000 by 6/30/73; ($40,000 - federal funds)

Number of people served: 41,582, the entire population of Rice County

Source: Elvin Heiberg, Nfld
Member, Regional Library Board

Executive Director, Raymand Ogden
Taylor East Building
Rochester, Minn.

Public Housing -- Faribault

Program name: Low Rent Public Housing Program
Leased Public Housing Program, Section 23

Program description: provide housing for approximately 250 low-income Faribault and Rice County residents; 85 units

Services: 60 housing units for the elderly -- to be built
25 housing units for families -- would utilize existing housing in Faribault (under Leased Public Housing Program, Section 23)

Funds: initial planning grant of $12,000 supposed to be coming but so far has not; (public housing for Faribault was approved just before the current moratorium on subsidized housing was announced); annual expenditure for the rental of these 25 units would be around $50,000-$60,000 per year.

People served: 250

Source: Richard Kahn, Carleton student working with Rice Co. housing study

ESEA FUNDS CUTBACK PROPOSED BY NIXON

Program Name: Title I
Number of People served: 7 staff
130 students grades 1 through 4
Funds: $47,000 FY '73
Services: small group and individualized tutoring for educationally deprived students

Program title: Title II

Services: library books and audio-visual materials
Funds: $5,250 FY '73
Number of people served: entire school district

Program title: Vocational Education

Funds: $6,000 FY '73
Services: reimbursement for programs in agriculture, home economics, trade and industry, distributive education, and office practise
reimburses salaries, travel and adult education
Number of people served: unsure

Source: Superintendent John Longstreet

cross ref. to ESEA

Northfield League of Women Voters (Rice County)

APR 18 1973

April 10, 1973

Senator Hubert Humphrey
U. S. Senate
Washington, D.C. 20510

Dear Senator Humphrey:

As you know, the League of Women Voters of the United States has been troubled by the prospect that the programs it supports will not be adequately funded by this Congress, due to proposed cuts in FY '73 appropriations, FY '74 budget requests, and the executive impoundment of funds.

However, this letter is to express an immediate concern of the League of Women Voters of Northfield. We have gathered information and statistics about the effect of appropriation cuts on the programs serving Rice County citizens. A copy of this information is enclosed in this letter. It is disturbing for us to reflect upon the services, money (income), and jobs involved, that may well be lost, affecting men, women, and children of all economic levels. We hope that you will feel as we do that these jeopardized services are important to Rice County citizens and that their continued financing is a basic concern of us all.

The League of Women Voters is not opposed to economy in government. We do care about what programs will suffer from this reduction of federal expenditures. And we are concerned about what programs will benefit when shared tax dollars are allocated. We believe people-benefiting programs such as those we have documented should have priority when Congress considers the federal budget.

We know that you will continue to share the League's concern with the well-being of our citizens, particularly those whose age, health, or economic status makes it difficult for them to speak loudly on their own behalf when requests for federal money are heard.

Sincerely yours,

Georgiana Campbell
National Action Chairman
R.R. 1
Northfield, Minn.

St. Paul, Minnesota Fact Sheet showing effects on human services and housing through changes in Federal Eligibility Guidelines and Federal funding cutbacks

A listing of some of the social services and housing programs being phased out or placed under the 18 month moratorium.

I. Community Action Programs
Ramsey Action Programs, Inc., which was evaluated as an efficient administrator of OEO programs, is being discontinued. Some of the programs affected are as follows:

a. Health Clinics. Helping Hand in the W. 7th Street area employs 8 persons and serves approximately 600 clients per month. (Medical services, education in family health and first aid.) The West Side Clinic which opened in January, 1973 has similar services. OEO funding for each of these clinics is 45,000.
b. Emergency Food & Medical Services (OEO 45,000). Approximately 900 children and pregnant and nursing mothers per month receive supplemental food.
c. Senior Opportunities & Services (OEO 49,500). This program has brought about the forming of the Senior Citizens Coalition and been responsible for a large number of senior citizen programs in high rises and activity centers.
d. Senior Citizen Employment (demonstration Manpower) (OEO 14,000). To senior citizens added to the Older Workers Dept. in Manpower placed 456 senior citizens in employment in 1972.
e. Congregate dining program (OEO 50,000). Hot meals for senior citizens at 4 locations in St. Paul. 2,245 hot meals were served to some 400 senior citizens during the first 6 weeks of operation.

II. Housing programs (18 month moratorium)

a. 478 units of 236 housing in 3 St. Paul NDP areas were accepted with feasibility studies completed and then rejected. 141 units of 236 housing in an NDP area had not yet had feasibility studies completed. 55 homes were expected to be built in 1973-74 under 235 funds (total 674 housing units). An additional 580 units of rehabilitation were in planning in Project Rehab and an additional 45 houses were to be considered under 235 in NDP areas.
b. Public Housing. A proposal for 1200 units of elderly housing had been submitted to HUD. The 3% increase for the Public Housing operating budget is not adequate to maintain the present level of services, since utility, etc. increases are far beyond the 3% increase level.
c. Further, the NDP Year V (May 1, 1973 - April 30, 1974) seems to be in jeopardy with the possibility of the 11,100,000 federal funding being sharply reduced. Current estimates place the federal share as low as 4,000,000. The NDP programs have been highly successful in St. Paul with strong citizen participation in the planning. However, if further development is halted for 18 months, leaving St. Paul with cleared land and no housing programs, the result will be further deterioration and hardship for the city.

d. Rehabilitation loans (3%) in NDP or code enforcement areas. (1,079,000 Federal). 306 loans granted in 1972. The cancellation of low cost loans for home rehabilitation makes repair of existing housing stock for St. Paul almost impossible.

III. Manpower Programs

Summer youth employment assistance is a strong need. 835 youths were employed in the summer of 1972 Reap program.

IV. Department of Agriculture (102,000 Federal)

Summer Food provided approximately 3,000 inner city youth with a meal in recreation centers.

V. Title IV A programs.
Both the tightening of the eligibility guidelines and the disallowing of private funds for use as local share will severely curtail the effectiveness of these programs.

a. Day Care (1,212,600 Federal)
Approximately 500 of Ramsey County's 1600 day care children will be ineligible, forcing the working mother to inadequate day care or back on welfare.
b. Home Supportive Services (36,080 Federal)
Under this program senior citizens have been able to remain in their homes.
c. Home Health Care services (150,000 Federal)
This program provided needed medical assistance to low income families.
d. Detoxification Centers and Halfway Houses have been of great benefit and should not be discontinued. In 1972 2,356 people were treated at detoxification centers. The number of people cared for at the halfway houses in the St. Paul area is as follows: (772,000 Federal)
Five halfway houses for the chemically dependent: Inpatient 248, Outpatient 2510.
Three halfway houses for the mentally ill: 216
Four Crisis Intervention centers: 4,500
In addition, four chemical dependency counselors were funded.

Lorraine Wood
League of Women Voters of St. Paul

Hennepin County and Minneapolis Fact Sheet showing effects on human services and housing through changes in Federal Eligibility Guidelines and Federal funding cutbacks

I. Title IV-A Programs

64 agencies and more than 100,000 people in Hennepin County will be affected by the February 16 HEW Guidelines. Six areas will feel the effects of the Title IV-A cutbacks and changes in eligibility guidelines.

1. Welfare. Cut $4,300,000. These services include AFDC, adoptions, child support.
2. Mental Health-Retardation. Cut $750,000. The majority of this money comes from day activity centers for the retarded.
3. Alcoholism and Drugs. Cut $1,500,000. Cuts will affect many programs including information and referral services, receiving centers, crisis center, and treatment centers. An example... last year the Methadone program cost $350,000 and $27,000 of that was paid by the county. The new guidelines set the county share at $287,000! Last year an innovative program of alcohol and drug treatment was begun. $200,000 supported three halfway houses - New Way, Wayside, and Eden House. The county share of the cost was $33,000; their share under the new rules is $166,000.
4. Court Services. $2,500,000.
5. Pilot City Health Center. Social services part of the program cut $150,000.
6. Day Care, Senior Citizen Centers, and others. Cut $1,600,000. The Greater Minneapolis Cay Care Association estimates that the new eligibility requirements will eliminate 61% of the children now serviced by free day care in Hennepin County. The director, Mr. Coler, says that 95% of the Federal funding will be lost for day care if private funds are no longer allowed for matching dollars as most centers used private funds. Many services at Pilot City have been funded through Title IV-A. The eligibility requirements have particularly affected Pilot City as they have previously serviced people by geographic location and not by income alone. Transportation aids, primarily for the elderly, were eliminated in January. Information and referral has been greatly curtailed. 18 staff members have been fired due to the funding cutbacks.

The total cutbacks in social services for Hennepin County amount to $10,800,000. Hennepin County anticipates $4,000,000 in revenue sharing monies for social services, and no revenue sharing money can be used for matching dollars.

II. Aid to the blind, disabled, and elderly has been a combination of local and federal funds. This aid is to be federalized under the Social Security Act and will come in one grant, rather than through several. Currently the aids per month for an adult living alone amount to $182. Under the new Federal program the same adult will receive $130 per month. The Minnesota Age and Opportunity Center says that an elderly person living in public housing could get by on $130 a month, and that no one else can possibly manage on that amount with the housing costs in Minnesota. In addition to this cutback, food stamps will no longer be available which means that all food will have to be purchased by these people in the general market place in a time when food costs are soaring. This all comes at a time when physically handicapped people and the blind have been making courageous efforts to establish independence by maintaining private residence whenever possible. Their only alternative will be to revert to boarding home care which is much more costly to the taxpayer and which robs the handicapped person of independence.

III. Community Action Programs

The OEO has refused an application for planning funds from HAP, the agency recently established to replace MOER Board as the anti-poverty agency. OEO will only complete some current programs and begin no new ones, so no OEO is expected in Minneapolis.

IV. Housing Programs

HUD has also cutback on programs and put a moratorium on many others. The immediate effect on Minneapolis is not devastating as several projects which are in progress will continue.

1. Model Cities has been given enough funding to maintain their program at the 85% of current spending level. This is more funding than they anticipated. They anticipate some staff and program cuts, but they are not decided yet.
2. Housing Redevelopment Authority. Funding for HRA is still very undecided, however, the HRA has been assured that they will receive enough operating funds to maintain staff to service projects in process.

