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APPROVED
OCT 13 1976

10/13/76

ACTION
Last Day: October 19

THE WHITE HOUSE
WASHINGTON

October 11, 1976

MEMORANDUM FOR:

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

Enrolled Bill H. R. 13367 -
State and Local Fiscal
Assistance Amendments of
1976

This is to present for your action H. R. 13367, a bill to revise and extend the General Revenue Sharing program authorized by the State and Local Fiscal Assistance Act of 1972.

BACKGROUND

- The current authorization for the General Revenue Sharing program expires on December 31, 1976. H. R. 13367 would extend this program for an additional 3 3/4 years (beginning January 1, 1977 until September 30, 1980), authorizing entitlement payments of \$25.6 billion during this period.
- H. R. 13367 is consistent with your recommendations to renew the General Revenue Sharing program. It preserves the essential concept of the current Act, retains the basic distribution formula, provides continued growth in funding, improves and strengthens the citizen participation and civil rights provisions, and grants the Secretary of the Treasury greater latitude in administering the program.
- H. R. 13367 strengthens the current civil rights provision. The nondiscrimination prohibition continues to apply to any program directly funded with shared revenues, but is broadened to cover religion, age and handicapped status. H. R. 13367 also contains strong, affirmative enforcement procedures which may result in the suspension of payments where discrimination is found. (Additional information on H.R. L3367 is available in OMB's enrolled bill report at Tab A.)

ARGUMENTS FOR APPROVAL

- 1. H.R. 13367 is consistent with your Administration's recommendations to revise and extend the General Revenue Sharing program.
- 2. Failure to extend the current Act would have a negative impact on State and local governments, resulting in increased property taxes, cutbacks in essential services or more unemployment.
- 3. The broadened civil rights provision is consistent with existing law, regulations and practices.

ARGUMENTS FOR DISAPPROVAL

- 1. H.R. 13367 provides for the non-discretionary appropriation of Federal funds over a long-term period and is inconsistent with efforts to control Federal spending and balance the budget.
- 2. The General Revenue Sharing program represents an invitation for greater Federal interference in State and local government affairs.

OMB, Max Friedersdorf, Counsel's Office (Kilberg), Jeanne Holm, Bill Seidman and I recommend approval of H.R. 13367 and the attached signing statement (which has been cleared by Doug Smith).

RECOMMENDATION

That you sign H.R. 13367 at Tab B.

Approve signing statement at Tab C

Approve



Disapprove



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

OCT 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 13367 - State and Local Fiscal Assistance Amendments of 1976
Sponsor - Rep. Fountain (D) North Carolina and 6 others

Last Day for Action

October 19, 1976 - Tuesday

Purpose

Extends the General Revenue Sharing program, established by the State and Local Fiscal Assistance Act of 1972, through fiscal year 1980 with authorized funding of \$4.99 billion for the last 9 months of fiscal year 1977 and a maximum of \$6.85 billion for each of the following 3 fiscal years; subjects funding to annual appropriation action; significantly amends the Act's nondiscrimination, enforcement, reporting, and auditing provisions; and makes other changes in the Act.

Agency Recommendations

Office of Management and Budget	Approval (Signing statement attached)
Department of the Treasury	Approval (Signing statement attached)
Department of Justice	Approval
Department of Commerce	Approval
Council of Economic Advisers	Approval
Advisory Commission on Intergovernmental Relations	Approval
Department of Housing and Urban Development	No objection
Department of Labor	No objection
Department of the Interior	No objection
Department of Health, Education, and Welfare	Defers to Treasury
Commission on Civil Rights	No comment

Discussion

The General Revenue Sharing program is scheduled to expire on December 31, 1976. In April 1975, you transmitted to the Congress proposed legislation to extend and revise it

recommending "that the Congress act to continue this highly successful and important new element of American Federalism well in advance of the expiration date, in order that State and local governments can make sound fiscal plans."

