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94TH CONGRESS }
2d Session }

SENATE

REPORT
No. 94-710

PUBLIC WORKS EMPLOYMENT
ACT OF 1976

REPORT
OF THE
COMMITTEE ON PUBLIC WORKS
UNITED STATES SENATE

TO ACCOMPANY

S. 3201



MARCH 24, 1976.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1976

PUBLIC WORKS EMPLOYMENT ACT OF 1976

MARCH 24, 1976.—Ordered to be printed

Mr. MONTOYA, from the Committee on Public Works,
submitted the following

REPORT

[To accompany S. 3201]

The Committee on Public Works reports an original bill (S. 3201), to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program and for other purposes, and recommends that the bill do pass.

GENERAL STATEMENT

The recession experienced in this country over the past two years has produced unemployment higher than at any time since the 1930's. The national unemployment rate peaked at 8.9 percent in May of 1975. The comprehensive unemployment rate, including allowances for discouraged workers and persons limited to part-time work by poor economic conditions reached nearly 12 percent as reported by the Joint Economic Committee in March, 1976. Even this figure does not adequately reflect the severe problems faced in some States or in some segments of labor.

While the national unemployment rate compiled by the Bureau of Labor Statistics declined to 7.6 percent for February, 1976, unemployment among certain groups, particularly construction workers, remains excessive. Figures presented to the Committee by the Building and Construction Trades Department of the AFL-CIO indicate that construction unemployment is currently 18.1 percent national. Certain urban areas are currently experiencing extremely high unemployment rates in construction trades: Phoenix, 43 percent; Chicago, 34 percent; Baltimore, 42 percent; St. Louis, 21 percent; Buffalo, 51 percent; New York, 60 percent; and Philadelphia, 41 percent.

The Congress has enacted legislation to provide temporary jobs in public service employment programs administered by the Department of Labor and in the Job Opportunities Program administered by the Secretary of Commerce. These programs, however, are too limited

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(II)

in funding to provide adequate help for the more than 7 million Americans who are without jobs.

The Congress recognized the value of an antirecessionary public works program by adopting the Conference Report on the Public Works Employment Act of 1975 (H.R. 5247) on January 19, 1976. However, the President vetoed the legislation on February 13, 1976, citing the delayed impact and excessive cost of the bill.

Historically, public works programs have been used to create jobs during severe downturns in the economy. During the Great Depression, for example, programs such as the Works Progress Administration employed millions in highly productive and constructive jobs which resulted in lasting improvements in communities across the land. Many of these facilities are in use today.

Evidence indicates that unemployment especially in the heavy construction industry will continue to be high for the next two or three years. The Joint Economic Committee in its 1976 Economic Report states that "high unemployment will remain throughout the remainder of this decade." The recession, according to the Joint Economic Committee, has caused particularly severe unemployment in the construction industry and the problem will remain severe for some time to come.

More importantly, the recovery in the private construction field has been very soft. The following annual construction figures demonstrate the depth of the slump and slowness of the recovery.

New construction put-in-place, total private nonresidential building

Year	[In millions of dollars]	
	Current	Constant
1970	21,417	17,260
1971	22,479	16,782
1972	24,038	17,060
1973	27,584	18,033
1974	29,644	16,192
1975	26,244	13,325

In real terms, calendar year 1975 activity was down more than 23 percent from 1970. Figures for January, 1976, indicate that instead of signs of the widely discussed recovery, this sector of the economy has dropped by another 18 percent from January of last year. This bill is formulated to provide the employment to reduce this significant gap in a major segment of the economy.

If this bill becomes law and funds are available for obligation by May 1, 1976, it is true that the bulk of the funds would not be paid out by the Federal Government until fiscal years 1977 and 1978. However, it can not be assumed that the jobs would not be created until 1977 or 1978. President Ford, in his veto message on H.R. 5247, says: "This bill will create almost no new jobs in the immediate future, when those jobs are needed." The President indicated that the peak impact on jobs from the bill would be in late 1977 or early 1978.

On the contrary, the impact in terms of new jobs created as a result of this bill actually occurs at least within 90 days of the time of obligation of Federal funds. It is the common practice of the Economic Development Administration to pay out the cost of a project when it is completed. For projects requiring one to two years for

completion, the *outlays* may come long after the money is available to be obligated.

But workers are hired by contractors when the project begins. Federal funds are not necessarily used then. Under interim construction financing procedures authorized by the Office of Management and Budget, the grantee, in most cases a municipality, borrows the entire cost of the project from a local bank. The Federal grant offer serves as collateral. Interest on the short-term construction loan is provided in the grant. No Federal payments are made until the project is completed, and no Federal paperwork is involved during the construction phase. Hence, the outlay timetable is exceedingly misleading as the indicator of when jobs are actually created.

This means that the amount and rate of *obligation* by EDA becomes a more accurate index of when jobs are created than are outlay projections. The bill, in fact, contains a strong priority for projects which can initiate construction within ninety days of application approval.

The bill, as reported, authorizes funding for projects that can be identified quickly, can move swiftly through agency processing, can move to on-site employment within 90 days of approval and can be completed in 12 to 24 months.

The committee believes that such a construction grant program designed to employ workers in the construction trades will also have a multiplier effect on the building materials industry, hardware retailers, forestry and lumbering occupations as well as other fields.

PURPOSE OF LEGISLATION

The bill, as reported, amends the Public Works and Economic Development Act of 1965, to provide \$2.5 billion for anti-recessionary public works authorizations.

The bill contains three program authorizations: (1) \$2 billion for grants to State and local governments for public works projects, (2) a \$125 million increase for working capital loans to prevent the loss of jobs in the private sector, and (3) \$375 million for the Job Opportunities Program (title X), to accelerate the job-creating impact of various Federal, State and local programs.

The public works grant authorities recommended by the Committee as an amendment to title I follow essentially the proposals recommended by the Committee in S. 1587 (Public Works Employment Act of 1975), reported on July 21, 1975. The provision sets three funding priorities on how the money can be applied to projects to be assisted: (1) The provision of local matching share, (2) cost overruns, and (3) the initiation of State and local projects. The Committee believes that these priorities will produce the most jobs for each Federal dollar invested.

The authorization for the Job Opportunities Program is in addition to that previously available. The full present authorization of \$500 million has been appropriated and obligated. The Committee believes that the new authorization will permit the Job Opportunities Program to achieve its goal of reducing unemployment while being carried out quickly, providing productive employment through projects and programs of continuing value to local communities, and having a favorable cost-per-job ratio (\$10,885 per man/year, of which \$7,830

is the Federal contribution under title X, according to preliminary estimates submitted by EDA).

BACKGROUND OF LEGISLATION

This country has been experiencing a downturn in the economy for more than two years. It became increasingly clear in early 1975 that unemployment resulting from the downturn—then approaching 9 percent—was going to be unusually severe. In recognition of this problem, the Economic Development Subcommittee of the Committee on Public Works conducted two days of hearings on May 20–21, 1975, to receive views on S. 1587 (Public Works Employment Act of 1975) and other measures which could improve the employment situation.

On July 21, 1975, S. 1587 was reported by the Committee. The bill authorized \$2.125 billion for anti-recessionary public works programs. This bill was passed by the Senate on July 29, 1975, by a vote of 65 to 28, after being amended to include a program of counter-cyclical assistance to State and local governments and a new formula for wastewater treatment construction grant funds.

On May 20, the House passed its version of an anti-recession measure, authorizing \$5.0 billion through fiscal year 1976.

A Conference Committee resolved the differences and filed its report on December 15, 1975. The Conference substitute authorized \$2.5 billion for anti-recessionary public works projects, \$1.5 billion for counter-cyclical assistance, \$125 million for working capital loans and interest supplements, \$100 million for urban economic development, \$500 million for the Job Opportunities program and \$1.4 billion for the wastewater treatment construction grant programs.

The Conference Report was agreed to in the Senate on December 17, 1975, and in the House on January 29, 1976.

On February 13, 1976, the President submitted a veto message on H.R. 5247. The message cited the high cost per job, the long time frame for job impact, low potential job creation effectiveness and the total cost of the bill as the reason for the veto.

The House of Representatives voted to override the President's veto by a vote of 319–98 on February 19, 1976. The Senate, however, failed to override the veto, by a vote of 63–35, taken the same day as the House vote. The Committee began immediate consideration of public works employment legislation to succeed the vetoed bill.

MAJOR PROVISIONS

GRANTS TO STATE AND LOCAL GOVERNMENTS FOR PUBLIC WORKS PROJECTS

The Committee has added a new section to title I of the Public Works and Economic Development Act of 1965 authorizing \$2 billion for the Secretary of Commerce to make grants to State and local governments and Indian tribes for local public works projects.

Three categories of projects are eligible for grants in the following order of priority: (1) projects inactive because the applicant is unable to provide the local matching share; (2) projects halted after approval because inflation has pushed total project costs beyond the ability or willingness of agencies to provide the Federal share; and (3) projects initiated by State and local governments without other Federal financial participation.

APPLICANT'S MATCHING SHARE

First priority is accorded grants to States, local governments, and Indian tribes to increase the Federal share to 100 percent of the cost of a public works project for which Federal financial assistance is authorized under other Federal laws. Projects in this category are eligible only if the initial Federal financial assistance is immediately available and construction on the project has not begun solely because of the applicant's inability to provide the local matching share at the time of enactment.

On April 7, 1975, Senator Randolph, as Chairman of the Committee, requested the General Accounting Office to survey appropriate departments and agencies to determine the current status of construction programs under their jurisdiction and the amounts of money then available for that purpose.

Each agency was asked to identify major causes of delay in obligating currently available appropriations or contract authority. The chief cause cited by responding agencies was the inability of the applicant to provide the project's local matching share.

Accordingly, first priority is assigned to these projects because the Committee believes the potential effect of these limited additional funds for generating employment with the least expenditure is greatest in this project category.

COST OVERRUN PROJECTS

The bill provides for projects with cost overruns to receive second priority. Applicants may be States or their political subdivisions, Indian tribes, public or private nonprofit groups or associations or other eligible applicants to which Federal financial assistance has been provided. This provision allows grants to be made to federally assisted

projects authorized before enactment of this bill which, because of rapid increases in wages or costs of materials, could not be completed within the original amount obligated for the project. Supplementary assistance provided by the bill will be necessary to allow such projects with the associated employment, to be completed. Additional Federal assistance on the cost overrun project category cannot exceed the maximum allowable percentage of the Federal share.

STATE AND LOCAL GOVERNMENT PROJECTS

The bill assigns third priority to State and local government projects which will be funded entirely from this authorization. The Committee believes there are many construction, renovation, repair, or other improvement projects for local public facilities that can be carried out. Some of these projects have been authorized under Federal programs but no Federal assistance has been available. Others are local in origin such as the renovation, modernization and replacement of local public schools. Committee testimony indicated there is a backlog of classroom needs across the country which has been aggravated recently by demands on local fiscal resources. There is a critical need to modernize or replace public school buildings that are obsolete or energy inefficient to relieve the current heavy energy costs on already strained institutional budgets.

PRIORITY TO HIGH UNEMPLOYMENT AREAS

The reported bill directs that 70 percent of the funds appropriated pursuant to this new section is to be available for applicants in areas having unemployment rates for the three most recent consecutive months in excess of the national unemployment rate. Such areas must receive priority in considering grant applications.

The remaining 30 percent of appropriated funds is reserved for applicants from areas with unemployment rates in excess of 6½ percent for the three most recent consecutive months, but less than the national unemployment rate for the same three most recent consecutive months. No area with less than 6½ percent unemployment will be eligible to receive funds under this section.

The authority of the Secretary to make grants under the provisions of this bill is suspended when the national unemployment rate for the three most recent consecutive months falls below 6½ percent.

