

MEETING ON REVENUE SHARING
Thursday, June 3, 1976
State Dining Room
(1 1/2 hours)
2:30 p.m.

Wed . 6/9

Wentworth - Neutralization -

Wentworth - U.S. Corp. from investment
in investment for growth.



THE WHITE HOUSE
WASHINGTON

May 27, 1976

MAX FRIEDERSON

JIM CANNON

PAUL MYER

House Appropriations
Committee Action on
General Revenue Sharing
Legislation

MEMORANDUM FOR

FROM

SUBJECT:

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

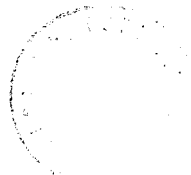
As reported, the bill would result in outlays of \$6.65 billion for General Revenue Sharing payments in FY77, an increase of \$107.5 billion over the First Congressional Budget Resolution. Actually, the bill proposes new entitlement authority of \$4,987,500,000 for January 1, 1977, through September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

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

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



PRESIDENTIAL REMARKS AT MEETING WITH THE
"NEW COALITION" ON GENERAL REVENUE SHARING
ON THURSDAY, JUNE 3, 1976



AT THE REQUEST OF THE NATION'S GOVERNORS, MAYORS,
AND COUNTY OFFICIALS, I AM PLEASED TO CONVENE THIS MEETING
WITH THE LEADERS OF THE HOUSE OF REPRESENTATIVES TO REVIEW
WHAT URGENT STEPS THE CONGRESS CAN TAKE TO ENSURE THAT
MILLIONS OF AMERICANS WILL NOT BE SUBJECT TO AN INCREASE
IN STATE AND LOCAL TAXES IF GENERAL REVENUE SHARING LEGISLATION
IS NOT EXTENDED IMMEDIATELY.

GENERAL REVENUE SHARING IS A PROVEN, SUCCESSFUL,
AND VERY IMPORTANT PART OF MY EFFORTS TO RETURN MORE OF
THE DECISION-MAKING PROCESS AND FINANCIAL RESOURCES
TO LOCAL UNITS OF GOVERNMENT.

IF GENERAL REVENUE SHARING IS NOT EXTENDED,
THE FISCAL AND ECONOMIC IMPACT ON MANY STATES AND LOCAL
COMMUNITIES WILL BE SEVERE. I AM ENCOURAGED THAT ACTION
BY THE HOUSE NOW APPEARS TO BE IMMINENT. HOWEVER,
THE DELAY TO DATE IN ENACTMENT OF THIS LEGISLATION HAS ALREADY
CAUSED SERIOUS PROBLEMS. THE EVIDENCE INDICATES THAT
THE FAILURE OF THE CONGRESS TO EXTEND THIS PROGRAM,
OR THE ADOPTION OF DRASTIC PROGRAM REVISIONS -- WOULD LEAD
TO INCREASED STATE AND LOCAL PROPERTY TAXES, SALES TAXES
AND EVEN NEW TAXES IN MANY AREAS.



ADDITIONAL DELAY OR FAILURE TO ENACT THIS EXTENSION
WOULD ALSO REDUCE THE LEVEL AND QUALITY OF VITAL PUBLIC SERVICES
WHICH ARE PROVIDED. THERE WOULD BE LESS POLICE AND
FIRE PROTECTION, REDUCTIONS IN HEALTH, EDUCATION AND
OTHER ESSENTIAL PROGRAMS, AND DELAYED CONSTRUCTION OF
URGENTLY NEEDED PUBLIC FACILITIES.

DURING THE PAST FOURTEEN MONTHS, I HAVE WORKED
WITH THE NATION'S GOVERNORS, MAYORS AND COUNTY OFFICIALS
AND THE CONGRESS TO ACHIEVE THE ADOPTION OF SOUND LEGISLATION
EXTENDING THIS PROVEN REVENUE SHARING PROGRAM.
I WILL CONTINUE TO WORK WITH YOU TO ACHIEVE THAT GOAL.

I KNOW THAT MANY OF YOU SHARE MY CONCERNS.

I HOPE THAT WE CAN EMERGE FROM OUR DISCUSSION TODAY UNITED
IN OUR SUPPORT FOR GENERAL REVENUE SHARING AND WORK TOGETHER
FOR THE ADOPTION OF A BILL WHICH WILL CONTINUE THE GOOD RESULTS
ALREADY ACHIEVED BY THE EXISTING PROGRAM.

END OF TEXT

THE WHITE HOUSE

WASHINGTON

MEETING ON GENERAL REVENUE SHARING
RENEWAL LEGISLATIVE SITUATION

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

From: James M. Cannon
Max Friedersdorf

James M. Cannon
Max Friedersdorf



I. PURPOSE

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

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

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

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

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

and Congressional-White House cooperation which led to the original enactment of the program.

- B. Participants: See Tab C.
- C. Press Plan: To be announced; photo opportunity and coverage of opening remarks; briefing opportunity after meeting.

III. TALKING POINTS

1. The renewal of General Revenue Sharing remains a top priority on my agenda. If it is not extended, the fiscal and economic consequences would be severe in many States and local communities.
2. I have sought to work with the Congress in order to achieve adoption of sound legislation. In that spirit, I have asked you here today.
3. The House will soon begin consideration of the Committee bill, H. R. 13367. While I am pleased that a bill has finally emerged, I have great reservations about the Committee bill. I know that many of you share those concerns.
4. I hope the House will endorse the revenue sharing concept and adopt a bill which is consistent with the objectives of my original renewal proposal. I am prepared to continue to work with the bi-partisan leadership and representatives of State and local government to achieve that goal.

1. Length of Program and Level of Funding

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

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

Committee Bill: Identical to Subcommittee bill.

2. Method of Funding

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

Subcommittee Bill: Establishes an "entitlement" financing approach.

Committee Bill: Identical to Subcommittee bill.

3. Civil Rights

President's Proposal: Retains current nondiscrimination requirement, but clarifies the Secretary's authority to withhold all or a portion of entitlement funds, to require repayments, and terminate eligibility where revenue sharing funds have been expended in a discriminatory fashion.

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

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

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



4. Formula Provisions

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

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

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

5. Government Modernization

President's Proposal: No provision.

Subcommittee Bill: No provision.

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

6. Davis-Bacon

President's Proposal: No change in current law.

Subcommittee Bill: No change in current law.

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

TAB B -- NEW COALITION TELEGRAM

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

May 21, 1976

The President
The White House
D. C. 20500

Dear Mr. President:

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

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

Governor Robert D. Ray, Chairman
The New Coalition and National Governors' Conference
Mayor Hans Tanzler, Chairman
National League of Cities

Supervisor Vance Webb, President
National Association of Counties

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

Representative Tom Jensen, President
National Conference of State Legislatures

TAB C -- PARTICIPANTS

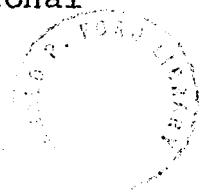
I. Congressional

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

II. New Coalition

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

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



III. Administration

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