Your proposal would have:

--extended the program through fiscal year 1982.

--retained the basic formula and provided for annual increases of \$150 million in the level of funding to compensate partially for the impact of inflation. Over the 5 3/4-year extension period a total of almost \$40 billion would have been distributed.

--strengthened the civil rights provisions of the law by authorizing the Secretary of the Treasury to invoke additional means to enforce them.

--increased public participation in determining the use of shared revenues.

--made reporting requirements more flexible.

--raised the ceiling on local entitlements, over a 5-year period, to allow each local jurisdiction currently constrained by the limitation of 145% of the average per capita entitlement of its State to receive up to 175% of that amount.

The House passed H.R. 13367 on June 10, 1976 (361-35). That version differed from the Administration's proposal in several respects, including an extension of the program only through fiscal year 1980, deletion of the annual increment in the funding level, subjecting the program to the annual appropriations process, major revisions in the nondiscrimination provisions, and imposition of additional Federal requirements on recipient governments in reporting, auditing and public participation. The Senate passed its version of H.R. 13367 on September 14, 1976 (80-4). The Senate version was similar in major respects to the Administration's proposal. The Administration's only objection to the Senate bill was that the proposed fiscal year 1977 funding level of \$6.9 billion exceeded the Administration's budget request by \$363 million. The enrolled version of H.R. 13367 was agreed to in the House by a vote of 292-111 and in the Senate by a vote of 77-4.

Extension and funding provisions:

H.R. 13367 extends the General Revenue Sharing program through fiscal year 1980, from January 1, 1977, through September 30, 1980. It authorizes funds to be appropriated to the State and Local Government Fiscal Assistance Trust Fund to pay revenue sharing entitlements in the following amounts: for the period January 1, 1977, to September 30, 1977, \$4.99 billion; for each of fiscal years 1978, 1979, and 1980 a maximum of \$6.85 billion. The actual authorization for each of these years will be determined by multiplying \$6.65 billion by the ratio of individual Federal income tax receipts for the calendar year ending more than 1 year before the end of the entitlement period, to 1975 receipts.

This funding compares to the current annual funding rate of \$6.65 billion and to your recommendation of \$1.63 billion for the period July 1, 1976 to September 30, 1976; \$6.54 billion for 1977; \$6.69 billion for 1978; \$6.84 billion for 1979; \$6.99 billion for 1980 and \$7.14 and \$7.29 billion for 1981 and 1982. The Concurrent Resolution for Fiscal Year 1977 includes outlays of \$6.7 billion for the program.

Present law provides for the appropriation of revenue sharing funds in the authorizing Act which removes them from the annual appropriations process, and your proposal would have maintained this method of funding. H.R. 13367 authorizes the appropriation of funds to pay entitlements thereby requiring annual appropriation action. The Conference Report states that "use of the entitlement procedure guarantees the provision of funds at the stipulated amounts for each of the entitlement periods."

Nondiscrimination provisions:

One of the most controversial and most often criticized aspects of the program has been the enforcement of the nondiscrimination provisions. The nondiscrimination provisions in present law have been criticized for being too vague and giving the Secretary of the Treasury too much enforcement discretion. Treasury also has been criticized for assigning insufficient resources to enforcement activity. Your proposal would have amended the nondiscrimination provisions by making explicit the authority of the Secretary, when a Governor fails to secure compliance with the provisions, to withhold all or a portion of funds due a unit of government, to terminate one or more payments, and to require repayment of funds spent in a discriminatory program or activity.

H.R. 13367 significantly amends the nondiscrimination provisions by broadening their coverage and providing new ex-

pedited enforcement mechanisms. Prohibitions against discrimination on the basis of age, handicapped status, and religion are added to those in present law of race, color, national origin, and sex in programs or activities funded in whole or in part with revenue sharing funds. When an allegation of discrimination is made, the unit of government will have to meet a new test of "clear and convincing evidence" that the program or activity is not directly receiving revenue sharing funds.