The bill provides that areas designated under section 204(c) of the Comprehensive Employment and Training Act of 1973 qualify for assistance. This allows labor areas in central cities for which statistics are available to receive assistance, even where the unemployment rate for the entire metropolitan area may not qualify.

PROJECT SELECTION CRITERIA

The Committee has established three criteria to govern the selection of projects to be assisted in a proposed project area. These are (1) the severity and duration of unemployment, (2) the level and nature of construction unemployment, and (3) the extent to which the project is expected to reduce unemployment in the project area. In addition,

cost overrun projects selected must be "job effective" and must clearly benefit the community or region.

The reported bill is designed to reach two target groups of persons. Preference should be given to those projects which will provide employment for the greatest proportion of currently unemployed persons from the project area, or which will employ currently employed persons from the project area who would become unemployed without the employment generated by the project applicant.

OTHER PROVISIONS

The Committee recommends the following clarifications and limitations:

(1) Unemployment statistics used in determining project area eligibility shall be those prepared monthly by the Department of Labor Bureau of Labor Statistics. However, any State or political subdivision or Indian tribe may provide additional information on actual unemployment in a given area.

(2) No State may receive more than 15 percent of the funds appropriated pursuant to the authorization in this bill. No State may receive less than one-half of 1 percent of the funds appropriated.

(3) Grants to be funded under this authorization must be processed within 60 calendar days after receipt of applications.

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

WORKING CAPITAL LOANS AND INTEREST SUBSIDIES

The reported bill also amends title II of the Public Works and Economic Development Act, the Economic Development Administration's business development program. The present fiscal year 1976 authorization of \$75 million for business development programs is increased by \$125 million to \$200 million. Additional authority also has been provided to the Secretary to pay to or on behalf of a private borrower, an amount sufficient to reduce up to four percentage points the interest paid by such borrower on any loan guaranteed by the Secretary under this section. These payments must be made no less than annually and no obligation shall be made by the Secretary to make any payment under this paragraph for any loan guarantee made after December 31, 1976.

It is the intent of the Committee that the additional authorization be used to assist businesses meeting certain criteria to remain in operation during the recession. Testimony during Committee hearings suggests there are many businesses with a history of stability and reliability that are unable to secure needed working capital for two general reasons: (1) the risk to bankers of such loans, or (2) the inability of the potential borrower to pay high interest rates on short term loans.

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

Lastly, the Committee intends that entities employing less than 1,500 people should have preference for such interest subsidies. An entity may be an autonomous corporation, a wholly owned subsidiary of a parent corporation, a plant of a corporation, or the like, but the definition is not in any way restricted to an autonomous corporation.

JOB OPPORTUNITIES PROGRAM AMENDMENTS

These amendments authorize an additional \$375 million for the period ending December 31, 1976, for title X of the Public Works and Economic Development Act, the Job Opportunities Program.

This program was created by title III of the Emergency Jobs and Unemployment Assistance Act of 1974, with a \$500 million authorization for calendar year 1975. The initial appropriation of \$125 million was contained in the Urgent Supplemental Appropriations of 1975. These title X funds were allocated in June, 1975, following an unconscionable six-month delay. An estimated sixteen thousand man/year jobs will have been created by the \$125 million at an average total job cost per man/year of \$10,925. The remaining \$375 million of the initial authorization was appropriated as part of the Continuing Appropriations Act for 1975. (P.L. 94-41). These funds have also been obligated, creating an estimated 55,000 direct jobs at an average cost per job of \$10,850.

Because the title X program has now been streamlined to determine quickly the job effectiveness levels of potential projects, the Committee recommends a further authorization of \$375 million with the following improvements in program management: (1) consolidation and simplification of project selection criteria; (2) elimination of review responsibility by the Secretary of Labor with the Secretary of Commerce; (3) elimination of the requirement that half the appropriated funds must go to projects with 75 percent or more "labor costs," emphasizing instead the job effectiveness purpose; and (4) assignment of priority to programs and projects sponsored by State and local governments.

Simplifying the review process of program and project submissions which had been assigned to two departments will speed up the processing time of the projects. Consequently, the Committee believes the existing requirement that the Secretary of Labor participate in review is unnecessary.

The Committee believes the requirement that one-half of the appropriated funds go to projects with 75 percent labor costs has hampered the Secretary in his selection of the most job effective activities. The intent is not to create public service jobs but to provide an alternative

to creating more public jobs. Because of the severe unemployment in the construction industry, the committee intends that priority be given to projects that will be performed under private sector contract.

The wide range of activities undertaken through the Job Opportunities Program, including construction, renovation, and general improvement contracts, suggests the kinds of activities which could be undertaken with this authorization. For example, recently approved programs include renovation of local public facilities, commuter railroad track rehabilitation, fish and wildlife improvements, forest protection projects, water supply lines, construction of multi-use recreation facilities and public housing rehabilitation.

Since the kinds of unemployment vary from place to place, the Committee believes each activity selected under this program should be geared to the creation of jobs for the unemployed in the eligible area. The bill provides the Secretary with the flexibility to tailor the job program to local needs. The criteria to be used for selecting activities must be the potential for stimulating jobs. Job effectiveness, as defined in the bill, is the total man/months of employment related to a particular project which could not have occurred without the addition of funds under title X.

After reviewing the results of the first allocation, the Committee is concerned that many agencies have not given adequate consideration to the applications of States and communities. The amendments, therefore, make clear that priority consideration should be given programs or projects sponsored by States or local communities which best serve the purposes of the program—whether these are revisions of pending programs and projects or new submissions made pursuant to this title.

LIMIT ON AUTHORITY TO OBLIGATE

Section 11 limits on the authority to obligate the funds appropriated when unemployment levels decline.

The limitation is based on the seasonally adjusted unemployment rate for the preceding calendar quarter as determined by the Secretary of Labor in the quarterly report on unemployment. The authority to obligate appropriations is reduced by one-fourth of the funds appropriated up to \$500 million each time the quarterly unemployment rate declines by one-half of 1 percent from a base of 9 percent. Assuming an unemployment rate of 7.7 percent for the first quarter of 1976, \$1,375 million would be available for obligation under section 107 and title X if the full authorization of \$2,375 million were appropriated.

The Committee expects this limitation will be recomputed every quarter as soon as practicable following release by the Secretary of Labor of the national unemployment rate for the preceding quarter.

For quarters after the first quarter, funds remaining available for obligation would, of course, be reduced by the amounts previously obligated.

Upon initial implementation of the Act, if the latest national quarterly unemployment rate is greater than 8.5 percent, the full amount appropriated for section 107 or title X will be available for obligation; if greater than 8.0 percent but not greater than 8.5 percent, 75 percent of each appropriation will be available to obligate; and if

greater than 7.5 percent but not greater than 8.0 percent, one-half each appropriation may be obligated.

For each increase of one-half of 1 percent in the quarterly national unemployment rate up to 9 percent, authority to obligate funds increases by one-fourth of appropriations, up to the maximum authorization of \$2 billion. As an example, if after a period of decline the unemployment rate rises from, say, 7.2 percent to 7.7 percent funds available for obligation would increase from one-quarter of appropriated funds at the unemployment rate of 7.2 percent to one-half of appropriated funds at an unemployment rate of 7.7 percent.

WASTE TREATMENT FUNDS

Section 14 of this bill contains an authorization for \$21 million to be distributed to those States and territories which received an allocation of less than \$7 million in waste treatment construction grant funds for fiscal year 1976 under the Federal Water Pollution Control Act, P.L. 92-500. This authorization is intended to provide a minimum of \$7 million to each State, as defined under that Act.

Because of the relatively small amount of money made available to three States and three territories for fiscal year 1976, a few projects have exhausted their total allocation of funds which were to run through September 30, 1977. The funds authorized here are to provide relief for those States so that their water pollution construction programs can proceed without interruption. The Committee intends later in the session to provide for a general construction grant authorization to be made available to all States for fiscal year 1977.

H.R. 5247, which was vetoed, contained a \$1.4 billion authorization for waste treatment funds for fiscal year 1977 to be made available to 33 States which received inadequate funds under the formula used for distribution of fiscal year 1976 funds. The Committee determined not to include this larger authorization in this bill.

Following is the breakdown of the three States and three territories which are affected by this authorization, their current fiscal year 1976 allocation, and the funds needed to raise their allocation to the \$7 million level, which they would receive under the reported bill.

ALLOCATION OF \$7 MILLION MINIMUM TO EACH STATE FOR FISCAL YEAR 1976 WASTEWATER TREATMENT CONSTRUCTION GRANT FUNDS

Affected States	Current fiscal year 1976 allocation	Increase to \$7,000,000
North Dakota.....	\$2,802,000	\$4,198,000
South Dakota.....	5,688,000	1,312,000
Wyoming.....	2,930,650	4,069,350
American Samoa.....	738,200	6,261,800
Trust Territory.....	2,672,800	4,327,200
Guam.....	6,398,200	600,800
Total.....		20,769,150

COST OF LEGISLATION

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires publication in the report of the Committee's estimate of the

costs of the reported legislation, together with estimates prepared by the Federal agency. Separate estimates of the cost of activities authorized by this bill were not prepared by any Federal agency.

Authorizations

[In millions]			
Section 2	(Public Works grants).....	\$2,000	Period ending Sept. 30.
Section 3	(Business loans).....	125	Fiscal year 1976.
Section 9	(Job opportunities program)....	375	Fiscal year 1976.
Section 14	(Wastewater treatment construction grant).....	21	
Total		2,521	

In accordance with section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared a report on the costs to be incurred by the Federal government resulting from the enactment of this bill. Such cost estimates are set forth below:

CONGRESS OF THE UNITED STATES,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., March 23, 1976.

HON. JENNINGS RANDOLPH,
Chairman, Committee on Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for Economic Development Employment Act.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ALICE M. RIVLIN, Director.

CONGRESSIONAL BUDGET OFFICE

COST ESTIMATE

MARCH 23, 1976.

1. Bill Number: Not yet introduced.
2. Bill Title: Economic Development Employment Act.
3. Purpose of Bill:

This bill increases authorizations under the Public Works and Economic Development Act of 1965 in order to improve the antirecessionary effectiveness of public works programs. Given current unemployment projections for 1976, \$1.1 billion would become available for obligation under this Act. Most of these funds are for grants to local public works projects. Money also is included for the job opportunities program and the business development loan program. This is an authorization bill which requires subsequent appropriation action.

4. Cost Estimate:

The total amount authorized by this bill is dependent upon the most recent quarter's unemployment rate. With an assumed enactment date of May 1, 1976, the latest quarterly unemployment rate is projected to be 7.7 percent, thereby resulting in a total funding of \$1.5 billion.

However, by October 15, that rate is projected to fall to 7.4 percent and the authorized total would subsequently be reduced to \$1.1 billion. Given this total authorization level, the yearly costs are given below.

Fiscal year :	[Costs in millions]	Budget authority	Costs ¹
1976	-----	\$1, 080	17
Transition quarter	-----		64
1977	-----		428
1978	-----		374
1979	-----		189
1980	-----		7

¹ Numbers do not add due to rounding.

5. Basis of Estimate:

The general methodologies and critical assumptions underlying this cost estimate are explained below.