   Public housing programs for the elderly and families will not feel immediate results from the moratorium. One family project and two elderly projects under construction can be completed. Urban renewal projects are another story. Conventional projects which are in process can be continued, but most of the tools necessary to complete the projects have been stopped. The 3% loan program and the grant program for rehabilitating homes has been terminated. The estimate of units in need of repair is 15,000 units in 5 renewal areas. The 235 Home Ownership program and the 236 Multi-family Rental program have been terminated. The HRA may not continue to acquire land. Thus it is virtually impossible to complete urban renewal projects. The moratorium also covers the scattered site program where the HRA buys up land, writes it down for a developer, and has lowcost homes built on it. The Minneapolis HRA still has 165 units to build under their current funding, but they do not anticipate being able to get any funding for more units when these monies are gone. The HRA will continue with demolition, selling parcels of land for development, and relocation services. Of course relocation will become more difficult with none of the above tools available.

$4.6 million in third year NDP funds, as well as a moratorium on HUD funds as previously allocated to Minneapolis, which were due in April, 1972, have not been released...and the fiscal year terminates March 31st. The terms for this funding and activities allowed have changed month to month. The funding is essential for a wide range of activities such as acquisition of land, a pedestrian bridge for the South High site, relocation activities, etc. in areas like Cedar-Riverside, Model City, and Willard-Homewood.

Sue Taylor
League of Women Voters of Minneapolis

Ramsey Action Programs Inc.

Program	Budget	Program Status	Scope of Service
Headstart	$478,000	The program will continue to be funded under HEW However federal guidelines will require a new local operating agency.	Headstart serves 340 children from approximatley 310 different families. All centers offer a five day week classroom based development program as well as health and nutrition trainin staff and parent education is also available. 68 staff members
Health Clinics 1. Helping Hand	45,000 OEO Grant 35,000 Hill family 80,000 Total	According to RAP this program will terminate as of April 1, 1973 the Hill grant expire 6/1/73	Helping Hand, located in West 7th St. employs eight persons and serves approximately 600 clients per month. The clinic not only provides direct medical services in family care, but al emphasizes community education in famil health and first aid. Referral service are also available.
2. West Side Clinic	45,000 OEO Grant 40,279 Bush Foundation 85,279 Total	The OEO Grant ends 4/1/73, while the Bush Grant expires 12/31/73, therefore the clinic could operate at a reduced capacity until the end of the year.	The West Side Clinic opened in January 1973 and is located in the Neighborhood House, services are similar to those of the Helping Hand. Both clinics have a sliding fee schedule based on the patient's ability to pay.
Emergency Food and Medical Services	45,000 OEO	According to RAP this program will be discontinued 4/30/73	Through this project, approximately 900 infants, preschool children, pregnant and nursing women per month receive supplemental food to assure them an adequate diet.

Program	Budget	Program Status	Scope of Service
Senior Opportunities and Services	49,500 OEO	According to RAP this program will be discontinued 4/30/73	RAP has been active with other agencies in establishing the Senior Citizens Coalition of greater St. Paul. Along with numerous agencies RAP has been instrumental in organizing and staffing senior citizen programs in St. Paul.
Manpower Demonstration: Senior Citizen Employment Program	14,000 OEO	According to RAP this program will be continued until 10/30/73. If Older American Act monies become available the program could be extended further.	This RAP grant added two staff persons who are senior citizens to the Older Workers Department of the State Dept. of Manpower Services. In 1972 the dept. was able to place 456 senior citizens i employment compared to 188 in 1971. the RAP grant began in 1972.
Legal Assistance of Ramsey County (LARC)	197,678 OEO grant ? (294000 Total)	LARC is slated to continue but its level of funding and type of services have not been determined. LARC will be part of the administration's proposed independent legal corporation.	LARC currently interviews 600 individua a month, of these approximately 150 are determined to be ineligible because of income or because their legal problem i not a civil legal problem. Special "units of expertise" are sections on family law, welfare law, consummer law, and housing law. Presently, LARC emplo 24 persons. (7 attorneys, 6 paralegals, and secretaries). Through Action/Vista Program and the Reginald Heber Smith Program an additional 10 attorneys and paralegals are assigned to LARC.
Congregate Dining Program	50,000 OEO grant	This program could continue if the Older Americans Act is passed and signed. As of Feb. 22, the bill had passed the Senate. If the bill is not enacted this program could be phased out by the Fall of 1973.	This program offers hot meals in four locations Merrick Center, Exchange Stre Duneden High Rice and W. 7th Street during the noon hour. Meals are prepar by St. Luke's Hospital and the School District. It is estimated that 2245 ho meals were served to some 400 senior citizens during the first 6 weeks of operation.

Program	Budget	Program Status	Scope of Service
Community Organization	449,778 OEO	According to RAP this program will be discontinued 4/30/73.	This program includes funding for RAP's four neighborhood service centers as well as such special programs as Youth Services, Consummer Education and Oneid Community College.
Administration	250,000 OEO	According to RAP this program will be discontinued 4/30/73.	These funds are used to administer RAP and provide staff training.
Staff Training	15,000 OEO		

Totals: Funding Source	Total	Programs Affected
OEO to be discontinued 4/30/73	963,278.00	Local option, Administration, Comm. organizati Health Clinics, Senior Citizens, Staff Trainir Manpower, Emergency Food.
OEO programs to be transferred to other departments	675,678.00	Headstart and Legal Aid
Private (foundations)	75,279.00	West Side Clinic, West Seventh Clinic

Health Department Programs

Program	Funding	Source	Scope and Funding Status
Immunization	29,000	State Block grant from Section 314 D of Federal Law 891749 (partnership for Health)	Program funding year is similar to calendar year funding level for 1974 is unknown at this time The $29,000 for 1973 is equal to funding levels for previous years.
Coronary Prevention	12,868	State block grant from Section 314 D of Federal Law 891749 (partnership for Health)	This program was funded for 19,000in 1972.
T B Control	15,325	State block grant from Section 314 D of Federal Law 891749 (partnership for Health)	Funding level is similar to last year.
Maternity and Child Health	35,000	State block grant from Section 314 D of Federal Law 891749 (partnership for Health)	The basic grant is $20,000 but a supplemen tal grant of $15,000 has been awarded in previous years. As of February 26, 1973 the supplental grant has not been awarded
Maternity and Infant Care	360,000 federal	Direct grant from HEW	This direct grant is administered by the Health Department in conjunction with St. Paul Ramsey Hospital. The grant is now funded on a monthly basis. Health Dept. officials are not certain of funding after June 30, 1973. The Administration has proposed that this program b funded by block grants administered by the stat
Family Planning	180,000	Title five and Title ten of the Social Security Act.	This program has been expanded from certain target areas to include the entire City. As a result of this action the actual number of clients far exceeds original estimates, thi program should be funded in FY 74.

Program	Funding	Source	
Rheumatic Fever Strep Throat Detcetion	25,000	Northlands Regional Medical Programs	In his budget message, the President recommended the abolition of the regional Medical Program. Therefore the future of this program is uncertain after june 30, 1973. The program can be discontinued or the funds could be reallocated to the State as block grants.

Programs of Housing and Urban Development

Program	Budget	Program Status		Scope of Service
235 single family homes	1,210,000	These homes are affected by the President's 18 month moratorium on subsidized housing starts. The moratorium began Jan. 1973.	55	During NDP year V approximately 55 homes were scheduled to be constructed at a cost of 1,210,000 in NDP areas. If the moratorium continues these "235" funds are not released, HRA will attempt to market these lots conventionally.
"236" multi-family housing *		All projects are affected by the moratorium.		
1. Wilder Homes (elevator) Wilder Homes (townhouses)	2,000,000 3,497,300		314	1. The elevator building will contain 136 units while the townhouses will have 178 units for a total of 314 units. These units will be constructed in Thomas-Dale and are sponsored by the Amherst Wilder Foundation.
2. Hampden Square	1,607,300		86	2. This project will be located in South St. Anthony and will contain 86 units.
3. Thacker Properties	1,200,000		93 ~~47~~ 8	3. Thacker properties located in Summit-University is slated to be the first units rehabilitated under Project Rehab. This project contains 93 units.
NDP X	11,100,000 Federal 5,600,000 Local 16,700,000 Total	The FY 1974 Federal Budget does not include an NDP appropriation. Special Revenue Sharing (Community Development) will replace NDP and many other HUD programs as of July 1,1974. However the Administration has not submitted to congress its special Revenue Sharing Proposal.		The City of St. Paul's NDP Year V begins May 1, 1973 and extends until April 30, 1974. Therefore, the cancellation of NDP should not affect the City's funding level. However, new federal guidelines, if strictly interpreted, could reduce the City's program. A final decision concerning the City level of HUD funding should be known in early March.

* All costs are mortgage costs as submitted to HUD

Program	Budget	Program Status	Scope of Service
Open Space	42,000 federal 42,000 local 84,000	The open-space program will not be funded in FY '74. The Administration intends to include funding for this program in its Community Development Revenue Sharing program. no fiscal '74 budget	In FY '73, the City of Saint Paul submitted to HUD nine applications totalling $400,000. Of these applications, only one (1) was funded. In previous years, the City has averaged $400,000 in open-space funds.
Public Housing - New Construction	11,009,225 1200 units	The HRA has submitted a proposal for a program reservation, the first step in the HUD process for acquiring units, for 1,200 elderly high-rise units. However, this application has been affected by the moratorium. If approved, the first units will not be available until at least 1976. However, it is uncertain if they will become available. It is estimated that these 1,200 units would cost $21,000,000.	The $11,009,225 has been awarded by HUD to HRA to construct three new elderly high-rises. Edgerton-Jenks High-Rise will contain 220 units, while the high rise at Hamline and Englewood will have 208 units. The East of Raymond building will contain 186 units. All three of these buildings should be built by 1975.
Public Housing - Operating Subsidy	1,600,000 federal 1,400,000 local 3,000,000 3% not adopted [illegible] session	This program provides funds for operating the HRA housing units. In FY 1974, this subsidy will increase by 3.0%, and there are special regulations governing allocations for new units.	The cost of operating public housing increases by more than 3% annually. Utility and insurance costs have risen 84 and 72%, respectively over the last 5 years. Even though funding will continue, HRA will be forced to provide a decreased degree of services.

Program	Budget	Program Status	Scope of Service
Rehab Loans	1,079,000	This program will be terminated in FY 74 for there is not budget appropriation.	Rehab loans are loans provided to homeowners in NDP and Code Enforcemen areas at a interest rate of 3%. The purpose of these loans is to allow homeowners to fix up their homes and bring them in compliance to existing codes. In calendar year 1972 306 uni were awarded loans or grants totaling 1,686,772.00, unlike the rehab grant program which is funded as part of NI loans are funded separately by HUD.
701 Planning	150,000 Federal FY 72 75,000 City FY 72 225,000 126,000 Federal FY 73 63,000 City FY 73 189,000	The Administration has proposed that in FY 74, all funds be channedled to the state, which in turn would approve contracts with local government, based upon state, not local, priorities.	The first year of the city 701 grant expires in June, 1973, it is not know at this time , if the second year proposal will be funded at the anticipated level.
Neighborhood Facilities	No application submitted during calendar year 1972.	This program will not be budgeted during FY 74.	In past years, the City has received funding to construct two buildings. Neighborhood House (800,000) and (Martin Luther King 1,400,000). The West 7th Street area has requested data concerning a center as has the Wilder Foundation.