Total Amount Authorized.—At a 9 percent unemployment rate, this bill authorizes \$2.5 billion. \$2 billion is for grants to local public works projects, \$375 million for the job opportunities program, and \$125 million for business development loans. Only the latter is a definite authorization; the first two sums depend upon the unemployment rate. For each half percent decrease in the unemployment rate, the amount available for local public works and job opportunities grants falls by \$500 million. The result of this coupling of the authorized total to the unemployment rates is as follows:

AUTHORIZATION LEVELS				
[Costs in millions of dollars]				
Date	Latest quarterly unemployment rate	Amounts available for obligation		
		Title I	Title X	Business loans
May 1 (the assumed starting date)	7.7	1, 155	220	125
Oct. 15	7.4	735	140	125

The actual spending levels depend upon the speed with which funds are obligated. The lower spending ceilings of October 15 only apply to unobligated funds. This analysis assumes that the \$220 million in job opportunities funds will have been obligated before October. The Economic Development Administration (EDA) already has a staff for this program and the fiscal year 1976 budget is \$374 million. Consequently, the additional authorization should not require any major organizational changes. On the other hand, EDA is not staffed to administer a public works program which requires grants to 1,500-2,000 projects. It would seem very doubtful that \$735 million can be obligated before mid-October. Therefore, the \$735 million ceiling is assumed to apply and the authorization totals are:

[In millions of dollars]	
Title I	735
Title X	220
Business loans	125
Total	1, 080

Title I—Grants for Local Public Works.—Experience with the Public Works Impact Programs (PWIPs) of 1972 and 1973 has provided an expected spend-out rate for accelerated public works programs. Adjusted for a May 1 starting date and the transition quarter, the expected rate of outlays would be:

Fiscal year :	Percent
1976	-----
Transition quarter	v
1977	32
1978	40
1979	19
1980	8

There are differences, however, between the program created by this bill and the PWIP experiences which make simple reliance on those earlier efforts questionable. Some of these differences would act to slow the spend-out rate for a public works program, while others would increase the spend-out. Slowing the expected rate of outlays is the much larger scope of this effort compared to the PWIP programs. This bill requires funding 1,500-2,000 local public works projects, while 200 grants was the extent of the previous efforts. In addition to the difficulty of gearing up administratively for processing and making grants for so many public works projects, a greater percentage of the grants may go to larger projects which take longer to complete. Also, the timing is such that many of the projects will not be ready to start until winter. This could slow construction in many parts of the country. On the other hand, this bill has new aspects that are bound to speed the rate of outlays. The Federal Government can assume the local government share of projects authorized under other Federal programs, and for projects whose only source of federal funds is this program, the federal share will be 100 percent. The PWIP programs had an average Federal payment of about 70 percent of costs.

After considering all the above factors, this analysis assumes that the factors which slow and speed the expected rate of outlays will balance out in the early years of the program. Critical to this conclusion of balanced effect are two basic assumptions. One is that there are a sufficient number of projects available to obligate all \$735 million. The other is that congressional intent to approve projects quickly will be followed. If these assumptions are accurate, there may be little deviation in outlays from fiscal year 1976 through fiscal year 1977 relative to the PWIPs. However, because of the 100 percent Federal share of cost, this analysis assumes that there will be fewer construction delays and that outlays in the later years will proceed at a more rapid pace than with the PWIPs.

It must be emphasized that all the assumptions stated above are crucial to any projection of outlays. The judgments made herein on these assumptions cannot, however, be based upon much experience or data. Thus, any reliance of the outlay estimates contained in this analysis must be tempered due to the lack of reliable data on similar programs.

With awareness of the sensitivity of these estimates, the outlay pattern is projected to be:

Fiscal year:	[Costs in millions of dollars]	Percent	Outlays ¹
1976	-----	---	---
Transition quarter	-----	---	7
1977	-----	32	235
1978	-----	42	309
1979	-----	24	176
1980	-----	1	7
Total	-----		735

¹ Does not add due to rounding.

Title X—Job Opportunities Program.—The Economic Development Administration has been operating this program for the past few years. In fiscal year 1976, the budget has been \$374 million. EDA should thus have no real problem administering these new funds. Relying upon EDA experience to date with job opportunities grants, the rate of outlays could be:

Fiscal year:	[Costs in millions of dollars]	Percent	Outlays ¹
1976	-----	5	11
Transition quarter	-----	20	44
1977	-----	65	143
1978	-----	10	22
Total	-----		220

Business Development Loan Program.—For the past ten years, there has been a business development loan program in operation. The present fiscal year 1976 budget for the program is \$75 million. This bill would add \$125 million to that amount. Assuming that Congressional intent is followed, this \$125 million will be obligated at a much faster rate than EDA's normal practice. So the fastest spend-out rate that EDA has experienced with this program is the basis for the following projection of outlays:

Fiscal year:	[Costs in millions of dollars]	Percent	Outlays ¹
1976	-----	5	6
Transition quarter	-----	10	13
1977	-----	40	50
1978	-----	35	44
1979	-----	10	13
Total	-----		125

¹ Does not add due to rounding.

6. Estimate Comparison: None.
7. Previous CBO Estimate: None.
8. Estimate Prepared By: Leo J. Corbett (225-5275)
9. Estimate Approved By:

JAMES L. BLUM,
Assistant Director for Budget Analysis.

ROLLCALL VOTES DURING COMMITTEE CONSIDERATION

Section 133 of the Legislative Reorganization Act of 1970 and the rules of the Committee on Public Works require that any rollcall

votes taken during consideration of this bill be announced in this report. Two rollcall votes were conducted. By a vote of 5 to 8, an amendment offered by Senator Buckley to utilize the formula for allocation from the counter-cyclical assistance program in H.R. 5247 to distribute public works funds in this bill, failed to carry. Voting in the affirmative were Senators Buckley, Domenici, McClure, Stafford and Baker. Negative votes were cast by Senators Burdick, Culver, Gravel, Hart, Montoya, Morgan, Muskie, and Randolph. The second vote was on a modification offered by Senator Baker to the proposal of Senator Domenici providing \$2 billion for title I, \$125 million for title II, and \$375 million for title X, with the level of obligations for titles I and X reduced as unemployment reduces. The modification was agreed to by a vote of 13 to 0 with Senators Buckley, Burdick, Culver, Domenici, Gravel, Hart, McClure, Montoya, Morgan, Muskie, Stafford, Baker, and Randolph voting in the affirmative. The bill was ordered reported by unanimous voice vote of the committee.

COMMITTEE VIEWS

The Committee recommends enactment of this bill. It is substantially the same bill as S. 1587 which was reported by this Committee in late July, 1975. It is a jobs bill and some eight months later, unemployment is still at unacceptably high levels.

The Committee believes that the overwhelming evidence of a prolonged depressed economy warrants the standby authority to provide immediate employment-generating assistance whenever the national unemployment rate rises above 6½ percent.

The Committee sees this bill as one of a number of programs designed to reduce unemployment, with an emphasis in this legislation on the construction sector of the Nation's economy.

In its September, 1975 evaluation of various temporary measures to stimulate employment, the Congressional Budget Office recognizes that public works programs may emphasize alternative features. As in this bill, the emphasis of that evaluation is on speed—speed in processing projects for funding, speed in choosing only projects that can “go to contract” quickly, and speed in choosing projects wherein on-site labor must begin within a 90-day period. The CBO study recognizes also that public works measures might include not only heavy construction projects with the higher cost-per-job but also smaller projects of a renovation, repair or maintenance type with a lower cost-per-job ratio.

The bill as reported emphasizes these features. This legislation is yet timely. It can provide jobs quickly. And, as the CBO study also points out, “a successful public works program during a severe recession carries with it a general benefit in terms of long-term capital investment. Public facilities decay regardless of the capricious swings of the national economy. State and local governments, squeezed by declining tax bases and soaring service costs, frequently defer capital refurbishment. An effective accelerated public works program may contribute to a more systematic and effective capital replacement effort by these governments.”

Unemployment, particularly among the construction industry trades, must be alleviated. Accordingly, the Committee believes every

effort must be made to direct with haste funds to that sector of our economy.

The Committee recommends the enactment of the bill, as reported.

CHANGES IN EXISTING LAW

In the opinion of the Committee, it is necessary to dispense with the requirements of subsection (4) of rule XXIX of the Standing Rules of the Senate in order to expedite the business of the Senate.

○

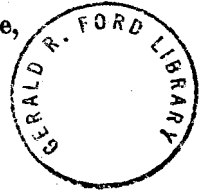
LOCAL PUBLIC WORKS EMPLOYMENT ACT

JUNE 11, 1976.—Ordered to be printed

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

CONFERENCE REPORT

[To accompany S. 3201]



The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes; having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

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

That this act may be cited as the "Public Works Employment Act of 1976."

TITLE I—LOCAL PUBLIC WORKS

SEC. 101. This title may be cited as the "Local Public Works Capital Development and Investment Act of 1976".

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

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

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

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

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

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

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

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

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

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

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

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

(d) Grants made by the Secretary under this Act shall be made only for projects for which the applicant gives satisfactory assurances, in such manner and form as may be required by the Secretary and in accordance with such terms and conditions as the Secretary may pre-

scribe, that, if funds are available, on-site labor can begin within ninety days of project approval.

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

SEC. 108. (a) Not less than one-half of 1 per centum or more than 12½ per centum of all amounts appropriated to carry out this title shall be granted under this Act for local public works projects within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the aggregate shall be granted for such projects in all three of these jurisdictions.

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

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

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

(e) The unemployment rate of a local government shall, for the purposes of this Act, and upon request of the applicant, be based upon

the unemployment rate of any community or neighborhood (defined without regard to political or other subdivisions or boundaries) within the jurisdiction of such local government, except that any grant made to a local government based upon the unemployment rate of a community or neighborhood within its jurisdiction must be for a project of direct benefit to, or provide employment for, unemployed persons who are residents of that community or neighborhood.

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

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

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

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

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

TITLE II—ANTIRECESSION PROVISIONS

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 201. FINDINGS.—The Congress finds—

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

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

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

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

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

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

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

FINANCIAL ASSISTANCE AUTHORIZED

SEC. 202. (a) PAYMENTS TO STATE AND LOCAL GOVERNMENTS.—The Secretary of the Treasury (hereafter in this title referred to as the "Secretary") shall, in accordance with the provisions of this title, make payments to States and to local governments to coordinate budget-related actions by such governments with Federal Government efforts to stimulate economic recovery.

(b) AUTHORIZATION OF APPROPRIATIONS.—Subject to the provisions of subsections (c) and (d), there are authorized to be appropriated for each of the five succeeding calendar quarters (beginning with the calendar quarter which begins on July 1, 1976) for the purpose of payments under this title—

(1) \$125,000,000 plus

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

(c) AGGREGATE AUTHORIZATION.—In no case shall the aggregate amount authorized to be appropriated under the provisions of subsection (b) for the five calendar quarters beginning with the calendar quarter which begins July 1, 1976, exceed \$1,250,000,000.

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

(1) the average rate of national unemployment during the most recent calendar quarter which ended three months before

the beginning of such calendar quarter did not exceed 6 percent, and

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

ALLOCATION

SEC. 203. (a) RESERVATIONS.—

(1) *ELIGIBLE STATES.*—The Secretary shall reserve one-third of the amounts appropriated pursuant to authorization under section 202 for each calendar quarter for the purpose of making payments to eligible State governments under subsection (b).

(2) *ELIGIBLE UNITS OF LOCAL GOVERNMENT.*—The Secretary shall reserve two-thirds of such amounts for the purpose of making payments to eligible units of local government under subsection (c).

(b) STATE ALLOCATION.—

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

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

(A) the State excess unemployment percentage, multiplied by

(B) the State revenue sharing amount by the sum of such products for all the States.

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

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

(B) the State excess unemployment percentage is equal to the difference resulting from the subtraction of 4.5 percentage points from the State unemployment rate for that State but shall not be less than zero;

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

(D) the State revenue sharing amount is the amount determined under section 107 of the State and Local Fiscal Assistance Act of 1972 for the one-year period beginning on July 1, 1975.

(c) LOCAL GOVERNMENT ALLOCATION.—

(1) *IN GENERAL.*—The Secretary shall allocate from amounts reserved under subsection (a) (2) an amount for the purpose of making payments to each local government, subject to the provisions of paragraphs (3) and (5), equal to the total amount reserved under such subsection for calendar quarter multiplied by the local government percentage.