Program	Budget	Program Status	Scope of Service
Water and Sewer	3 applic	This program will not be budgeted during FY 74.	The City's Public Works Department submitted three applications for funding but were not funded.
Manpower Programs			
PEP	1,000,000 Federal 100,000 Local 215 employees affected	This program will be funded through a continuing resolution until 6/30/73. Many congressmen including Senator Humphrey who has introduced a manpower bill have expressed concern about the future of the program. The administration has not proposed a manpower revenue sharing bill but has indicated that the Dept. of Labor will administratively reorganize to accomplish the goals of special revenue sharing.	In the City of St. Paul, all federal manpower programs are coordinated by the Mayor's Manpower Office. As of March 1, 1973, 215 persons were employed through the PEP program in wide range of positions in City government as well as other agencies like HRA.
CAMPS	104,000 Federal FY 73	This program has been funded locally for a second year. However ther is no CAMPS appropriation in the federal FY 74 budget.	This 100% federal grant suppor[ts] the planning and coordinating efforts of the Mayor's Manpower Office.
Summer Youth: REAP	63,500 NYC 17,610 PEP 3,254 OEO 16,000 HRA 55,600 Private sources 155,964	The status of PEP and NYC is uncertain for FY 74 which includes the Summer of 73, therefore the program's future is uncertain. Neighborhood Youth Corp (NYC) is a program designed for disadvantaged youth and administered locally by the School District 625.	During the Summer of 1972, 835 youth were employed in the REAP program. Since many youths could not quali[fy] under federal guidelines because of age or income, [or] other regulations, REAP a joint public-private progra[m] was a supplement to the NY[C] and other programs.

Program	Budget	Program Status	Scope of Service
Intergovernmental Personnel Act	50,000 proposal not yet funded	The IPA is administered by the U.S. Civil Service Administration. Funds are channeled to the States in the form of block grants. Allocations IPA are included in FY 74 budget.	The City presently is utilizing the talents of a HUD program manager in its planning department. The IPA allows federal employees to work fo local government for a specified period of time with the salary bein shared by both agencies. Another element of IPA provides funding for governmental units to improve its personnel system. The City is working with the State and U.S. Civil Service in order to receive a grant to assess the City' Civil Service system.
Manpower Programs			
Recreation Support	36,000 Dept. of Labor	The status of the program is uncertain for the summer of 1973.	During the summer of 1972 it was estimated that between 2,500 to 3,0 youth participated daily in some ph of the Recreation Support Program. Recreation Support allowed inner ci youth the opportunity to become involved in many types of recreatio programs, programs included swimmin field trips, tennis, arts & crafts, photography and organized athletics.
Department of Agriculture			
Summer Food	102,000 Federal	The status of the program is uncertain.	During the summer of 1972, approxima ely 3000 inner city youth received a meal in recreation centers and priva agency facilities. Many of these children also participated in the Recreation Support Program.

Environmental Programs

Program	Budget	Program Status	Scope of Service
Solid Waste	Environmental Protection Agency-technical assistance	The FY 74 budget requests a major reduction in the program, therefore this assistance could be for only one year.	The City has been designated by EPA as one of the Cities to receive technical assistance in identifying and implementaing innovative approache to developing a total solid waste system-organization, financing, and operation.
Air Pollution Control	148,124,000 FY 73	FY 74 budget indicates a slight decrease in funds for air pollution control. Therefore it is diffucult to predict the extent of funding for FY 74.	The City's air pollution control unit is partially funded through this grant
Water Pollution Control	no funds were available as of March 1, 1973 due to impoundment and lack of final guidelines.	The Administration has impounded $3 billion of the $5 billion allocated for FY 73 and intends to impound a similar amount of $6 billion allocated for FY 74.	This program will be administered in Minnesota by the State Pollution Control Agency. Under the Nixon funding level, the State will receive 60 million in FY 73. Of this 38 million will be allocated to the Metropolitan area.

II. Programming affected by changes in federal social service regulations. *

PROGRAM	OPERATING AGENCY	TOTAL FUNDING INVOLVED	PRIMARY TARGET POPULATION	STATUS
Day Care Title 4A funds - [illegible]	Children's Home, Hallie Q., Neighborhood House, Wilder, Montessori, Eduplay, Council for Coordinated Child Care	$1,212,600 (federal with local match)	Pre-schoolers	Possible cancellation of contracts
Counseling	Catholic Social Service, Family Service, Jewish Family Service	$114,846 (Federal with United Way match)	Present, past and potential public assistance recipients	Possible cancellation of contract
Information & Referral Center	Community Health & Welfare Planning Council	$139,200 (Federal with United Way match)	Community residents needing service resources; Community social service providers	Possible cancellation of contract
In Home Supportive Services	Catholic Social Service	$36,080 (Federal with United Way match)	Senior citizens	Possible cancellation of contract
Camping	Agencies offering camping	$72,000 (Federal, with United Way match)	Low and moderate income youth	Possible reduction or elimination of service

PROGRAM	OPERATING AGENCY	TOTAL FUNDING INVOLVED	PRIMARY TARGET POPULATION	STATUS
Home health care services	Family Nursing Service	$150,000 (Federal, with ~~United Way~~ County match)	Low income clients	Reduction in contract size due to reduction in number of eligible clients.
Daytime Activity	Day Activity Centers	$452,835 (County, state, and federal)	Mentally and culturally retarded OK	Possible reduction in contract due to eligibility.

LEAA – CYSB plans for etc – probably ok

Model Cities 2.95 mill to last to July 1 1974 (
(overnight Sept 30 1973)

* This data supplied by the Health & Welfare Planning Council

from Collier

? Includes matching funds?

IVA - Programs with ~~no~~ private fund matching cuts:

$ 1,212,000 child care }

$ 114,000 counselling services { with Soc Serv / Jewish " "

$ 139,000 Information Referral Service

36,000 "Chore" - In home supportive services

150 000 Family Nursing Service

72 000 Camping

452 000 Day activity centers

? - Mental Health Detox Center (workhouse)

- - Drug Counselling (~~Half~~ Way Houses)

Duluth, Minnesota
Summary of Community Action Activities

The Duluth Community Action Program Activities and program year, federal budget, number of persons employed and number of persons served is as follows:

DULUTH COMMUNITY ACTION PROGRAM (January 1, 1973 to December 31, 1973)
$199,000 95 employed 8225 individuals served during 1972

The CAA Administration is composed of 3 people which make up the administrative staff with a budget of $29,878. This includes CAP Board expenses.

The Central Neighborhood Community Center is employing 12 persons with a budget of $115,881 during 1973. Last year, the total individual numbers served were 8225 (non-repeat). Of this number, 4551 were senior citizens. The number served in terms of group activities, i.e. various organizations, repeat persons and senior citizens room users and youth, was 12,200.

The Experiment in Experience program will employ at least 80 persons on a budget of $53,241. Of this number, at least 75 will be the youths or enrollees. They work at various job sites to gain marketable skills and learn basic work attitudes. During 1972, the budget provided for 70 enrollees; however, employment was provided for 100 low-income youths. The increase was due to turnover and staff position cuts.

HEAD START (August 1, 1972 to July 30, 1973) Duluth CAP is the grantee.
$262,617 40 employed 225 pre-schoolers to be served in 12 schools.
The number employed includes 22 para-professionals, teachers' aides, who are parents who are eligible to have their children participate in the program. Program costs include service for the parents' committee.

SENIOR CITIZEN NUTRITION PROGRAM (Duluth CAP) (February 19, 1973 to June 30, 1973) $19,095 3 employed 100 persons daily
Budget is to hire three senior citizens to work with at least 100 senior citizens by providing one free hot meal to each daily, five days a week for the program period. Other services include tax service and social and health needs.

There is an additional $10,071 in unexpended funds from two years before, which is being reprogrammed with OEO approval due. Also, $2050 is due to complete the Community Food Buying Club funding for one year.

Total Federal Funds Affected: $492,833

Prepared by Jerry Singer
CAP Director

The Duluth CAP as of February 6, 1973 has received $79,600 or 40% of its scheduled grant for F.Y.'73.The current federal budget level represents only 42% of the total obligated OEO budget. The loss of

58% of anticipated funds in Duluth would have a debilitating effect on those individuals no longer receiving the services listed above but would also have a significant impact on the community as a whole. For example, if we look at those that are employed by CAP - 132 jobs will be affected. 108 of these jobs are held by individuals who previously fell within OEO poverty guidelines. The individuals in many cases had no previous employment and many were over 55. The loss of CAA funding will result in welfare support as the only option available.

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SEP 19 1979

TO: Joyce Lake, LWVMN Action Chair
FROM: Nancy Doerfler, LWV Brooklyn Park Action Chair

Enclosed is a copy of our response to the LWVUS request for information on General Revenue Sharing to be used for their testimony in Congress re extension of Revenue Sharing.

LEAGUE OF WOMEN VOTERS
BROOKLYN PARK, MINNESOTA

TO: Sally Laird, Legislative Action Division, LWVUS
FROM: Nancy Doerfler, Action Chair, LWVBP, 7348 Beard Ave.N., Brooklyn Park, MN 55443
RE: GENERAL REVENUE SHARING ACTION

Although our League has not done a specific study of GRS at the local level, we have some information that may be of help to you. Brooklyn Park is a suburb of Minneapolis, with a population of about 40,000, and a city budget of $12,850,000.

1. GRS as a source of federal assistance to cities.

In 1979, Brooklyn Park received $245,471 in GRS. The money was used exclusively for priority capital outlay expenditures, as it has been in previous years. Specifically, some of these expenditures included:

$39,900 - 7 Police vehicles, compact
62,600 - Front end loader
50,000 - Shingle Creek restoration
55,000 - Street surface treatment program

GRS makes up about 5% of the city's entire revenue source. If the program were eliminated, the city would probably use an increased property tax levy to meet the budget.

2. Citizen participation

Yes, the city has met the legal requirement to publish a hearing notice in advance of the hearing. However, as the notice is in the form of a 2"x 3" small print notice in the Le gal Notices section of the local paper, one wonders how effective the notice is.

No, the hearing notice does not appear in other media. However, being a moderate-size suburb with no radio or TV stations based here, this is not unreasonable.