(2) *LOCAL GOVERNMENT PERCENTAGE.*—For purposes of this sub-

section, the local government percentage is equal to the quotient resulting from the division of the product of—

(A) the local excess unemployment percentage, multiplied by

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

(3) SPECIAL RULE.—

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

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

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

(i) equal to the total amount allocated under paragraph (1) of this subsection for all local governments within the jurisdiction of such State which are treated as though they are one local government under subparagraph (A) multiplied by the local government percentage as defined in paragraph (2) (determined without regard to the parenthetical phrases at the end of paragraphs (4) (B) and (C) of this subsection), unless

(ii) such State submits, within thirty days, after the effective date of this title, an allocation plan which has been approved by the State legislature and which meets the requirements set forth in section 206(a), and is approved by the Secretary under the provisions of section 206(b). In the event that a State legislature is not scheduled to meet in regular session within three months after the effective date of this title, the Governor of such State shall be authorized to submit an alternative plan which meets the requirements set forth in section 206(a), and is approved by the Secretary under the provisions of section 206(b).

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

paragraph (A) of this subsection unless better unemployment rate data, certified by the Secretary of Labor, is available.

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

(A) the local excess unemployment percentage is equal to the difference resulting from the subtraction of 4.5 percentage points from the local unemployment rate, but shall not be less than zero;

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

(C) the local revenue sharing amount is the amount determined under section 108 of the State and Local Fiscal Assistance Act of 1972 for the one-year period beginning on July 1, 1975 (and in the case of local governments treated as one local government under paragraph (3) (A), the local revenue sharing amount shall be the sum of the local revenue sharing amounts of all eligible local governments within the State, adjusted by excluding an amount equal to the sum of the local revenue sharing amounts of identifiable local governments within the jurisdiction of that State);

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

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

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

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

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

(5) SPECIAL LIMITATION.—If the amount which would be allocated to any unit of local government under this subsection is less than \$100, then no amount shall be allocated for such unit of local government under this subsection.

USES OF PAYMENTS

SEC. 204. Each State and local government shall use payments made under this title for the maintenance of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government, as the case may be. State and local governments may not use emergency support grants made under this title for the acquisition of supplies and materials and for construction unless such supplies and materials or construction are to maintain basic services.

STATEMENT OF ASSURANCES

SEC. 205. Each State and unit of local government may receive payments under this title only upon filing with the Secretary, at such time and in such manner as the Secretary prescribes by rule, a statement of assurances. Such rules shall be prescribed by the Secretary not later than ninety days after the effective date of this title. The Secretary may not require any State or local government to file more than one such statement during each fiscal year. Each such statement shall contain—

(1) an assurance that payments made under this title to the State or local government will be used for the maintenance, to the extent practical, of levels of public employment and of basic services customarily provided to persons in that State or in the area under the jurisdiction of that unit of local government which is consistent with the provisions of section 204;

(2) an assurance that the State or unit of local government will—

(A) use fiscal, accounting, and audit procedures which conform to guidelines established therefor by the Secretary (after consultation with the Comptroller General of the United States), and

(B) provide to the Secretary (and to the Comptroller General of the United States), on reasonable notice, access to, and the right to examine, such books, documents, papers, or records as the Secretary may reasonably require for purposes of reviewing compliance with this title;

(3) an assurance that reasonable reports will be furnished to the Secretary in such form and containing such information as the Secretary may reasonably require to carry out the purposes of this title and that such report shall be published in a newspaper of general circulation in the jurisdiction of such government unless the cost of such publication is excessive in relation to the amount of the payments received by such government under this title or other means of publicizing such report is more appropriate, in which case such report shall be publicized pursuant to rules prescribed by the Secretary;

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

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

(6) an assurance that the requirements of section 209 will be complied with;

(7) an assurance that the State or unit of local government will spend any payment it receives under this title before the end of the six-calendar-month period which begins on the day after the date on which such State or local government receives such payment; and

(8) an assurance that the State or unit of local government will spend amounts received under this title only in accordance with the laws and procedures applicable to the expenditure of its own revenues.

OPTIONAL ALLOCATION PLANS

SEC. 206. (a) STATE ALLOCATION PLANS FOR PURPOSES OF SECTION 203(c)(3).—A State may file an allocation plan with the Secretary for purposes of section 203(c)(3)(C)(ii) at such time, in such manner, and containing such information as the Secretary may require by rule. Such rules shall be provided by the Secretary not later than sixty days of the effective date of this title. Such allocation plan shall meet the following requirements:

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

(2) the plan shall use—

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

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

(3) the allocation criteria must be specified in the plan, and

(4) the plan must be developed after consultation with appropriate officials of local governments within the State other than identifiable local governments.

(b) APPROVAL.—The Secretary shall approve any allocation plan that meets the requirements of subsection (a) within thirty days after he receives such allocation plan, and shall not finally disapprove, in whole or in part, any allocation plan for payments under this title without first affording the State or local governments involved reasonable notice and an opportunity for a hearing.

NONDISCRIMINATION

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

(b) AUTHORITY OF THE SECRETARY.—Whenever the Secretary determines that a State government or unit of local government has failed to comply with subsection (a) or an applicable regulation, he shall, within ten days, notify the Governor of the State (or, in the case of a unit of local government the Governor of the State in which such unit is located, and the chief elected official of the unit) of the non-compliance. If within thirty days of the notification compliance is not achieved, the Secretary shall within ten days thereafter—

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

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

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

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

(d) APPLICABILITY OF CERTAIN CIVIL RIGHTS ACTS.—

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

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

LABOR STANDARDS

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

SPECIAL REPORTS

SEC. 209. Each State and unit of local government which receives a payment under the provisions of this title shall report to the Secretary any increase or decrease in any tax which it imposes and any substantial reduction in the number of individuals it employs or in

services which such State or local government provides. Each State which receives a payment under the provisions of this title shall report to the Secretary any decrease in the amount of financial assistance which the State provides to the units of local governments during the twelve-month period which ends on the last day of the calendar quarter immediately preceding the date of enactment of this title, together with an explanation of the reasons for such decrease. Such reports shall be made as soon as it is practical and, in any case, not more than six months after the date on which the decision to impose such tax increase or decrease, such reductions in employment or services, or such decrease in State financial assistance is made public.

PAYMENTS

SEC. 210. (a) *IN GENERAL.*—From the amount allocated for State and local governments under section 203, the Secretary shall pay not later than five days after the beginning of each quarter to each State and to each local government which has filed a statement of assurances under section 205, an amount equal to the amount allocated to such State or local government under section 203.

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

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

(1) the average rate of unemployment within the jurisdiction of such State or local government during the most recent calendar quarter which ended three months before the beginning of such calendar quarter was less than 4.5 percent, and

(2) the rate of unemployment within the jurisdiction of such government for the last month of the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 4.5 percent.

STATE AND LOCAL GOVERNMENT ECONOMICIZATION

SEC. 211. Each State or unit of local government which receives payments under this title shall provide assurances in writing to the Secretary, at such time and in such manner and form as the Secretary may prescribe by rule, that it has made substantial economies in its operations and that payments under this title are necessary to maintain essential services without weakening Federal Government efforts to stimulate the economy through reductions in Federal tax obligations.

WITHHOLDING

SEC. 212. Whenever the Secretary, after affording reasonable notice and an opportunity for a hearing to any State or unit of local government, finds that there has been a failure to comply substantially with any assurance set forth in the statement of assurances of that State or units of local government filed under section 205, the Secretary shall notify that State or unit of local government that further payments will not be made under this title until he is satisfied that there is no

longer any such failure to comply. Until he is so satisfied, no further payments shall be made under this title.

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

ADMINISTRATION

SEC. 214. (a) *RULES.*—The Secretary is authorized to prescribe, after consultation with the Secretary of Labor, such rules as may be necessary for the purpose of carrying out his functions under this title. Such rules should be prescribed by the Secretary not later than ninety days of the effective date of this title.

(b) *AUTHORIZATION OF APPROPRIATIONS.*—There are authorized to be appropriated such sums as may be necessary for the administration of this title.

PROGRAM STUDIES AND RECOMMENDATIONS

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

(b) *COUNTERCYCLICAL STUDY.*—The Congressional Budget Office and the Advisory Commission on Intergovernmental Relations shall conduct a study to determine the most effective means by which the Federal Government can stabilize the national economy during periods of rapid economic growth and high inflation through programs directed toward State and local governments. Such study shall include a comparison of the effectiveness of alternative factors for triggering

and measuring the extent of the fiscal coordination problem addressed by this program, and the effect of the recession on State and local expenditures. Before and during the course of such study, the Congressional Budget Office and the Advisory Commission shall consult with and coordinate their activities with the Comptroller General of the United States. The Congressional Budget Office and the Advisory Commission shall report the results of such study to Congress within two years after the date of enactment of this title. Such study shall include the opinions of the Comptroller General with respect to such study.

TITLE III—FEDERAL WATER POLLUTION CONTROL ACT AMENDMENTS

SEC. 301. There is authorized to be appropriated to carry out title II of the Federal Water Pollution Control Act, other than sections 206, 208, and 209, for the fiscal year ending September 30, 1977, not to exceed \$700,000,000 which sum (subject to such amounts as are provided in appropriation Acts) shall be allotted to each State listed in column 1 of table IV contained in House Public Works and Transportation Committee Print numbered 94-25 in accordance with the percentages provided for such State (if any) in column 5 of such table. The sum authorized by this section shall be in addition to, and not in lieu of, any funds otherwise authorized to carry out such title during such fiscal year. Any sums allotted to a State under this section shall be available until expended.

And the House agree to the same.

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

In lieu of the matter proposed to be inserted by the amendment of the House to the title of the bill, insert the following: "An Act to authorize a local public works capital development and investment program, to establish an antirecessionary program, and for other purposes."

And the House agree to the same.

JIM WRIGHT,
HAROLD T. JOHNSON,
ROBERT A. ROE,
KENNETH L. HOLLAND,
ALLAN T. HOWE,
JAMES L. OBERSTAR,
HENRY J. NOWAK,
Managers on the Part of the House.

JENNINGS RANDOLPH,
EDMUND S. MUSKIE,
JOSEPH M. MONTOYA,
QUENTIN BURDICK,
ABE RIBICOFF,
JOHN GLENN,
ROBERT T. STAFFORD,
J. K. JAVITS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

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

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

TITLE I

SHORT TITLE

House amendment

The short title of the House amendment provides the legislation may be cited as the "Local Public Works Capital Development And Investment Act of 1976".

Senate bill

Provides the Act may be cited as the "Public Works Employment Act of 1976".

Conference substitute

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

DEFINITION OF TERMS

House amendment

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

Senate bill

No comparable provision.

Conference substitute

Same as the House amendment.

DIRECT GRANT PROGRAM

House amendment

Authorizes the Secretary to make grants to State and local governments for the construction, renovation, repair or other improvement of public works projects. This includes grants for projects for which Federal financial assistance is authorized by other acts and grants for architectural design, engineering and related planning expenses. Grants may be made for the completion of plans, specifications, and estimates where either architectural design or preliminary engineering or related planning has already been undertaken and where additional architectural and engineering work or related planning is required to permit construction. The Federal share of the cost of any project for which a grant is made under this act shall be 100 percent of the cost of the project. Grants can be made only when it is shown that, if funds are available, on-site labor can begin within 90 days of the project approval.

Senate bill

No comparable provision.

Conference substitute

Same as the House amendment.

RULES AND REGULATIONS

House amendment

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

Senate bill

No comparable provision.

Conference substitute

Same as the House amendment.

SUPPLEMENTAL GRANTS

House amendment

Authorizes the Secretary to make grants for the purpose of increasing the Federal contribution to 100 percent of project cost on any federally-assisted public works projects authorized by any other Federal law where the Federal financial assistance under such law is immediately available and construction has not been started.

Senate bill

No comparable provision.

Conference substitute

Same as the House amendment.

GRANTS FOR PROJECTS AUTHORIZED BY STATE OR LOCAL LAW

House amendment

Authorizes the Secretary to make grants for all or any portion of the State or local share of cost of any public works project authorized by any State or local law. However, no grant may provide both the State and local share. The matching share, other than the share with respect to which a grant is requested, must be immediately available for the project and construction of the project not yet started.

Senate bill

No comparable provision.

Conference substitute

Same as the House amendment.

LIMITATIONS

House amendment

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

Senate bill

No comparable provision.

Conference substitute

Same as the House amendment.

PRIORITY OF PROJECTS

House amendment

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

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

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

70 percent of the funds appropriated must be used for projects in areas that exceed the national unemployment rate in the first priority above and the remaining 30 percent of the funds appropriated must be used on projects in other classifications of priority.

The unemployment rate of a local government shall for purposes of this Act and upon request of the applicant be based upon the unemployment rate of any community or neighborhood (defined without regard to any other political subdivisions or boundaries) within the jurisdiction of such local government, except that any grant made to a local government based on the unemployment rate of a community or neighborhood within its jurisdiction must be for a project of direct benefit to, or provide employment for, unemployed persons or residents of that community or neighborhood.

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

Senate bill

No comparable provision.

Conference substitute

Same as the House amendment, except that the maximum percentage which can be granted in one State is increased to 12½ per centum.

FAIR LABOR STANDARDS

House amendment

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

Senate bill

No comparable provision.

Conference substitute

Same as the House amendment.

SEX DISCRIMINATION

House amendment

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

Senate bill

No comparable provision.

Conference substitute

Same as the House amendment.

AUTHORIZATION OF PROGRAM

House amendment

Authorizes up to \$2.5 billion to carry out this act.

Senate bill

No comparable provision.

Conference substitute

Authorizes up to \$2 billion to carry out this title for the period ending September 30, 1977.

GRANTS TO STATE AND LOCAL GOVERNMENTS FOR PUBLIC WORKS PROJECTS

House amendment

No comparable provision.

Senate bill

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

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

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

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

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

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

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

(e) (1) No more than 15 percent of funds appropriated may go to any one State. At least ½ of 1 percent must be granted to Guam, Virgin Islands, and American Samoa.

(2) No grants may be made for maintenance.

(f) Assistance under this section is available only to designated C.E.T.A. areas and areas designated by the Secretary of Labor as having 6½ percent unemployment or more for the most recent three months. As long as the national unemployment rate is 6½ percent or more, the Secretary must give priority to project applications from areas of unemployment in excess of the national average. 70 percent of the funds appropriated must go to these areas. The grant program is suspended when the national unemployment rate goes below 6½ percent.

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

(h) Grants are to be made in accordance with the same regulations promulgated for the public facility grants authorized by the Economic Development Act except the Secretary should not consider the severity and duration of unemployment and the income levels of families and extent of underemployment as re-

quired by section 101(d) nor should the Secretary require an Overall Economic Development Plan (OEDP) as required by section 101(a)(1)(c). Any revision to the regulations must be made within 30 days of enactment.

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

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

(k) Authorizes \$2 billion for fiscal year 1977.

Conference substitute

No comparable provision.

WORKING CAPITAL LOANS AND INTEREST SUBSIDIES

House amendment

No comparable provision.

Senate bill

The Senate bill amends title II of the Public Works and Economic Development Act, the Economic Development Administration's business development program. The present fiscal year 1976 authorization of \$75 million for business development programs is increased by \$125 million to \$200 million. Additional authority also has been provided to the Secretary to pay to or on behalf of a private borrower, an amount sufficient to reduce up to four percentage points the interest paid by such borrower on any loan guaranteed by the Secretary under this section. These payments must be made no less than annually and no obligation shall be made by the Secretary to make any payment under this paragraph for any loan guarantee made after December 31, 1976.

Conference substitute

No comparable provision.

JOB OPPORTUNITIES PROGRAM AMENDMENTS

House amendment

No comparable provisions.

Senate bill

The Senate bill would authorize an additional \$375 million for the period ending December 31, 1976, for title X of the Public Works and Economic Development Act, the Job Opportunities Program.

The Senate bill would also make the following improvements in program management: (1) consolidation and simplification of project selection criteria; (2) elimination of review responsibility by the Secretary of Labor with the Secretary of Commerce; (3) elimination of the requirement that half the appropriated funds must go to projects with 75 percent or more "labor costs," emphasizing instead

the job effectiveness purpose; and (4) assignment of priority to programs and projects sponsored by State and local governments. Job effectiveness, as defined in the bill, is the total man/months of employment related to a particular project which could not have occurred without the addition of funds under title X.

The Senate bill also provides that priority consideration should be given programs or projects sponsored by States or local communities which best serve the purposes of the program—whether these are revisions of pending programs and projects or new submissions made pursuant to title X.

Conference substitute

No comparable provisions.

LIMIT ON AUTHORITY TO OBLIGATE

House amendment

No comparable provision.

Senate bill

Limits on the authority to obligate the funds appropriated when unemployment levels decline.

The limitation is based on the seasonally adjusted unemployment rate for the preceding calendar quarter as determined by the Secretary of Labor in the quarterly report on unemployment. The authority to obligate appropriations is reduced by one-fourth of the funds appropriated up to \$500 million each time the quarterly unemployment rate declines by one-half of 1 percent from a base of 9 percent.

Conference substitute

No comparable provision.

WASTE TREATMENT FUNDS

House amendment

No comparable provision.

Senate bill

The Senate bill contains an authorization for \$21 million to be distributed to those States and territories which received an allocation of less than \$7 million in waste treatment construction grant funds for fiscal year 1976 under the Federal Water Pollution Control Act, P.L. 92-500.

Conference substitute

No comparable provision.

TITLE II

ANTIRECESSION PROVISIONS

House amendment

No comparable provision.

Senate bill

FINDINGS OF FACT AND DECLARATION OF POLICY

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

FINANCIAL ASSISTANCE AUTHORIZED

Section 202 authorizes for each of 5 succeeding calendar quarters (beginning with the calendar quarter which begins on July 1, 1976) \$125 million when the national seasonally adjusted unemployment rate reaches 6 percent plus an additional \$12.5 million for each one-tenth percentage point over 6 percent. The total amount authorized by this Act is not to exceed \$1.375 billion.

All unemployment data to be used in the implementation of this title shall, because of limitations on data gathering, be from the quarter ending three months before the quarter in which a payment is to be made.

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

ALLOCATIONS

Section 203(a) provides that the Secretary of the Treasury shall reserve one-third of the authorized funds for distribution to State governments and two-thirds of the authorized funds for distribution to local governments.

Section 203(b) provides that allocations to each State government be made according to a formula using that State's excess unemployment rate and its revenue sharing entitlement for Entitlement Period VI (July 1, 1975 to June 30, 1976). Excess unemployment is defined as the State's unemployment rate during the most recent calendar quarter minus 4.5 percent.

Section 203(c) provides that allocations to local governments would be made according to the same formula—excess unemployment rate times revenue sharing entitlements. In the case of both State and local governments, the unemployment factor is used as a measure of the severity of recession in a particular jurisdiction, while revenue sharing payments are used as a measure of the size of that jurisdiction.

For each local government for which the Labor Department has verified unemployment statistics (about 1,200 in all), there would be an allocated share under the formula.

For those local governments for which the Labor Department does not have verified unemployment data, funds would be set aside for a Balance of State category in each State in an amount determined by treating all such jurisdictions as if they constituted one government and applying the formula described above for identifiable governments. In other words, the amount determined for the Balance of State would be determined by entering aggregate unemployment and revenue sharing data for jurisdictions within the Balance of State

into the formula, as if these jurisdictions constituted one single government.

Section 203 also sets out procedures for distributing funds for the Balance of State category to individual jurisdictions within that category. Once the Balance of State allocation has been determined, by entering the aggregate data into the formula, individual allocations within the Balance can be determined in one of two ways: (1) by using the unemployment rate for the entire Balance of State in combination with individual revenue sharing entitlements; or (2) on the basis of an allocation plan prepared by the State government, in conformance with requirements set out in section 206 of the Act.

Section 203 further provides that no allocations will be made to any jurisdiction if the allocation determined by the formula amounts to less than \$100 per quarter or \$400 annually.

USE OF EMERGENCY SUPPORT GRANTS

Section 204 provides that grants under this program should be used for the maintenance of basic services ordinarily provided by the State and local governments and that State and local governments shall not use funds received under this Act for the acquisition of supplies and materials or for construction unless essential to maintain basic services. The funds under this Act are intended to be used to maintain service and employment levels without increasing taxes, and not to buy heavy equipment or for major construction projects.

STATEMENT OF ASSURANCES

Section 205 provides that in order to receive assistance under this Act, each State and local government shall file a statement of assurances with the Secretary of the Treasury concerning the use of the funds provided. Such statement must include assurances that the funds will be used for maintaining levels of services customarily provided by the jurisdiction, in addition to assurances that the jurisdiction will comply with other sections of the Act—for example, civil rights and Davis-Bacon provisions.

OPTIONAL ALLOCATION PLANS

Section 206(a) sets out criteria for State plans submitted to the Secretary under section 203(c) (3), for distribution of funds to the Balance of State. Specifically, this Section requires that the State plan must be consistent with the formula used for determining allocations to identifiable local governments and must be developed in consultation with officials of local governments included in the Balance of State.

Section 206(b) requires the Secretary to act on such allocation plan within thirty days.

NONDISCRIMINATION

Section 207 provides that no person shall, on the grounds of race, religion, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under

any program or activity funded in whole or in part with funds made available under this Act.

This section further authorizes the Secretary to suspend temporarily or withhold any payments under the legislation upon his determination of discrimination.

LABOR STANDARDS

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

SPECIAL REPORTS

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

PAYMENTS

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

Section 210(c) provides that no fund be paid to any State or local government under this Act for any calendar quarter if the unemployment rate within that jurisdiction during the calendar quarter for which the payment is made or during the last month of that quarter was less than 4.5 percent.

STATE AND LOCAL GOVERNMENT ECONOMICIZATION

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

WITHHOLDING

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

REPORTS

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

ADMINISTRATION

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

PROGRAM STUDIES

Section 215(a) requires the Comptroller General of the United States to report to Congress within 1 year on the impact of this program in State and local governments and on the macroeconomic impact of this program.

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

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

Conference substitute

This is the same as the Senate bill except that the aggregate authorization is set at \$1.250 billion and the additional amount is set at \$62.5 million for each one-half percentage point by which unemployment exceeds 6 percent.

EXPLANATION

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

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

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

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

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

IMPACT ON JOBS

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

IMPACT ON GOVERNMENT SERVICES

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

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

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

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

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

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

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

But for many other services, the demand is greater when the economy is depressed. Certain of these services—unemployment compensation, food stamps, welfare benefits—are obviously recession-related. Though some or all of the cost of these benefits may be borne by the

Federal Government, the administrative cost falls on the local governments which, when hard pressed to meet existing payrolls, are in no position to add more staff to meet these new administrative burdens.

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

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

IMPACT ON TAXES

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

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

TITLE III

ALLOTMENT OF WASTEWATER TREATMENT WORKS GRANT FUNDS

House amendment

No comparable provision.

Senate bill

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

The Senate bill also requires the Administrator, within 45 days from the date of enactment of this section, to report to Congress his recommendations for a formula or formulas to be used to allot equitably new authorizations of funds to carry out title II of the Federal Water Pollution Control Act.