Re the second hearing, the city has met the requirement for a hearing notice the same as above. No, the notice does not include a summary of the budget. It does state, "Copies of the proposed budget are on file in the office of the City Clerk for your inspection." The city has not specifically invited the public to comment in advance of the hearings. At the hearings, public comments are asked for and listened to, although seldom is there anyone from the public in attendance.

Hearings are scheduled the same as City Council meetings on Monday evenings.

No special efforts are made to involve senior citizens.

The city has not gone out of its way to promote the availability of the budget, although anyone who is interested can go to City Hall and pick one up.

Public attendance at hearings is virtually non-existent. At the first hearing in July, no one attended. (Our League does not regularly have Council observers in the summer months) The League always has observers at the 2nd hearing in September. Again, there was no public attendance except by the League and the Chamber of Commerce.

3. Civil rights compliance

No civil rights complaints have been filed.

4. Auditing

Yes, the city files an audit as required.

The 1976 Amendments do not seem to have an effect on public awareness of GRS funds nor on citizen participation or allocation of GRS funds. I cannot lay the blame for this entirely on the city however. The city could attempt to make the public more aware of the public hearings, but responsibility also lies with the local press in what they choose to print and emphasize. And finally, citizens themselves have to choose to respond, and in our city, except for the League and Chamber, this has not happened.

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LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA, ST. PAUL, MINNESOTA 55102

April 29, 1976

The Honorable Albert Quie
2182 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Quie:

The League of Women Voters has done extensive monitoring of General Revenue Sharing, monitoring which has indicated shortcomings and the need for reform.

Public participation has been hampered by the lack of publicity on hearings, by hearings held at inconvenient times and at inconvenient locations. Information on the budget in easily understandable terms and information on the proposed and actual use of the funds has been lacking. Additional safeguards are needed to insure discrimination is not practiced in use of the funds. The present formula for distribution of the funds shows that those in the greatest need have suffered; if revenue sharing funds are increased, the additional moneys should be allocated to help inner cities and the rural poor.

We urge your support for these needed reforms when considering renewal of the State and Local Fiscal Assistance Act.

Sincerely,

Jerry Jenkins
President
League of Women Voters of Minnesota

JJ/jm

Same letter sent to all other MN Representatives.

Copy: Jerry Jenkins, Mary Watson, office

TELEPHONE 224-5445

555 WABASHA, ST. PAUL, MINNESOTA 55102 TEL (612) 224-5445

REVENUE SHARING

The League of Women Voters of Minnesota

January 1974

To: Local Leagues
From: Virginia Greenman and Pat Lucas, Cochairpersons
of the Ad Hoc Committee on Revenue Sharing
Re: Revenue Sharing Packet (Enclosed 1 copy - additional copies
40¢ each - order from state office)

Contents:
Editorial on these sessions
Outline of Revenue Sharing Seminar session
Summary of the 7 seminar session
Checklist for use in your community
Annotated bibliography
Capitol Letter

Editorial Comments on the Revenue Sharing Symposium

The Revenue Sharing Symposium held at the University of Minnesota fall, 1973, was both informative and confusing. We learned a great deal about what revenue sharing was intended to be. We learned much about what it was not intended to be. We learned a bit about what it is and got a glimmer of what it might become. Part of the confusion comes from the fact that the revenue sharing concept is interpreted differently by different people. There are built-in partisan biases on revenue sharing that become apparent whenever the subject arises. For this reasion, the Ad Hoc Committee on Revenue Sharing decided to introduce our over-view of the symposium with a list of the most salient statements, questions and issues that unfolded throughout the seven sessions. We hope that such an introduction will help to clarify the seeming lack of continuity that we found in the sessions.

The following statements were repeated throughout the sessions:

1) General revenue sharing money was never intended to be a substitute for categorical grants. Its main purpose is to strengthen state and local units of government with financial aid. Its success in achieving this goal is being evaluated.
2) General revenue sharing allocations are not sufficient to allow local governments to solve their larger social and environmental problems. The federal government will have to supply additional sums to meet these needs.
3) If general revenue sharing continues to be substitute money for needed categorical grants, poor states, poor communities and poor people will suffer the most.
4) General revenue sharing should not be made conditional. There should be no strings attached.
5) A community with a consolidated budget will receive the greatest benefit from general revenue sharing.
6) General revenue sharing funds thus far have been most commonly used for tax relief and one time only capital expenses. If the allocations are continued, more general revenue sharing money may be used for public service programs.

The questions most commonly asked were:

1) Will the general revenue sharing program be continued after the first five years?
2) Is general revenue sharing money being equitably distributed?
3) Does the money match resources with need?
4) Is general revenue sharing money being used to maintain archaic forms of government?
5) Is the chief objective of the current general revenue sharing law to decentralize government and by so doing to shift decision-making to the state and local levels of government or is it to shift money from a lucrative source (the federal govern-

ment) to a poor source (state and local government)?

Debatable issues that arose throughout the sessions were:

1) National programs with the built-in carrot and stick provision are needed to solve many social and envirormental problems.
2) Local governments are historically unresponsive to the powerless.
3) Local and state governments have the leadership and capability to administer federal programs. They should be given the responsibility.
4) Local governments are more conservative than the federal government.
5) Local politicians can't take risks or experiment.
6) General revenue sharing gives incentives to state and local governments. It makes them face up to their own problems.

The Politics and Economics of the New Federalism
THE THEORY AND PRACTICE OF REVENUE-SHARING

(Outline of the seven sessions at the University of Minnesota)

Session I: The Anatomy of Fiscal and Political Federalism
Date: Wednesday, October 3, 1973
Speakers: Walter Heller and Arthur Naftalin

Session II: The Origins of Revenue-sharing: Its Genesis, Shaping and Varieties
Date: Wednesday, October 10, 1973
Speaker: Joseph Pechman, Director of Economic Studies, Brookings Institution

Session III: The Nixon Proposal and Related Policies
Date: Wednesday, October 24, 1973
Speaker: Murray L. Weidenbaum, Edward Mallinckrodt Distinguished University Professor, Washington University, St. Louis, formerly assistant Secretary of the Treasury for Economic Policy and Chairman of the Administration's Committee on Revenue-sharing.

Session IV: The Reaction of the States
Date: Wednesday, October 31, 1973
Speaker: Governor Dan Evans of Washington

Session V: The Reaction of Local Government
Date: Wednesday, November 7, 1973
Speaker: Edward K. Hamilton, Deputy Mayor of New York City.

Session VI: The Administration Looks Ahead
Date: Wednesday, November 14, 1973
Speaker: Graham Watt

Session VII: Revenue Sharing: Outlook for the Future
Date: November 30, 1973
Speakers: Senator Walter F. Mondale and Congressman Albert H. Quie (by tape)

SUMMARY OF EACH SESSION FOLLOWS:

Session I - October 3, 1973
Speaker: Arthur Naftalin, Professor of Public Affairs, University of Minnesota, and Walter Heller, Regents' Professor of Economics, University of Minnesota
Topic: The Anatomy of Fiscal and Political Federalism

Mr. Naftalin gave the constitutional background of the concept of revenue sharing.

The political base of federalism on which our system of government operates divides the powers and functions of government between the national, state and local levels. Theoretically, each has its proper sphere of activity and authority. The national role is limited. States have all rights not delegated to the national government. Local government operates under home rule.

Mr. Naftalin pointed out, however, that this strictly constructed interpretation of the constitution never existed in fact. The accelerated growth of the central government over the years has occurred in response to felt needs. Wars, depression and environmental deterioration are all national problems. Issues such as health, education, transportation, commerce and welfare are also national in scope and cannot be resolved effectively at the state level. Answers to these questions have been sought at the national level.

A balance must be established between centralized needs and decentralized responsibility. Revenue sharing is the latest attempt to achieve this balance. (Previous efforts were made by two Hoover Commissions, the Restenbaum Commission and a Joint Federal-State Commission under Eisenhower.) Its chief goal is to strengthen state and local governments.

The arguments in favor of revenue sharing listed by Mr. Naftalin include:

1) elimination of the erosion of state and local authority and restoration of responsible, responsive state government.

2) elimination of federal programs that are found to be counter-productive.

3) less regressive local taxing.

4) more opportunity for citizens participation.

5) greater equality of services among states.

Opposing arguments are:

1) national responsibilities and goals are needed to meet national priorities.

2) the federal government is the only body with adequate supplies of money and resources to meet national needs.

3) if viewed and developed as substitution for federal efforts, revenue sharing could diminish the federal government's ability to meet federal problems.

4) lack of accountability and guidelines for use of revenue sharing money could increase inequity in the level of services within states.

5) local capacity and infighting will not necessarily improve with revenue sharing.

Dr. Heller defined three types of revenue sharing:

General - $6 billion a year are distributed to the state and local governments automatically, using allocation formulae that include factors of population, urbanized population, per capita income, state income tax collections and tax effort. General revenue sharing is not meant to be a substitute for other federal programs that meet critical needs.

Special Revenue Sharing - consolidates 100 categorical grant programs into the four main areas of:

1) education
2) manpower
3) community development
4) law enforcement (in limbo at this time)

Counter-cyclical Grants - assist local and state governments during periods of recession when state and local governments collect less money and have a higher demand for services. (In the prenatal stage of development at this time.)

Dr. Heller sees the advantages of General Revenue Sharing as:

1) increasing state and local vitality and independence
2) increasing economic equality among states
3) increasing progressivity
4) relieving pressures on state treasuries
5) stimulating local tax efforts

Many problems are presented by the administration's action of dispensing General Revenue Sharing funds at the same time that it is cutting back funding for programs of social import. Is Revenue Sharing being used by the administration as a base for transferring national responsibilities without transferring the necessary funds? Six billion dollars in General Revenue Sharing money will not do the job that forty billion did in categorical aids. General Revenue Sharing was not designed to solve all state and local fiscal problems. It should not be judged by those standards. General Revenue Sharing was designed to support state and local governments in dispensing local services. It was not designed to be used in solving national problems. Dr. Heller concluded by saying he thought that cutting categorical aids down to four areas was taking a great risk.

Session II - October 10, 1973

Speaker: Joseph Pechman, Director of Economic Studies, Brookings Institution

Topic: The Origins of Revenue Sharing

Mr. Pechman traced the recent history of the present concept of revenue sharing. In 1957 Dr. Walter Heller advocated putting excess federal resources into a per capita rebate to the states to be used for social and economic reform. In 1964, under President Johnson, Mr. Pechman chaired a Task Force on Intergovernmental Fiscal Reform. These proposals of the Task Force for social and economic reform were published prematurely. Opposition to them from federal agencies and the public developed rapidly. Criticism caused the proposals to be dropped. A recession in 1969 and 1970 revived the revenue sharing issue, and it was recommended as a policy by a Nixon task force.

Mr. Pechman supported both conditional (categorical) and unconditional (revenue sharing) grants. Conditional grants are needed to take care of the problems that spill over state boundaries such as transportation, education and welfare. Unconditional grants are needed to improve and equalize the level of services delivered among the states. The poorer states (e.g. Mississippi), those with less than adequate fiscal capacity, need supplemental help. The difference between the capacity and the needs of a state should establish the amount of the supplement. Mr. Pechman added that establishment of a need criteria is essential but that need is a difficult if not impossible factor to measure.

The original Heller-Pechman proposal (1964) contained the following recommendations:
1) 2% of the total taxable income should be shared. The total taxable income, at that time, was $500 billion, therefore allocating $10 billion to revenue sharing. This method of distribution has a built-in growth potential.
2) the allocation to individual states should be based on population and local tax effort.
3) each state should be given the authority to spend the money as they wish.
4) there should be no constraints on use of the money, except that it couldn't be spent for roads.

The General Revenue Sharing bill which passed during the Nixon administration is somewhat different.
1) $605 billion is the highest total amount to be shared. This arbitrary figure eliminates the growth potential factor. The funding is limited to 5 years.
2) The allocation to individual states is based on 2 formulae. The Senate formula figures population, tax effort and income; the House formula figures population, urbanized population, per capita income, state income tax collections and tax effort. The higher of the two amounts is selected for each state.
3) Each state government keeps 1/3 of its general revenue sharing money and passes the other 2/3 through to the counties, municipalities and townships within the state.
4) The following are priority expenditure categories for local governments: A) Public Safety, B) Environmental Protection, C) Public Transportation, D) Health, E) Recreation, F) Libraries, G) Social Services for the Poor and Aged, H) Financial Administration.

In conclusion, Mr. Pechman listed some criteria by which to measure the effectiveness of general revenue sharing:
1) Does it improve the poor states' ability to provide services?
2) Does it increase the local tax effort? (The use pattern thus far has been to use ½ to expand services and ½ to reduce local taxes.)
3) Does it allow Congress to decide between unconditional and categorical grants? We need both.
4) Does it have regional impact?
5) Does it encourage states to look at their own tax and grant systems?
6) Will real financial help be funneled into the large urban centers?

Mr. Pechman left his audience with the feeling that the $5 to $6 billion now being allocated to General Revenue Sharing make it an interesting experiment, but that if such a policy were to be used to bring about significant change, much larger sums of money would be needed.

Session III - October 24, 1973

Speaker: Dr. Murray L. Weidenbaum, Assistant Secretary of the Treasury, 1969-1971; currently Professor of Economics at Washington University, St. Louis, MO.

Topic: The Nixon Proposal and Related Policies

Dr. Weidenbaum was the principal architect of the revenue sharing program while he was employed by the Nixon administration.

Support for revenue sharing policy development has been bipartisan in nature throughout American history, from its first promoter, Thomas Jefferson, to present day advocates, Walter Heller and Melvin Laird. In 1968 both the Democratic and Republican parties included revenue sharing in their party platforms.

The Nixon General Revenue Sharing plan that is now in operation was also a bipartisan effort. It was developed with the help of governors, mayors, county board members and local governmental officials from throughout the country. Dr. Weidenbaum conceded that the law as passed was somewhat different from the law that he had proposed. He believes the responsibility for the changes in the bill, particularly the undesirable strings that were attached, falls on the Democratic-controlled Congress.

According to Dr. Weidenbaum, the chief objective of general revenue sharing of 1972 is to decentralize government and by so doing to shift decision-making to the state and local levels of government. Other objectives of General Revenue Sharing are:
1) State and local spending and employment will rise as they decline at the federal level.
2) Small communities that "aren't wise to the ways of grantsmanship" will benefit.
3) Overhead cost of government will be cut.
4) Local property taxes will be lowered.
5) Decision-making will be by elected officials, not by bureaucrats.
6) Total federal aid (including revenue sharing and grants) to state and local governments will be higher. (Dr. Weidenbaum supported this statement by noting that despite impoundments that were necessary to achieve budget restraints, the total federal funds to state and local governments will be higher in 1974 than in 1973.)

Dr. Weidenbaum would not predict whether this major effort in decentralization through funding would be allowed to expire at the end of the five year limit or whether it would be continued as on-going policy. He concluded with the thought that Congress had created an opportunity and that it is up to state and local communities to see that it works.

During the question period, Dr. Heller said that General Revenue Sharing was not intended to be a replacement fund for existing federal grants programs. Dr. Weidenbaum agreed that general revenue sharing money was supposed to be in addition to federal grant money. He said that that policy change was made after he had left the Nixon administration.

Prof. Naftalin referred to Dr. Weidenbaum's statement that overhead costs of government programs will be cut and pointed out that more than 100 units of government in the state are not getting their next general revenue sharing check because they haven't done the required paper work. Naftalin also suggested that General Revenue Sharing might be keeping alive archaic forms of government and questioned whether it was matching need to resources. Dr. Weidenbaum acknowledged the paper work problem and said that small towns should not be denied their fair share because of it. He argued that it is not the responsibility of the federal government to determine whether or not a government is archaic. That decision must be made by the local citizens. He asserted that the allocation formulae use in distributing general revenue sharing funds attempt to match needs to resources. Low income towns and counties get more money. High income towns and counties get less.

Session IV - October 31, 1973

Speaker: Governor Dan Evans, State of Washington

Topic: The Reaction of the States

In his opening remarks, Gov. Evans reminded his audience that it was the states that gave birth to the federal system of government. Historically and constitutionally, the states have control over local problems.

The concept of shared responsibilities between the state and federal levels of government evolved during the depression and through the World War II years. The federal government assumed more power during these years, and the states assumed less.

Urban problems, acute financial difficulties and corruption in some southern state governments were among the reasons for the fall of state power, according to Gov. Evans. However, the situation has changed in recent years. Today state governments are able to affect priorities and also have the ability to implement them. Reapportionment, tax structure reform, new innovative programs and a new breed of political office holder in the south have all helped to strengthen the position of the states.

Gov. Evans sees governmental weakness today at the national level. He cited the Congressional budgeting as an example. The fiscal year is over before the budget is approved. There is no such thing as a total budget, instead there are 12 or 13 separate budgets. The result is that the budget decisions made in Congress make little long-range-priority sense, and this in turn has an adverse effect on state and local governments.

Gov. Evans called the Executive Branch of the federal government irresponsible. He said that the impoundment of funds by President Nixon hurt state and local programs. But despite federal administrative failure, the states are carrying on, and innovation is coming from the city, county and state governments. Evans believes that there are good people at all levels of government. What is needed now is a sense of understanding and cooperation among them.

Evans noted that states have been sharing revenue with local counties and communities for a long time. In Washington, one-half of the highway funds go to local governments with no strings attached. One-fifth of the total state budget is distributed to local governments without constraints.

Gov. Evans criticized the current General Revenue Sharing law because it requires an audit, puts limitations on local government's use of the money and attaches governmental reform to it.

Revenue sharing should establish a partnership between the state and local governments. Each community should set its own priorities. The state can help by coordinating, filling gaps and avoiding duplication.

Most revenue sharing funds have been spent for capital outlay as one-time expenditure. They have not been used for on-going programs because of a fear by local officials that the funds will not be continued beyond the five year limit. Gov. Evans hopes that local officials will shift money to needed on-going programs.

The federal system enables each state to operate as a laboratory for governmental experimentation. If a state program fails, only that state suffers. If a national program fails, the whole country suffers. Successful programs will spread from state to state. Revenue sharing gives incentives to states to set their own priorities. It makes them face up to their own problem.

States rights should not be viewed as a governor with arms folded in defiance on the courthouse steps, but as an effort to restore faith in government. It should offer citizens an opportunity to participate in their government meaningfully at the local level.

Session V - November 7, 1973
Speaker: Edward K. Hamilton, Deputy Mayor of New York City
Topic: The Reaction of Local Government

Mr. Hamilton's opening remarks stressed the fact that every situation and every locality would have a different reaction to General Revenue Sharing. His statements would be most relevant to large, older cities.

Revenue sharing became important in the late fifties and early sixties when serious demographic changes were taking place in the cities. The older, educated, skilled, white, higher income residents were moving out and the younger, uneducated, unskilled, black, low income residents were moving in.

This change created an increased demand for public service. For example, fire alarms doubled in five years (40% of them false). Bilingual school teachers were needed to teach Spanish-speaking students.

Along with the demographic change came the revolution of rising expectations. People began demanding more from government. Between 1965 and 1966, 180 new federal programs were developed. The war on poverty started small and grew. Federal government's role in these programs, according to Mr. Hamilton, was that of banker. The programs were locally operated.

At the same time the unit cost of government was rising. Public employees were demanding pay that was competitive with that of the private sector. The Federal Pay Reform Act of 1962 doubled salaries.

The result of demographic change, increased service demand and increased wages produced a crunch in the large cities. The service costs were up 15% and the revenues were up 5%. The obvious result is a 10% annual deficit. This has led to what Mr. Hamilton described as a game of "musical tax bases." The cities first went to the states for money to maintain services. By the late 1960's the northern states became saturated. They couldn't support the demand.

The cities has survived the crises of the '60's through responsive taxes such as corporate, sales and income. There had been a move toward state aid and a move toward federal revenue sharing. But during the recession of '70-'71 all three sources died. The state tax base was exhausted. People and services were cut. It was at this point that revenue sharing became politically popular. In 1970 Wilbur Mills had opposed the policy, but by 1971 he favored it. Revenue sharing was accepted because it leaned on a federal tax base. The only serious problem revenue sharing policy had was that it confronted the old political reality of "he who raises the money spends it."

Cities such as New York, that have a consolidated budget, put their revenue sharing money into that budget and use it where it is needed. It is impossible to identify the exact use of the money. One must examine the total city budget to see where general revenue sharing money has been spent. Revenue sharing will favor those communities that have a consolidated budget.

The cause of the present fiscal bind, according to Mr. Hamilton, is that the federal tax base has eroded seriously since 1965. The President pledged not to raise taxes. But he did raise the defense budget. And he cut social services. It is not necessary to favor revenue sharing and oppose categorical grants, but some fundamental allocation choices have to be made in the federal budget. Mr. Hamilton believes that revenue sharing will be used as replacement money for several years.