Conference substitute

The same as the Senate bill except that amount of the authorization is reduced to \$700,000,000 and the reporting requirement is eliminated.

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Managers on the Part of the House.

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ROBERT T. STAFFORD,
J. K. JAVITS,

Managers on the Part of the Senate.

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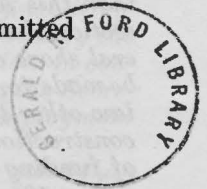
LOCAL PUBLIC WORKS EMPLOYMENT ACT

JUNE 11 (legislative day, JUNE 3), 1976.—Ordered to be printed

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

CONFERENCE REPORT

[To accompany S. 3201]



The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3201) to amend the Public Works and Economic Development Act of 1965, to increase the antirecessionary effectiveness of the program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

In lieu of the matter proposed to be inserted by the House amendment insert the following:
That this act may be cited as the "Public Works Employment Act of 1976."

TITLE I—LOCAL PUBLIC WORKS

SEC. 101. This title may be cited as the "Local Public Works Capital Development and Investment Act of 1976".

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

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

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

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

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



Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

Concurrent Resolution

*Resolved by the Senate (the House of Representatives concurring),
That in the enrollment of the bill (S. 3201), to amend the Public
Works and Economic Development Act of 1965, to increase the anti-
recessionary effectiveness of the program, and for other purposes, the
Secretary of the Senate shall make the following correction:*

Strike out the third sentence of section 104 of the bill and insert in
lieu thereof the following: "No grant shall be made for a project under
this section unless the Federal financial assistance for such project
authorized under provisions of law other than this Act is immediately
available for such project and construction of such project has not yet
been initiated because of lack of funding for the non-Federal share."

Attest:

Secretary of the Senate.

Attest:

Clerk of the House of Representatives.

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To authorize a local public works capital development and investment program, to establish an antirecessionary program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Public Works Employment Act of 1976".

TITLE I—LOCAL PUBLIC WORKS

SEC. 101. This title may be cited as the "Local Public Works Capital Development and Investment Act of 1976".

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

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

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

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

SEC. 103. (a) The Secretary is authorized to make grants to any State or local government for construction (including demolition and other site preparation activities), renovation, repair, or other improvement of local public works projects including but not limited to those public works projects of State and local governments for which Federal financial assistance is authorized under provisions of law other than this Act. In addition the Secretary is authorized to make grants to any State or local government for the completion of plans, specifications, and estimates for local public works projects where either architectural design or preliminary engineering or related planning has already been undertaken and where additional architectural and engineering work or related planning is required to permit construction of the project under this Act.

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

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

SEC. 105. In addition to the grants otherwise authorized by this Act, the Secretary is authorized to make a grant for the purpose of providing all or any portion of the required State or local share of the cost of any public works project for which financial assistance is



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

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

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

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

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

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

SEC. 108. (a) Not less than one-half of 1 per centum or more than 12½ per centum of all amounts appropriated to carry out this title shall be granted under this Act for local public works projects within any one State, except that in the case of Guam, Virgin Islands, and American Samoa, not less than one-half of 1 per centum in the



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aggregate shall be granted for such projects in all three of these jurisdictions.

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

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

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

(e) The unemployment rate of a local government shall, for the purposes of this Act, and upon request of the applicant, be based upon the unemployment rate of any community or neighborhood (defined without regard to political or other subdivisions or boundaries) within the jurisdiction of such local government, except that any grant made to a local government based upon the unemployment rate of a community or neighborhood within its jurisdiction must be for a project of direct benefit to, or provide employment for, unemployed persons who are residents of that community or neighborhood.

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

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

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



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3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1964, as amended (40 U.S.C. 276c).

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

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

TITLE II—ANTIRECESSION PROVISIONS

FINDINGS OF FACT AND DECLARATION OF POLICY

SEC. 201. FINDINGS.—The Congress finds—

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

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

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

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

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

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

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

FINANCIAL ASSISTANCE AUTHORIZED

SEC. 202. (a) PAYMENTS TO STATE AND LOCAL GOVERNMENTS.—The Secretary of the Treasury (hereafter in this title referred to as the "Secretary") shall, in accordance with the provisions of this title, make payments to States and to local governments to coordinate budget-related actions by such governments with Federal Government efforts to stimulate economic recovery.



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(b) **AUTHORIZATION OF APPROPRIATIONS.**—Subject to the provisions of subsections (c) and (d), there are authorized to be appropriated for each of the five succeeding calendar quarters (beginning with the calendar quarter which begins on July 1, 1976) for the purpose of payments under this title—

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

(c) **AGGREGATE AUTHORIZATION.**—In no case shall the aggregate amount authorized to be appropriated under the provisions of subsection (b) for the five calendar quarters beginning with the calendar quarter which begins July 1, 1976, exceed \$1,250,000,000.

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

- (1) the average rate of national unemployment during the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 6 percent, and
- (2) the rate of national unemployment for the last month of the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 6 percent.

ALLOCATION

SEC. 203. (a) **RESERVATIONS.**—

(1) **ELIGIBLE STATES.**—The Secretary shall reserve one-third of the amounts appropriated pursuant to authorization under section 202 for each calendar quarter for the purpose of making payments to eligible State governments under subsection (b).

(2) **ELIGIBLE UNITS OF LOCAL GOVERNMENT.**—The Secretary shall reserve two-thirds of such amounts for the purpose of making payments to eligible units of local government under subsection (c).

(b) **STATE ALLOCATION.**—

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

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

- (A) the State excess unemployment percentage, multiplied by
- (B) the State revenue sharing amount by the sum of such products for all the States.

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

- (A) the term “State” means each State of the United States;
- (B) the State excess unemployment percentage is equal to the difference resulting from the subtraction of 4.5 percentage points from the State unemployment rate for that State but shall not be less than zero;



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

(D) the State revenue sharing amount is the amount determined under section 107 of the State and Local Fiscal Assistance Act of 1972 for the one-year period beginning on July 1, 1975.

(c) LOCAL GOVERNMENT ALLOCATION.—

(1) IN GENERAL.—The Secretary shall allocate from amounts reserved under subsection (a) (2) an amount for the purpose of making payments to each local government, subject to the provisions of paragraphs (3) and (5), equal to the total amount reserved under such subsection for calendar quarter multiplied by the local government percentage.

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

(A) the local excess unemployment percentage, multiplied by
(B) the local revenue sharing amount, by the sum of such products for all local governments.

(3) SPECIAL RULE.—

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

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

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

(i) equal to the total amount allocated under paragraph (1) of this subsection for all local governments within the jurisdiction of such State which are treated as though they are one local government under subparagraph (A) multiplied by the local government percentage as defined in paragraph (2) (determined without regard to the parenthetical phrases at the end of paragraphs (4) (B) and (C) of this subsection), unless

(ii) such State submits, within thirty days, after the effective date of this title, an allocation plan which has been approved by the State legislature and which meets the requirements set forth in section 206(a), and is approved by the Secretary under the provisions of section 206(b). In the event that a State legislature is not scheduled to meet in regular session within three months after the effective date of this title, the Governor of such State shall be authorized to submit an alternative plan



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which meets the requirements set forth in section 206(a), and is approved by the Secretary under the provisions of section 206(b).

(D) If local unemployment rate data (as defined in paragraph (4)(B) of this subsection without regard to the parenthetical phrase at the end of such definition) for a local government jurisdiction is unavailable to the Secretary for purposes of determining the amount to be set aside for such government under subparagraph (C) then the Secretary shall determine such amount under subparagraph (C) by using the local unemployment rate determined under the parenthetical phrase of subsection (4)(B) for all local governments in such State treated as one jurisdiction under paragraph (A) of this subsection unless better unemployment rate data, certified by the Secretary of Labor, is available.

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

(A) the local excess unemployment percentage is equal to the difference resulting from the subtraction of 4.5 percentage points from the local unemployment rate, but shall not be less than zero;

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

(C) the local revenue sharing amount is the amount determined under section 108 of the State and Local Fiscal Assistance Act of 1972 for the one-year period beginning on July 1, 1975 (and in the case of local governments treated as one local government under paragraph (3)(A), the local revenue sharing amount shall be the sum of the local revenue sharing amounts of all eligible local governments within the State, adjusted by excluding an amount equal to the sum of the local revenue sharing amounts of identifiable local governments within the jurisdiction of that State);

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

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

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

(ii) performs substantial governmental functions. Such term includes the District of Columbia and also



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includes the recognized governing body of an Indian tribe of Alaskan Native village which performs substantial governmental functions. Such term does not include the government of a township area unless such government performs substantial governmental functions.

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

(5) SPECIAL LIMITATION.—If the amount which would be allocated to any unit of local government under this subsection is less than \$100, then no amount shall be allocated for such unit of local government under this subsection.

USES OF PAYMENTS

SEC. 204. Each State and local government shall use payments made under this title for the maintenance of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government, as the case may be. State and local governments may not use emergency support grants made under this title for the acquisition of supplies and materials and for construction unless such supplies and materials or construction are to maintain basic services.

STATEMENT OF ASSURANCES

SEC. 205. Each State and unit of local government may receive payments under this title only upon filing with the Secretary, at such time and in such manner as the Secretary prescribes by rule, a statement of assurances. Such rules shall be prescribed by the Secretary not later than ninety days after the effective date of this title. The Secretary may not require any State or local government to file more than one such statement during each fiscal year. Each such statement shall contain—

(1) an assurance that payments made under this title to the State or local government will be used for the maintenance, to the extent practical, of levels of public employment and of basic services customarily provided to persons in that State or in the area under the jurisdiction of that unit of local government which is consistent with the provisions of section 204;

(2) an assurance that the State or unit of local government will—

(A) use fiscal, accounting, and audit procedures which conform to guidelines established therefor by the Secretary (after consultation with the Comptroller General of the United States), and

(B) provide to the Secretary (and to the Comptroller General of the United States), on reasonable notice, access to, and the right to examine, such books, documents, papers, or records as the Secretary may reasonably require for purposes of reviewing compliance with this title;

(3) an assurance that reasonable reports will be furnished to the Secretary in such form and containing such information as the Secretary may reasonably require to carry out the purposes of this title and that such report shall be published in a newspaper of general circulation in the jurisdiction of such government unless the cost of such publication is excessive in relation to the amount of the payments received by such government under



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this title or other means of publicizing such report is more appropriate, in which case such report shall be publicized pursuant to rules prescribed by the Secretary;

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

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

(6) an assurance that the requirements of section 209 will be complied with;

(7) an assurance that the State or unit of local government will spend any payment it receives under this title before the end of the six-calendar-month period which begins on the day after the date on which such State or local government receives such payment; and

(8) an assurance that the State or unit of local government will spend amounts received under this title only in accordance with the laws and procedures applicable to the expenditure of its own revenues.

OPTIONAL ALLOCATION PLANS

SEC. 206. (a) STATE ALLOCATION PLANS FOR PURPOSES OF SECTION 203(c) (3).—A State may file an allocation plan with the Secretary for purposes of section 203(c) (3) (C) (ii) at such time, in such manner, and containing such information as the Secretary may require by rule. Such rules shall be provided by the Secretary not later than sixty days of the effective date of this title. Such allocation plan shall meet the following requirements:

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

(2) the plan shall use—

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

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

(3) the allocation criteria must be specified in the plan, and

(4) the plan must be developed after consultation with appropriate officials of local governments within the State other than identifiable local governments.

(b) APPROVAL.—The Secretary shall approve any allocation plan that meets the requirements of subsection (a) within thirty days after he receives such allocation plan, and shall not finally disapprove, in whole or in part, any allocation plan for payments under this title without first affording the State or local governments involved reasonable notice and an opportunity for a hearing.