Mr. Hamilton sees problems with the present revenue sharing policy. Though it is liked by all, it has no organized lobby. Some areas are receiving it that don't want it or need it (some even send it back). It is being misallocated in some places. It is being used to discriminate in others. Special Revenue Sharing (regrouping of federal grants) confused the issue of General Revenue Sharing. There is no assurance that the policy will continue after five years.

On the positive side, local governments can use revenue sharing to fund traditional services such as fire, police, street maintenance, etc. Nonearmarked funds are worth their weight in diamonds.

Mr. Hamilton believes that the fiscal future demands that there be growth in federal and state revenue sharing. The federal government will have to adopt such programs as welfare and health insurance.

Revenue sharing is a bet on the qualities of state and local governments. State and local governments can become high quality units of government. If they are given the wherewithall, they will meet the needs of the people.

Session VI - November 14, 1973

Speaker: Graham Watt, Director, Office of Revenue Sharing, Department of the Treasury

Topic: Managing the National Program

The purpose of general revenue sharing is to strengthen state and local governments. The federal government can't manage all state and local programs or solve all urban problems. Revenue sharing can decentralize government by giving money and power back to the smaller units.

Thirty-eight thousand units of state and local governments have received General Revenue Sharing funds. They are being used in the following ways:
1) ½ of these units have used money to reduce taxes or to reduce or eliminate planned tax increases.
2) Capital improvements such as building facilities.
3) Public services.
Fiscal stability at the state and local level is a product of general revenue sharing.

The Revenue Sharing Act was passed and signed in October 1972. The first checks were mailed on December 11, 1972, and the second in January 1973. Computers were used to figure and adjust allocations. The prime objective of Mr. Watt's department was to get the checks out on time. Additional administrative efforts are being made to help communities to comply with the law and to improve data administration assistance in an effort to avoid getting a bureaucratic image.

The basic characteristics of the law are:
1) Simplicity. It has minimal federal and administrative regulation.
2) Free of strings.
3) Reliability. It is automatically available.
4) Fairness. Distributed to all areas.
5) Equitable. Size, need and relative affluence are considered in allocation.
6) New Federalism. Strengthen state and local government. The prime goal is decentralization.

Mr. Watts said that General Revenue Sharing offers the best of both worlds. It combines the efficiency of a good tax collecting system with meeting diverse local needs. State and local governments can choose the programs that they want. They can set their own priorities. They can be creative and innovative, and they will be locally accountable. Citizen participation is strengthened with general revenue sharing. Mr. Watts pointed out that where the public is involved in decision-making, decisions have been enthusiastically accepted.

Mr. Watts assured the audience that the Office of Revenue Sharing will ensure compliance in nondiscrimination implementation of the law. He expects that Congress will continue the law beyond the first five years. He concluded his comments with a quote of columnist Wm. Saffire, "Let the power be permitted to achieve its own level of efficient response."

Session VII - November 30, 1973
Speaker: Senator Walter Mondale) taped from Washington
Representative Albert Quie)
Topic: Congress Looks Ahead

Senator Mondale said that he introduced the original general revenue sharing proposal but that what has come out of the administration is not even a distant cousin of his concern in the area of human needs. He added that the proposed special revenue sharing legislation is very poor.

According to Mr. Mondale, state and local governments are spending their General Revenue Sharing money in a manner that is consistent with their normal spending patterns. That is 1) less than 4% to the poor and aged, 2) 6% for health, 3) 1% for libraries and 4) 1% for housing.

Last fall Congress was not told about the administration plans to cut domestic spending. In fact, the administration promised there would be no cuts.

Seventy-five percent of the 1974 budget is uncontrollable because of fixed costs. Of the remaining 25%, 75% is going to defense. The budget shows a $5 billion increase in Pentagon spending and $10 billion cut in 100 key domestic programs. $5 billion of the reduction has gone into general revenue sharing.

The budget provides for no libraries, no housing, no mental health, no community development and cuts in federal aid to education. The explanation given for the cuts were viewed by the Joint Economic Committee as poorly reasoned. The use of impoundment to implement the budget is illegal, according to 20 court decisions. However, the administration continues to impound.

The Special Revenue Sharing legislation that has been presented to Congress is not a thoughtful effort. Although consolidation is needed these are efforts to cut as much as they are to consolidate.

Education - $300 million cut in addition to a $300 million cut in the past four years
Manpower - 30% cut in funding over two years
Community Development Act - Senate has a bill that does some consolidating
Legal Education Assistance Act (LEAA) - the 1967 bill was poorly used.

Representative Quie:

Revenue sharing has come about primarily because of the proliferation and inefficiency of federal agencies and the resulting frustration on the part of the people and Congress. There are two ways to resolve the problem: 1) Expand the regional offices of the federal government; 2) Let the state and local governments take over these responsibilities. Mr. Quie believes that there has been an increase in the quality and capability of state and local officials. General revenue sharing will continue. Local officials won't allow this source of revenue to be lost.

There has been a push to increase the spending in categorical aids. Mr. Quie does not like the term "special revenue sharing." He doesn't like the term "block grants" either but prefers consolidation of existing programs. It takes efforts on the part of both the administration and the Congress to understand and meet the needs of the people. Many of the programs we now have are inefficient and inequitable. In many cases these inequities are not realized by Congress.

There are several things that hinder the consolidation of programs. Pride of authorship on the part of the original authors can be a hindrance. Political considerations also can delay consolidation. Congressmen of one party are hesitant to give control to governors of another party.

Consolidation really began in the Kennedy administration. We need to continue this and need to offer some options in the use of programs at the local level.

In the future we need to rearrange the jurisdictions of committees so that they concentrate on efforts to solve problems. We must also have a means for the Congress to be more responsive through the budget and use this device to set priorities. Right now we have one government with 13 different checkbooks running around.

The states can assume more responsibility in the area of human resources as they have with civil rights. But, everything can't be handled through the states. Worldwide cultural understanding, agricultural research and education programs should remain at the national level.

General Revenue Sharing and Special Revenue Sharing will continue. Other programs will have to be funded in other ways, such as through tax credits, if they are needed.

GENERAL REVENUE SHARING CHECKLIST*

(For use in exploring facts on Revenue Sharing in your community)

I. General Revenue Sharing (GRS) Allocations

1. How much money was directly allocated to your city or town?
2. How much additional money does your city or town get from your state's share of GRS funds?

II. Other Allocations related to the use and impact of GRS funds

1. How much money did your city or town receive for social services (under amendment of Title XI of the Social Security Act)?
2. Was this amount more or less than last year's funds for social services?
3. Did this amount meet the minimum need for social services in your city/town?
4. Were any federal categorical program grants to your city or town cut or eliminated this year?
5. If there were cuts, how much was the reduction and in what areas?
6. Are any federal categorical program grants scheduled for cuts or elimination?
7. If so, how much will be cut and in what general areas?

III. Local Expenditures

A. Use of Funds:
1. What plans were announced for the use of GRS funds?
2. How have GRS funds actually been spent?
3. To what extent did the actual use of funds match the announced plans?

B. Types of Expenditures
1. How much GRS money was spent on capital expenditures? -- Where was construction located? -- Are locations accessible to various constituencies?
2. How much GRS money was spent on recurring operational expenses?
3. How much GRS money was spent on programs and projects -- such as public safety, environmental protection, recreation, or social services? -- How much was spent on social services in particular? How much was spent on each program or project?

C. Non-GRS expenditures potentially related to GRS expenditures:
1. Were there or will there be any sizable increases in your city or town's expenditures in areas not considered priority for the allocation of GRS funds (such as education)?
2. What areas or projects were or will be increased? By how much?
3. How were or will these increases be financed?

IV. Priority-Setting Process for the Use of GRS Funds

A. The Present Situation:
1. Have GRS funds already been budgeted and spent? How were priorities, if any, established?
2. If GRS funds have not yet been budgeted or spent, at what stage is the priority-setting process for the use of these funds?
3. Is the priority-setting process being publicized?

B. Community Involvement:
1. What is the extent of community involvement in the priority-setting process?
2. Is this involvement at the invitation of your local government or the result of community pressure?
3. What community groups are most interested and involved?
4. What is the process or means of community involvement -- public hearings, testimony in City Council meetings?

C. Priority-Setting Process within your Local Government:
1. What is the extent of debate and deliberation within your local government?
2. What is the timetable for setting priorities?
3. What department or individuals are responsible for coordinating the priority-setting process?

D. Role of the Media:
1. How much attention is paid to local government reports on the planned and actual use of GRS funds by the media?
2. To what degree does the media encourage public debate about priorities?

* Copied from "Your Fair Share of Revenue Sharing" - by Movement for Economic Justice

3. What editorial positions have the media taken?

V. Equal Opportunity and Civil Rights Provisions

A. Equal Employment Opportunities:

1. Have women and minorities been discriminated against in hiring for programs or projects funded by GRS funds?
2. Have women and minorities been discriminated against in top and middle administrative positions?

B. Capital Expenditures:

Have minority contractors and workers been utilized for these projects?

VI. Local Taxation Effort and GRS Funds

1. Has there been any reduction of local tax effort as a result of GRS? -- What specific taxes have been reduced? by how much?
2. Have any planned increases in local taxes been eliminated as a result of GRS? Which taxes were to have been increased?
3. Who benefits from the reduced local tax efforts?
4. Have any efforts been made by the state legislature to alter the tax effort factor in the GRS formula for allocating state GRS funds to cities and towns?

VII. Assessment of Impact and Effectiveness of GRS Funds

A. Beneficiaries:

1. What constituencies benefitted most from GRS program and capital expenditures?
2. What constituencies benefitted least from program and capital expenditures?
3. What specific benefits were there for poor, near poor and minorities from the major categories of expenditures?
4. Compare the benefits for poor, near poor, and minorities with the benefits for other constituencies. (For instance, if additional policemen were hired, were they hired for inner city or suburban fringe areas?)

B. Program Effectiveness:

1. What quantitative and qualitative improvements have there been in programs receiving GRS money?
2. Were there any priority areas that received GRS funds but did not reveal any real increased level of effort, activity or performance?
3. Were funds channelled to meet the greatest needs -- bringing greatest good to the greatest number or resources to the neediest?
4. Has there been any scandal, corruption or illegality in the use of GRS funds?

C. Jobs Created:

1. How many professional and non-professional jobs were created and at what levels?
2. What new career opportunities were created?
3. How many administrative jobs (typists, clerks, accountants, etc.) were created versus direct social services jobs (bus drivers, garbage collectors, social aids, policemen, etc.)?

D. Evaluation of GRS Expenditures:

1. Has your local government evaluated its GRS expenditures? -- What mechanisms and personnel were involved in the evaluation?
2. What private community groups have evaluated the GRS expenditures?
3. What public process has been used in evaluating GRS expenditures -- public hearings, media publicity, none?