NONDISCRIMINATION

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



(b) **AUTHORITY OF THE SECRETARY.**—Whenever the Secretary determines that a State government or unit of local government has failed to comply with subsection (a) or an applicable regulation, he shall, within ten days, notify the Governor of the State (or, in the case of a unit of local government the Governor of the State in which such unit is located, and the chief elected official of the unit) of the non-compliance. If within thirty days of the notification compliance is not achieved, the Secretary shall within ten days thereafter—

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

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

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

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

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

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

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

LABOR STANDARDS

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

SPECIAL REPORTS

SEC. 209. Each State and unit of local government which receives a payment under the provisions of this title shall report to the Secretary any increase or decrease in any tax which it imposes and any substantial reduction in the number of individuals it employs or in services which such State or local government provides. Each State which receives a payment under the provisions of this title shall report to the Secretary any decrease in the amount of financial assistance which the State provides to the units of local governments during the twelve-



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

PAYMENTS

SEC. 210. (a) **IN GENERAL.**—From the amount allocated for State and local governments under section 203, the Secretary shall pay not later than five days after the beginning of each quarter to each State and to each local government which has filed a statement of assurances under section 205, an amount equal to the amount allocated to such State or local government under section 203.

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

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

(1) the average rate of unemployment within the jurisdiction of such State or local government during the most recent calendar quarter which ended three months before the beginning of such calendar quarter was less than 4.5 percent, and

(2) the rate of unemployment within the jurisdiction of such government for the last month of the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 4.5 percent.

STATE AND LOCAL GOVERNMENT ECONOMICIZATION

SEC. 211. Each State or unit of local government which receives payments under this title shall provide assurances in writing to the Secretary, at such time and in such manner and form as the Secretary may prescribe by rule, that it has made substantial economies in its operations and that payments under this title are necessary to maintain essential services without weakening Federal Government efforts to stimulate the economy through reductions in Federal tax obligations.

WITHHOLDING

SEC. 212. Whenever the Secretary, after affording reasonable notice and an opportunity for a hearing to any State or unit of local government, finds that there has been a failure to comply substantially with any assurance set forth in the statement of assurances of that State or units of local government filed under section 205, the Secretary shall notify that State or unit of local government that further payments will not be made under this title until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made under this title.

REPORTS

SEC. 213. The Secretary shall report to the Congress as soon as is practical after the end of each calendar quarter during which payments are made under the provisions of this title. Such report shall include information on the amounts paid to each State and units of



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

ADMINISTRATION

SEC. 214. (a) RULES.—The Secretary is authorized to prescribe, after consultation with the Secretary of Labor, such rules as may be necessary for the purpose of carrying out his functions under this title. Such rules should be prescribed by the Secretary not later than ninety days of the effective date of this title.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for the administration of this title.

PROGRAM STUDIES AND RECOMMENDATIONS

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

(b) COUNTERCYCLICAL STUDY.—The Congressional Budget Office and the Advisory Commission on Intergovernmental Relations shall conduct a study to determine the most effective means by which the Federal Government can stabilize the national economy during periods of rapid economic growth and high inflation through programs directed toward State and local governments. Such study shall include a comparison of the effectiveness of alternative factors for triggering and measuring the extent of the fiscal coordination problem addressed by this program, and the effect of the recession on State and local expenditures. Before and during the course of such study, the Congressional Budget Office and the Advisory Commission shall consult with and coordinate their activities with the Comptroller General of the United States. The Congressional Budget Office and the Advisory Commission shall report the results of such study to Congress within two years after the date of enactment of this title. Such study shall include the opinions of the Comptroller General with respect to such study.



S. 3201—13

**TITLE III—FEDERAL WATER POLLUTION
CONTROL ACT AMENDMENTS**

Sec. 301. There is authorized to be appropriated to carry out title II of the Federal Water Pollution Control Act, other than sections 206, 208, and 209, for the fiscal year ending September 30, 1977, not to exceed \$700,000,000 which sum (subject to such amounts as are provided in appropriation Acts) shall be allotted to each State listed in column 1 of table IV contained in House Public Works and Transportation Committee Print numbered 94-25 in accordance with the percentages provided for such State (if any) in column 5 of such table. The sum authorized by this section shall be in addition to, and not in lieu of, any funds otherwise authorized to carry out such title during such fiscal year. Any sums allotted to a State under this section shall be available until expended.

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*

July 6, 1976

Received from the White House a sealed envelope said to contain S. 3201, "An Act to authorize a local public works capital development and investment program, to establish an antirecessionary program, and for other purposes," and a veto message from the President thereon.

Clawell H. Chang
Asst Secretary of the Senate

5³⁰ pm
Time received



TO THE SENATE OF THE UNITED STATES:

I am today returning without my approval, S. 3201, the Public Works Employment Act of 1976.

This bill would require \$3.95 billion in Federal spending above and beyond what is necessary. It sends a clear signal to the American people that four months before a national election, the Congress is enacting empty promises and giveaway programs. I will not take the country down that path. Time and time again, we have found where it leads: to larger deficits, higher taxes, higher inflation and ultimately higher unemployment.

We must stand firm. I know the temptation, but I urge Members of Congress to reconsider their positions and join with me now in keeping our economy on the road to healthy, sustained growth.

It was almost five months ago that the Senate sustained my veto of a similar bill, H.R. 5247, and the reasons compelling that veto are equally persuasive now with respect to S. 3201. Bad policy is bad whether the inflation price tag is \$4 billion or \$6 billion.

Proponents of S. 3201 argue that it is urgently needed to provide new jobs. I yield to no one in concern over the effects of unemployment and in the desire that there be enough jobs for every American who is seeking work. To emphasize the point, let me remind the Congress that the economic policies of this Administration are designed to create 2 - 2.5 million jobs in 1976 and an additional 2 million jobs in 1977. By contrast, Administration economists estimate that this bill, S. 3201, will create at most 160,000 jobs over the coming years --

Delivered to Secretary of Senate: 7/6/76 (5:30pm)

(Stencilled)



*noted
JPM*

less than 5% of what my own policies will accomplish. Moreover, the jobs created by S. 3201 would reduce national unemployment by less than one-tenth of one percent in any year. The actual projection is that the effect would be .06 percent, at a cost of \$4 billion. Thus, the heart of the debate over this bill is not over who cares the most -- we all care a great deal -- but over the best way to reach our goal.

When I vetoed H.R. 5247 last February, I pointed out that it was unwise to stimulate even further an economy which was showing signs of a strong and steady recovery. Since that time the record speaks for itself. The present 7.5 percent unemployment rate is a full one percent lower than the average unemployment rate of 8.5 percent last year. More importantly, almost three and a half million more Americans now have jobs than was the case in March of last year. We have accomplished this while at the same time reducing inflation which plunged the country into the severe recession of 1975.

S. 3201 would authorize almost \$4 billion in additional Federal spending -- \$2 billion for public works, \$1.25 billion for countercyclical aid to state and local governments, and \$700 million for EPA waste water treatment grants.

Beyond the intolerable addition to the budget, S. 3201 has several serious deficiencies. First, relatively few new jobs would be created. The bill's sponsors estimate that S. 3201 would create 325,000 new jobs but, as pointed out above, our estimates indicate that at most some 160,000 work-years of employment would be created -- and that would be over a period of several years. The peak impact would come in late 1977 or 1978 and would add no more than 50,000 to 60,000 new jobs in any year.



Second, S. 3201 would create few new jobs in the immediate future. With peak impact on jobs in late 1977 or early 1978, this legislation would add further stimulus to the economy at precisely the wrong time: when the economy is already far into the recovery.

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

Fourth, this bill would be inflationary since it would increase Federal spending and consequently the budget deficit by as much as \$1.5 billion in 1977 alone. It would increase demands on the economy and on the borrowing needs of the government when those demands are least desirable. Basic to job creation in the private sector is reducing the ever increasing demands of the Federal government for funds. Federal government borrowing to support deficit spending reduces the amount of money available for productive investment at a time when many experts are predicting that we face a shortage of private capital in the future. Less private investment means fewer jobs and less production per worker. Paradoxically, a bill designed as a job creation measure may, in the long run, place just the opposite pressures on the economy.

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

Beyond my own budget recommendations, I believe that in addressing the immediate needs of some of our cities hardest hit by the recession, another measure before the Congress,



H.R. 11860 sponsored by Congressman Garry Brown and S. 2986 sponsored by Senator Bob Griffin provides a far more reasonable and constructive approach than the bill I am vetoing.

H.R. 11860 would target funds on those areas with the highest unemployment so that they may undertake high priority activities at a fraction of the cost of S. 3201. The funds would be distributed exclusively under an impartial formula as opposed to the pork barrel approach represented by the public works portions of the bill I am returning today. Moreover, H.R. 11860 builds upon the successful Community Development Block Grant program. That program is in place and working well, thus permitting H.R. 11860 to be administered without the creation of a new bureaucracy. I would be glad to accept this legislation should the Congress formally act upon it as an alternative to S. 3201.

The best and most effective way to create new jobs is to pursue balanced economic policies that encourage the growth of the private sector without risking a new round of inflation. This is the core of my economic policy, and I believe that the steady improvements in the economy over the last half year on both the unemployment and inflation fronts bear witness to its essential wisdom. I intend to continue this basic approach because it is working.

My proposed economic policies are expected to produce lasting, productive jobs, not temporary jobs paid for by the American taxpayer.

This is a policy of balance, realism, and common sense. It is a sound policy which provides long term benefits and does not promise more than it can deliver.

My program includes:

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



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

-- More than \$21 billion in outlays in the fiscal year beginning October 1 for important public works such as energy facilities, waste water treatment plants, roads, and veterans' hospitals representing a 17 percent increase over the previous fiscal year.

-- And a five and three quarter year package of general revenue sharing funds for state and local governments.

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

Gerald R. Ford

THE WHITE HOUSE,

July 6, 1976.



TO THE SENATE

I am returning without my approval S. 3201, the Public Works Employment Act of 1976.

It was slightly more than five months ago that the Senate sustained my veto of a similar bill, H.R. 5247, and the compelling reasons supporting that veto are even more persuasive today with respect to S. 3201.

I yield to no one in my concern over the effects of unemployment and my desire to increase the number of jobs available as rapidly as is prudently possible. At the same time, however, I have an obligation to the American people to reject what I believe to be ill-conceived legislation.

The American taxpayers are sick and tired of merely throwing money at problems, at promising more than the government can deliver, and of heavy-handed Federal programs. This bill represents election pork-barrel legislation at its worst.

When I vetoed H.R. 5247 last February, I pointed out that it was unwise to stimulate even further an economy which was showing signs of a strong and steady recovery. Since that time, the record speaks for itself: The rate of unemployment has continued to decline, now standing at 7.3 percent as compared to 7.8 percent at the start of this year. More importantly, one and one-half million more Americans now have jobs than was the case six months ago and this healthy trend in all likelihood will continue. We have accomplished this without a resurgence of inflation which plunged the country into the severe recession of 1975.



S. 3201 would authorize almost \$4 billion in additional Federal spending -- \$2 billion for public works, \$1.25 billion for "countercyclical" aid to State and local governments, and \$700 million for EPA wastewater treatment grants.

This bill:

- . Would not substantially affect unemployment. Claims are made that it would result in 325,000 new jobs. Based on past experience, a more realistic estimate is that fewer than 160,000 work-years of employment would be provided. Because the impact would be spread over three or four years, the increase in employment in any one year would be no more than 50,000-60,000.
- . Is poorly timed since the peak employment period would not occur until one-to-two years from now, when the worst of the unemployment problem will be well behind us. This is even more the case with the additional \$700 million authorized for EPA wastewater treatment grants. The long lead time needed to get this type of facility under construction is well known.
- . Is expensive, costing the taxpayers more than \$25,000 for each new year of employment created.
- . Is inflationary since it would increase Federal spending, and consequently the budget deficit, by as much as \$1.5 billion in 1977 alone, and possibly even more in subsequent years. The higher deficits coupled with the stronger inflationary pressures would



undoubtedly raise interest rates. This could lead to a reduction of investment spending which is ultimately necessary for us to obtain a high level of productive jobs.