VIII. Your City or Town's Needs and Priorities

A. Community Assessment of City Needs and Priorities:

1. What analyses of your city or town's needs or Counterbudgets are planned or underway? Who is doing it?
2. What analyses of the city or town's budget processes in relation to setting priorities for the use of GRS funds are planned or underway. Who is doing it?

B. Comparison of Existing Budget Priorities with Priorities determined by Community Groups:

1. Do GRS Funds reinforce existing priorities?
2. Are GRS funds enabling your local government to begin to move into new priority areas?

3. Can GRS funds be better used to meet community-determined priorities and needs?

C. Local Budget-Setting Processes:
1. What is the process by which the budget is set in your city or town?
2. What is the extent of community participation in the process?
3. Is the process publicized?

NOTE: This CHECKLIST is an adaptation of one prepared by Pablo Eisenberg, National Urban Coalition.

Revenue Sharing Bibliography - Annotated

Is revenue sharing not a familiar concept? Begin with our own national LWV publications:

---REVENUE SHARING: THE THREE WAY STRETCH, May 1970 -written before the present legislation was passed, this Facts and Issues gives a brief overview of the problems of state and local government in financing programs and alternative ways in which federal tax dollars might be used to alleviate these problems.

---REVENUE SHARING - STRETCH OR SHRINK, March 1971 -a bit longer and more specific about Nixon's proposals for revenue sharing, including both "general" and "special" revenue sharing, and some possible alternatives to revenue sharing.

---Feb. 23, 1973 ACTION (to state and local League presidents) - presents the problems of funding for priority League programs in light of revenue sharing and the subsequent impoundment and budget cuts in federal social programs. It also makes concrete suggestions for action in these areas.

The following publications will give you more specifics about the "general revenue sharing" law (officially the State and Local Fiscal Assistance Act of 1972, public law 92-512) now in existence.

---Facts about General Revenue Sharing, special report #46, 1973 Agricultural Extension Service, University of Minnesota -presents a clear and simple description of the current law.

---Capitol Letter, April 17, 1973, LWVMN -front page article on Revenue Sharing is excellent description of rationale for revenue sharing, how the present law affects Minnesota and preliminary report on how the first monies have been spent.

---What is General Revenue Sharing? from the Office of Revenue Sharing in the Department of the Treasury, U.S. -presents common questions asked and answers to them.

The following are some of the better and readily available articles about revenue sharing. It is purposefully small. The first two articles present an essentially positive picture of revenue sharing and the last two present some criticisms of or opposition to revenue sharing.

Mayer, Lawrence, "The Enticing Logic of Revenue Sharing", Fortune, March 1969, pp. 92-93. This very concise article outlines the problems of state and local financing, the essentials of the Heller-Pechman plan, a word about decentralizing decision-making, and the problems in alternative ways of aiding state and local financing.

Heller, Walter, "Should the Government Share Its Tax Take?", Saturday Review, March 27, 1969, pp. 26-29. Looks at the problems and sources of state and local taxes as compared with the federal government and explains why the federal government should return part of the federally collected taxes to state and local government. While you have this magazine, read some of the other excellent articles on taxes and financing government services!

Cantor, Arnold, "Revenue Sharing: Passing the Buck", American Federationist, November 1970, pp. 1-8 - (publication of the National AFL-CIO). Presents a good description of federal aid to state and local governments by function. Basic argument against revenue sharing is that the amount of money is too small to accomplish the tasks required, turning political pressure away from Washington and back to states and localities where minorities may have less power.

Frankel, Max, "Revenue Sharing is Counterrevolution", New York Times Magazine, April 25, 1971, p. 28ff. A concise well-written criticism of general revenue sharing, presenting some of the most convincing arguments against this form of federal aid to states and localities.

Books of interest include:

Reuss, Congressman Henry S., Revenue Sharing: Crutch or Catalyst for State and Local Governments? Praeger, 1970 (now in paperback). A bit out of date on some aspects of revenue sharing, but Chapters I-III are still relevant and important for an understanding of the problems of state and local government. Chapter I deals with financial crisis, Chapter II with the organizational crisis and Chapter III with the reasons why structural reform at the local level is so ineffective.

Regan, Michael, The New Federalism. Oxford University Press, 1972. Chapters 2-4 are particularly relevant dealing with "The Crisis of Fiscal Federalism", Grants-in-Aid, and revenue sharing "panacea or cop-out?" In addition, the first chapter, "Is Federalism Dead?", is highly recommended to those who feel the need for a better understanding of what a federal system of government means and how it works in the U.S.

Edward Fied, et. al. Setting National Priorities: The 1974 Budget - a Brookings Institute, Washington, D.C. publication in paperback now. Chapters 5, "Grants for Social Programs" and 7, "General Revenue Sharing" are especially recommended.

With the same title and authors, the 1973 Budget also has an excellent chapter on revenue sharing. Many libraries do not yet have the 1974 book but do have the 1973 one. The University of Minnesota has 1974 available now.

Any study of revenue sharing requires at least a minimal understanding of the problems of financing state and local government. The single best source, short and in nontechnical language, readily available, is "Financing State and Local Government: What are the Choices?", Agricultural Extension Service, National Public Education Publication #4, University of Minnesota.

Capitol Letter

a publication of the
League of Women Voters of Minnesota
555 Wabasha, St. Paul, Minnesota 55102
Vol. VIII, No. 4

Editor: Laurel Mueller
President: Mary Ann McCoy
April 17, 1973

REVENUE SHARING

The concept of revenue sharing (the sharing of Federal monies with state and local governments) has been around for some time though mostly as a subject for debate, not as active government policy. In 1837, during the Jackson administration, a large Federal surplus prompted Congress to declare unrestricted dividends to the states, to be allocated in proportion to the numbers of senators and congressmen within each state. The bonanza was short-lived, however, as the dividends vanished with the surplus the following year. It was not until October of 1972, when the Congress passed the State and Local Fiscal Assistance Act that Federal money was once again being returned to states and local governments unencumbered with rigid regulations.

Supporters of revenue sharing argue that it will increase the development of initiative and innovation at the state and local levels, that it will relieve officials at these levels of some fiscal pressures and allow them to concentrate on solving the social problems within their jurisdictions and that it will achieve the ultimate goal of the good life for all more readily and equitably. One of the most articulate champions of revenue sharing is Dr. Walter Heller. In his book, New Dimensions of Political Economy (Harvard Press, 1966) he specifically laid out his plan for the implementation of revenue sharing. (Much of Dr. Heller's plan has been used in the design of the current act.) In an eloquent defense of the concept of revenue sharing, Dr. Heller wrote, "The good life will not come ready-made from some Federal assembly line. It has to be custom built, engaging the effort and imagination and resourcefulness of the community."

The State and Local Fiscal Assistance Act of 1972 allocates $ 5.8 billion to state and local governments for 1972, and $ 150 million more in each subsequent year for the 5 year duration of the legislation. Two formulae are used to determine each state's allotment. One is a 3 factor formula that uses population, general tax effort and relative per capita income in its computations. The other is a 5 factor formula that figures population, urbanized population, relative per capita income, state income tax collections and state and local tax effort. Each state's share is figured by the formula that produces the highest figure.

Minnesota (5 factor formula) received $ 103 million in 1972 and $113 million in 1973. By statute, the state's total share is divided again giving 1/3 to the state and

2/3 to the counties, cities and townships within the state.

The 3 factor formula of population, general tax effort and relative income is used to determine the share of each county, city and township within the state.

The general tax effort factor in the local formula has caused some confusion and controversy among officials at both the state and local levels. It is true that revenue sharing used to lower property taxes has the ultimate effect of lowering that unit of government's share of Federal money in the next year. However, the law does allow the state to change the allocation formula, shifting the weight of general tax effort factors and relative income factors once during the 5 year duration of the legislation. (In his budget message, Governor Anderson said he would do this "to protect local governments" if necessary.) The 1972 general revenue sharing checks have been received and the first quarter payments for 1973 should be in the mail.

The next question is -- how is the money used? The law says that the state can use its share "for any legal expenditure except to match Federal grants." Local units of government are asked to conform to the following "high priority expenditures":

I. Maintenance and operating expenses for: 1) Public Safety, 2) Environmental Protection, 3) Public Transportation, 4) Health, 5) Recreation, 6) Libraries, 7) Social Services for the poor and aged, 8) Financial Administration
II. "Ordinary and necessary capital expenditures authorized by law."

Local governments are specifically excluded from spending revenue sharing money for education, general administration or for matching Federal funds. (There are penalty provisions in the act for such expenditures.)

The law is indeed loose and all indications have pointed toward a virtually unregulated flow of money to the states and local governments. Doubters could find solace in a Treasury Department Report issued in late 1972 that included the following: "Question: Will any programs be terminated because general revenue sharing has begun? Answer: No. Revenue sharing does not mandate any cuts in existing programs. The purpose of the revenue sharing law is to allocate additional funds to state and local governments, to augment existing programs and certain capital expenditures."

A Federal budget ceiling and program cuts were only hinted at when state and local officials decided how to spend their revenue sharing allotments. A survey of revenue sharing spending by local governments done by the Minnesota State Planning Agency shows that 35 of the 43 municipalities surveyed put part of their money in capital outlays, 18 put a portion into operating expenses and 7 gave some to tax relief. All 53 of the counties surveyed put money into capital outlay, 15 used some for operating expenses and 5 allocated some to tax relief. The most popular expenditure for municipal capital outlay was public safety and the favorite capital outlay in the counties was highways.

The problem with general revenue sharing arises with the realization that, despite the Treasury Department's claim that the funds are additional and that no program cuts are anticipated, this in fact is not the case. In his January budget message, the President announced his intention to maintain a $ 268.7 billion budget ceiling and that to support this ceiling many programs would be cut, others suspended and still others consolidated. The President's recommended cuts would reduce Minnesota's social service allocation from $ 34 million in 1973 to $ 12 million in 1974. Cuts in the Land and Water Conservation Fund will bring Minnesota's share down from $4.38 million in 1973 to $800,000 in 1974. Community Mental Health Centers will not be funded. The Northland Regional Medical Program will be discontinued. The carrot that is offered with this stick is "Special Revenue Sharing." Legislation under this title is being developed by the Administration for law enforcement, education, community development and manpower. There are many unknowns with special revenue sharing. Those that come immediately to mind are:
Will Congress approve it? How much money will be allocated? What specific programs will it replace? When will it become effective?