This lower investment spending would reduce increases in productive capacity at a time when large increases are required for a strong recovery without inflation. A rekindling of inflation could easily throw us back into another recession, possibly more severe than the one we have just been through. Paradoxically, a bill designed to be a job creation measure may in the long run prove to be a job destruction bill.

The countercyclical revenue sharing program in this bill is just the sort of undesirable Federal spending we can ill-afford to indulge in if we are serious about bringing the Federal budget into balance by 1979. Rather than encouraging greater economies and more prudent fiscal management by States and cities, this measure would merely reinforce the tendency for growing public expenditures at these levels of government.

In returning S. 3201, I want to remind the Congress once again that it has failed to act on, or rejected, a series of recommendations I made to ensure that the private sector of our economy is free from unnecessary regulation and will have adequate supplies of capital so it can continue to create permanent and lasting jobs for all Americans. This process may not have the political glamour of more direct, interventionist schemes, but it is far more likely to result in significant and permanent improvements in the living standards of all our citizens.



I therefore urge the Congress to abandon the quick-fix approach embodied in this bill and instead adopt proposals which restrain the growth in Federal spending. If we are to have a healthy economy to deal with our employment problems, Federal Government borrowing to support deficit spending must be slowed. S. 3201 only accelerates it.

I cannot stress too strongly the importance of pursuing balanced economic policies that encourage the growth of the private sector without risking additional inflation. This is how the problem of unemployment is being overcome, and the only way it can be overcome for the permanent health of our economy.

THE WHITE HOUSE

July , 1976

GOOD LIES

FOR IMMEDIATE RELEASE

JULY 6, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

THE OVAL OFFICE

4:10 P.M. EDT

Before the Congress went on recess, the Democratic majority clearly established the direction they would have our Nation go -- toward more Federal spending, higher taxes, larger deficits, more people on the Federal payroll and higher inflation. The signs are unmistakable.

Four months before a national election, Congress is moving full-speed ahead down the road to bigger and bigger giveaway programs. The American people want and deserve something far better, such as the additional tax cuts that I propose to begin July 1.

I am announcing today my decision to veto the public works jobs bill which is the biggest spending bill left behind by the Congress. This bill would not create lasting jobs but would create new inflationary pressures.

The veto, if sustained by the Congress, would save the taxpayers \$4 billion and will help to ward off the risks of new inflation.

While Members of Congress are home for recess, people have an excellent opportunity to tell them just how they feel. If the American people want to hold down Federal spending and have the additional tax cuts that I have proposed, now is the time to say so, loud and clear.

END (AT 4:12 P.M. EDT)



July 6, 1976

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE SENATE OF THE UNITED STATES:

I am today returning without my approval, S. 3201, the Public Works Employment Act of 1976.

This bill would require \$3.95 billion in Federal spending above and beyond what is necessary. It sends a clear signal to the American people that four months before a national election, the Congress is enacting empty promises and giveaway programs. I will not take the country down that path. Time and time again, we have found where it leads: to larger deficits, higher taxes, higher inflation and ultimately higher unemployment.

We must stand firm. I know the temptation, but I urge Members of Congress to reconsider their positions and join with me now in keeping our economy on the road to healthy, sustained growth.

It was almost five months ago that the Senate sustained my veto of a similar bill, H.R. 5247, and the reasons compelling that veto are equally persuasive now with respect to S. 3201. Bad policy is bad whether the inflation price tag is \$4 billion or \$6 billion.

Proponents of S. 3201 argue that it is urgently needed to provide new jobs. I yield to no one in concern over the effects of unemployment and in the desire that there be enough jobs for every American who is seeking work. To emphasize the point, let me remind the Congress that the economic policies of this Administration are designed to create 2 - 2.5 million jobs in 1976 and an additional 2 million jobs in 1977. By contrast, Administration economists estimate that this bill, S. 3201, will create at most 160,000 jobs over the coming years -- less than 5% of what my own policies will accomplish. Moreover, the jobs created by S. 3201 would reduce national unemployment by less than one-tenth of one percent in any year. The actual projection is that the effect would be .06 percent, at a cost of \$4 billion. Thus, the heart of the debate over this bill is not over who cares the most -- we all care a great deal -- but over the best way to reach our goal.

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more



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more



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My proposed economic policies are expected to produce lasting, productive jobs, not temporary jobs paid for by the American taxpayer.

This is a policy of balance, realism, and common sense. It is a sound policy which provides long term benefits and does not promise more than it can deliver.

My program includes:

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

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

-- More than \$21 billion in outlays in the fiscal year beginning October 1 for important public works such as energy facilities, waste water treatment plants, roads, and veterans' hospitals representing a 17 percent increase over the previous fiscal year.

-- And a five and three quarter year package of general revenue sharing funds for state and local governments.

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

GERALD R. FORD

THE WHITE HOUSE,

July 6, 1976.

#

FOR IMMEDIATE RELEASE

JULY 6, 1976

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

THE OVAL OFFICE

4:10 P.M. EDT

Before the Congress went on recess, the Democratic majority clearly established the direction they would have our Nation go -- toward more Federal spending, higher taxes, larger deficits, more people on the Federal payroll and higher inflation. The signs are unmistakable.

Four months before a national election, Congress is moving full-speed ahead down the road to bigger and bigger giveaway programs. The American people want and deserve something far better, such as the additional tax cuts that I propose to begin July 1.

I am announcing today my decision to veto the public works jobs bill which is the biggest spending bill left behind by the Congress. This bill would not create lasting jobs but would create new inflationary pressures.

The veto, if sustained by the Congress, would save the taxpayers \$4 billion and will help to ward off the risks of new inflation.

While Members of Congress are home for recess, people have an excellent opportunity to tell them just how they feel. If the American people want to hold down Federal spending and have the additional tax cuts that I have proposed, now is the time to say so, loud and clear.

END (AT 4:12 P.M. EDT)



THE WHITE HOUSE
WASHINGTON

8.2.76

TO: Records-

May be duplicates -
If so, pitch.

RD

Robert D. Linder

THE WHITE HOUSE

WASHINGTON

July 21, 1976

DAVE GERGEN--

Attached are the changes in the Public Works
Bill statements.

Marsh and Friedersdorf both concur as written.

Cannon (Quern & Lissy) both have changes

Hartmann has one small change of adding the
\$4 billion figure.

Jim Connor



Rec. 7/21/76 - 11:56 am

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 21

Time:

FOR ACTION: Bob Hartmann
Jack Marsh
Jim Cannon
Max Friedersdorf

cc (for information):

FROM THE STAFF SECRETARY

DUE: Date: IMMEDIATE TURNAROUND Time:

SUBJECT:

Draft statements re: Public Works Bill

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

IMMEDIATE TURNAROUND, PLEASE

DP as amended
RTA



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President

STATEMENT BY THE PRESIDENT IF VETO IS OVERRIDDEN

I deeply regret today that the Congress has overridden my veto of the public works bill.

Both the Congress and I share a keen desire to expand job opportunities for all Americans, but I continue to believe that the wisest, most productive means of reaching that goal is through a steadily growing private sector -- not through temporary jobs that are run by the government, increase the national debt, and create new inflationary pressures.

Nonetheless, a two-thirds majority of this Congress has now spoken the final word on this bill. Accordingly, I have today directed the affected departments and agencies to implement as quickly and efficiently as possible this *# 4 bill* spending decision by the Congress. *additional*



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 21

Time:

FOR ACTION: Bob Hartmann
Jack Marsh
Jim Cannon
Max Friedersdorf

cc (for information):

*Lissy has seen.
Copy left at Quern's office.
Cavanaugh
Myer*

FROM THE STAFF SECRETARY

DUE: Date: IMMEDIATE TURNAROUND

Time:

SUBJECT:

Draft statements re: Public Works Bill

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

IMMEDIATE TURNAROUND, PLEASE



*OK
Jim*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate delay in submitting the required material, please telephone the Staff Secretary immediately.

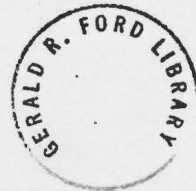
Jim Connor
For the President

STATEMENT BY THE PRESIDENT IF VETO SUSTAINED

The American people owe special thanks today to the
_____ Members of the United States Senate who so courageously
withstood enormous political pressure on the \$4 billion public
works program.

* *Lissy suggests using 2nd ¶ here also (from other page)*

In sustaining my veto of this program, these Senators
are helping to keep America on the path to renewed
prosperity -- prosperity that means lasting, meaningful
jobs without new inflation. I congratulate these Senators
on their wisdom and resoluteness.



STATEMENT BY THE PRESIDENT IF VETO IS OVERRIDDEN

I deeply regret today that the Congress has overridden my veto of the public works bill.

have
★ ~~Both the Congress and I~~ share a keen desire to expand job opportunities for all Americans, *and* but I continue to believe that the wisest, most productive means of reaching that goal is through a steadily growing private sector -- not through temporary jobs that are run by the government, increase the national debt, and create new inflationary pressures.

Nonetheless, a two-thirds majority of this Congress has now spoken the final word on this bill. Accordingly, I have today directed the affected departments and agencies to implement as quickly and efficiently as possible this spending decision by the Congress.



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Map

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Nonetheless, a two-thirds majority of this Congress has now spoken the final word on this bill. Accordingly, I have today directed the affected departments and agencies to implement as quickly and efficiently as possible this spending decision by the Congress.



*FXI slotted to
Hartman
Mand
Canna
Moy*

THE WHITE HOUSE
WASHINGTON
July 21, 1976

MEMORANDUM FOR: JIM CONNOR
FROM: DAVE GERGEN
SUBJECT: Public Works Bill

Paul O'Neill has produced two draft statements for this afternoon which I have edited somewhat. Can you handle whatever staffing is needed? The Press Office will want to move quickly today after the votes are completed (Senate vote is critical one and comes first).

Thanks.

cc: John Carlson
Paul O'Neill



STATEMENT BY THE PRESIDENT IF VETO SUSTAINED

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_____ Members of the United States Senate who so courageously
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Office of the White House Press Secretary

THE WHITE HOUSE

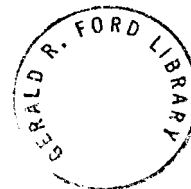
STATEMENT BY THE PRESIDENT

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The House can rectify the Senate action on Thursday and should, in the best interest of the Nation, sustain my veto.

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Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

I am keenly disappointed by the action of the Congress in enacting, over my veto, the so-called Public Works Employment Act of 1976.

The Congress has badly misjudged the real public interest in enacting this bill. What the Congress is saying in effect is that:

- It is not sufficiently concerned about the risks of double digit inflation.
- It would rather create \$4 billion worth of temporary, Government funded jobs than let those same dollars go to work in the private sector to produce real, rewarding, lasting jobs.
- It wants the Federal Government to borrow yet another \$4 billion from the private sector.
- It is willing to fund jobs at a cost of \$25,000 a piece for each year of temporary employment created.
- And it would rather have the Federal Government borrow and spend yet another \$4 billion than enact my proposed \$10 billion added tax cut which would help all of our people.

My concern about our unemployed citizens is second to none. But that concern strengthens my resolve to do everything I can to keep our economy on the strong, stable growth path we are now on -- a path that does not risk a return to double-digit inflation and another deep recession. My concern does not and will not stampede me into embracing unwise legislation.

It is my hope that the Congress, on reflection, will agree with my views and not insist on providing funds to carry out this program. If it does insist on going ahead with this program, there will be no real winners but there will be real losers: the American people.

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