The biggest problem with the Administration's effort to switch the method of Federal funding of state and local government programs from categorical to block grant comes in the transition. Federal Revenue Sharing is not sufficient to fund existing categorically aided programs even if the officials chose to spend them that way. The states and local communities do not have the resources to fund them nor have they had time to establish the priorities necessary to determine what programs can be reduced or legitimately cut. With so many uncertainties clouding the issue of revenue sharing, it is no wonder that the funds allocated thus far by Minnesota's local governments have gone primarily for non-recurring capital outlays. Though this reasoning is understandable, one can only hope that the Federal cut won't be so severe and sudden that local communities never get a chance to put into effect the original concept of revenue sharing, that is -- to create the good life through their effort, imagination, and resourcefulness.

Virginia Greenman

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EQ

Senator Mel Hansen's Vehicle Emission's Inspection bill is dead, but new legislation will be introduced in the House by Thomas Berg. The outlook is rather dim, but it is the hope of the backers that it will have an interim study.

The proposal to place the MPCA under the Department of Natural Resources will have a hearing in the Governmental Operations subcommittee. LWV's position is based on the openness and visibility of the MPCA with its great opportunity for citizen access which might be lost if it were placed under another agency.

Mary Watson

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CONSTITUTIONAL AMENDMENTS

Three amendments considered to be favored for places on the ballot are: 1) "Shall the Minnesota Constitution be amended in all its articles to improve its clarity by removing obsolete and inconsequential provisions, by improving its organization and by correcting grammar and style of language, but without making any consequential changes in its legal effects?" Little opposition is expected. 2) Easing the amending process -- approval of amendments by a simple majority of those voting. This is a long-held LWV position. 3) Providing that railroads may be taxed in the same manner as other enterprises.

Another proposal rating attention but not given as high a priority provides for legislative and congressional reapportionment by a commission rather than by the legislature. LWV said, "Present methods of achieving reapportionment following and reflecting census data seem to result in confusion to voters, partisan maneuverings among political and geographic factions, and delay in utilization of data reflecting divergence from previous census information."

Another LWV concern receiving some attention is the appointment rather than the election of Constitutional officers.

S. Wright and B. Steinkamp

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EXECUTIVE ORGANIZATION

Legislation to create a Department of Finance and a Legislative Post Audit Commission (See Capitol Letter March 6) is moving after much serious deliberation in attempts to iron out all the problems in committee. The House gave final approval to the measure two weeks ago and the bill is on General Orders in the Senate. The proposal will probably move to Conference Committee after the Senate floor vote.

The second major LEAP recommendation which advocates the creation of a Department of Personnel and Pensions has had its first hearing in Senate and House committees. Douglas Dayton, LEAP Executive Director, states, "There are 30,000 employees in state service who are not well managed." The underlying note throughout the first round of testimony pointed to the fragmentation in the personnel area. No one individual is accountable for the system.

A bill to create a Department of Transportation has also been introduced.

Shelley Wright

JUDICIARY

Several bills have been introduced in both the Senate and House which relate to our judiciary position. The LWV State Judiciary Committee is consulting with the LWV State Action Committee to determine action priorities.

Rita Kaplan

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DAY CARE

LWV is supporting and following two child care bills at this time. H.F. 1413 (Berglin, Forsythe, Eckstein, Rice) is a bill similar to the 1971-72 Child Care Facilities Act. That bill allocated state money for the planning, establishing, maintaining or operating of a child care service. $250,000 was distributed among 32 different localities; the money was especially important for the 14 distressed counties which have had little means for providing quality child care centers from their own resources. The three major changes this bill seeks to make from the previous bill are: 1) At least 10 % of any state money allocated for day care shall be spent on "interim financing" for start-up costs for smaller child care facilities (family day care homes, group day care homes, and cooperative child care centers). 2) The Commissioner of Public Welfare must appoint an Advisory Committee on Child Care to advise the Commissioner on distribution of and priorities for child care funds. One - third of the representatives on this committee must be parents of children in day care. 3) In the 1971 - 72 bill, the money was divided -- 70 % to rural areas and 30 % to urban areas containing cities of the first class. H. F. 1413 would change that split to 50 % for the seven county metro area and 50% for the outstate area. This formula divides the funds on a population percentage basis.

MEMO

TO: Harriet

FROM: Liz

SUBJECT 12

DATE 4

LEAGUE OF WOMEN VOTERS OF MINNESOTA
555 WABASHA
ST. PAUL, MINNESOTA 55102
PHONE: 224-5445

FILE COPY

Please Send to:

Pres: Mpls LWV ✓
St. Cloud Area ✓
Brooklyn Center ✓
Roseville ✓
Moorhead ✓
Northfield ✓
St. Paul ✓

cc: Virginia Greenman
Pat Lucas
Liz Ebbott
Mary Ann

along with list of those who got the memo.

✓ Joyce Bloomquist, 1890 W. Skillman, St. P 55113
✓ Delores Hastings, 5813 Aldrich Ave N., Brooklyn Center
✓ Jean Reeve, RR 3, Northfield, Mn 55057
✓ Lorraine Ward -
Mary Popple ton -

M E M O

TO: Leagues concerned with Revenue Sharing.

FROM: Liz Ebbott -

SUBJECT

LEAGUE OF WOMEN VOTERS OF MINNESOTA
555 WABASHA
ST. PAUL, MINNESOTA 55102
PHONE: 224-5445

DATE June 7

Pat Lucas and Virginia Greenman ~~will be acting~~ as co-chairmen, will be getting together with those concerned about revenue sharing later this summer. They will be contacting you at that time.

The State Board Memo, June - Outlook for Work, will have a few suggestions for how Leagues can deal with this issue. The major suggestions are to: (1) identify ~~some~~ needed services and programs and see how they are now funded

(2) check with local government - village, city, township, county - to see how they have used unrestricted revenue sharing

(3) Cooperate ~~Organize~~ with other Leagues if you share a county.

(4) Watch dog the programs and the local governments until things get stabilized in Washington.

(5) - If you can take action - for League supported programs - by trying to protect the Federal funding and/or by getting local government to include them in their priorities.

FILE COPY

Minutes of the Revenue Sharing Committee meeting - November 7

The Revenue Sharing Committee met on November 7. Most of the members of this committee are attending the Revenue Sharing symposium that is being held at the University of Minnesota. It was decided at this meeting that individuals attending the symposium will send their individual reports to Virginia Greenman (148 Prospect Blvd. St. Paul 55105) and she will compile a final rough draft of these. We will review this rough draft and then a final copy will be sent to local Leagues.

DATES SET: Individuals copies to Virginia Greenmen by DECEMBER 4
Rough draft to committee members by DECEMBER 26
Meeting to finalize the report by JANUARY 7, 1974 - 1:00 p.m.

With the report mailing we will also include suggestions on how local Leagues can look into the spending of Revenue Sharing monies and also how they can inform their communitites and how they might assist in the priority setting at the local level. Virginia Greenman will compile this list starting with suggestions made at the meeting plus her own thoughts. We will review this list Jan.7.

Betty Shaw, Minneapolis, will prepare an annotated bibliography to be sent with this mailing. The mailing will also include a copy of the "Revenue Sharing" article done by Virginia Greenman for the CAPITOL LETTER.

A good deal of time was spent discussing the need for funding of League supported Programs, what can realistically be expected to be funded with revenue sharing funds, what might be the future of special revenue sharing. It was the general consensus the local Leagues should be encouraged to monitor the spending at their local level and continue to work for adequate funding at the federal level.

The responsibility of the state League doing the monitoring at the state level and what further action should be taken there will be discussed at our January 7th meeting.

Pat Lucas

FILE COPY

League of Women Voters

OWATONNA, MINNESOTA
55060

NOV 7 1973

November 6

L.W.V of Minnesota
555 Wabasha
St Paul

Dear "To Whom it May Concern"

Pat ✓ First, we had no one at the Revenue Sharing meetings but have one person who would like to attend the last two. Can we purchase individual tickets? And how?

Second, We have a Minority Rights meeting scheduled for Feb 25, 27 & 28 and hope we could have Liz Abbott speak to either our Mon Feb 25 1 PM meeting or Wed 9 AM Feb 27 or Thurs 8 PM Feb 28. (We would "tape" for other meetings. Could this be possible? (Would like to hear of the Nat'l visit to State Indian places.

Third, we would like a field trip to the Shakopee corrections institution — no League there so am writing you. No date set, but would like to know the possibilities.

Thank you.
L. McClocklin (Mrs S.B.

November 7, 1973

Mrs. Lila McClocklin
4450 W. McKinley
Owatonna, Minnesota
55060

Dear Lila,

The Revenue Sharing meetings are in a moom that is more than adequate to handle more people. Thus far in the series they have been selling tickets outside of the auditorium before each session. The cost of these tickets is $2.00 per session.

The sessions are being broadcast on KUOM at 1:00 on Firdays if you would like to listen when you cannot attend.

You will be receiving a summary of all of the sessions from the Revenue Sharing Committee when the sessions are over. We now anticipate that this will go to local Leagues with the January mailing.

Sincerely,

Pat Lucas

FILE COPY

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA, ST. PAUL, MINNESOTA 55102

July 27, 1973

Martha Mills
League of Women Voters - United States
1730 M Street N.W.
Washington, D.C. 20036

Dear Martha,

We'd like to share with you information about a very exciting symposium on "The Politics and Economics of the New Federalism, The Theory and Practice of Revenue Sharing" that the LWV - Minnesota is cooperating on. It is being organized by Walter Heller and Arthur Naftalin (U of M Professor of Public Affairs, former mayor of Minneapolis). In addition to University departments, several governmental - citizen groups are cooperating organizations. The tentative program is enclosed. And the price for the seven, perhaps eight, sessions will be only $15. We will be informing the Wisconsin League about the program.

I'm sure you'll be interested to know that some of our members who are in close touch with Ada Deer have heard from her how much she appreciates the fine cooperation she's had from LWV - US. She also commented that she's been pleased with Barbara Barton's work. From a comment of Barb Stuhler, if you are interested in having Barbara Barton come out for a closer look at Indian problems, their leadership, etc., we'd be most happy to extend the invitation. We could present a variety of views - Lee Cook, National President, NCAI; Ace Submont, Director National Indian Education Association; many active urban groups from conservative to A.I.M.; Indian leaders in education (all levels), corrections, health, business development, a state agency (a vacancy at the moment). It would also be of interest to go outstate, to visit reservations. Perhaps of most interest would be a trip to Cass Lake - Bemidji where there are two types of reservations, a strong legal service, a couple of local Leagues (one not very enthused with our action on behalf of Indians). This would require the added expense of driving some 500 miles round trip and staying overnight.

Let us know if this interests you and we can work out the times.

Sincerely yours,

Liz

Liz Ebbott, Vice-President

TELEPHONE 224-5445

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