The bill requires the Secretary of the Treasury to endeavor to enter into agreements with State and Federal agencies to investigate noncompliance with the nondiscrimination provisions. It adds an expedited process for determining noncompliance and ending payments, including hearings by administrative law judges. H.R. 13367 authorizes civil suits by private citizens, after exhaustion of administrative remedies, for redress of any act or practice prohibited by law, and authorizes the Attorney General to intervene in private actions "of general public importance" brought for violation of the nondiscrimination provisions. Courts are authorized to award reasonable attorney fees to a prevailing plaintiff or defendant, other than the United States.

Other major provisions of H.R. 13367:

--require more detailed reporting by State and local governments on the use of revenue sharing funds, including setting forth the amounts and purposes for which the funds have been appropriated, spent, or obligated and showing their relationship to functional items in the government's budget and identifying differences between the actual use of funds received and their proposed use.

--require units of government which expect to receive revenue sharing funds to have an independent audit of all their financial statements, in accordance with generally accepted auditing standards, to determine compliance with the revenue sharing law, at least once every 3 years. This requirement is waived for periods in which a unit of government receives less than \$25,000. Present law does not require an independent audit, nor does it include waiver authority.

--provide for greater public participation by requiring at least one public hearing on the possible uses of revenue sharing funds and at least one public hearing on the proposed use of revenue sharing funds in relation to the unit of government's entire budget. Your proposal would have required an opportunity for public participation in a public hearing or such other manner as the Secretary could have prescribed by regulation.

--repeal the provision limiting the use by local governments of revenue sharing funds to priority expenditure categories such as maintenance and operating expenses for public safety, environmental protection, public transportation, health, and capital expenditures authorized by law. This will give units of local government more flexibility in deciding how to use revenue sharing funds.

--repeal the prohibition on the use of revenue sharing funds by State or local governments for the matching share needed to receive other Federal grant funds.

--require the Advisory Commission on Intergovernmental Relations (ACIR), effective February 1, 1977, to study and evaluate the American Federal fiscal system in terms of the allocation and coordination of public resources among Federal, State and local governments and to report within 3 years of the first appropriation for the study, to the President and the Congress on its findings and conclusions together with recommendations for legislation it deems advisable. Your proposal called for the Secretary of the Treasury to submit a report with appropriate recommendations concerning extension of the program 2 years before it expired.

--amend the provisions on State maintenance of transfers to local governments to require that States maintain transfers at or above the average of their intergovernmental transfers to localities during the immediately preceding 2 years. Present law compares the level of transfers to those made in fiscal year 1972.

--require the Secretary of the Treasury to report to the Congress not later than March 1 of each year on compliance with requirements on the use of funds by recipients, and to make proposals to remedy significant problems in the administration of the Act through appropriate legislation.

Most of the amendments made by H.R. 13367 apply to entitlement periods beginning January 1, 1977.

Budget Impact

H.R. 13367 will have a budgetary impact of approximately \$25.6 billion over the 4-year period 1977-1980, while your proposal would have totalled about \$39.8 billion over a period of 6 years. Over the 4-year period, assuming full funding of the program, the bill increases outlays over your

proposal by a net amount of approximately \$185 million. Changes in outlays from your proposal will occur as follows:

(\$ in millions; fiscal years)

<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
+184.2	+106.4	+23.4	-129.4

Agency Recommendations

Treasury recommends approval and has prepared a draft signing statement for your consideration.

Justice recommends approval. The Department states that the most important change in the nondiscrimination provisions is the coverage of all activities of governmental units which receive revenue sharing funds except those which the recipient can demonstrate by "clear and convincing" evidence are not funded "in whole or in part" with Federal funds. The exception will be difficult to establish for most governmental activities where revenue sharing funds are commingled with local revenues. This change in the law corrects one of the principal deficiencies in present law which allows local funds which are "freed up" by Federal funds to be used for discriminatory activities while the Federal funds are earmarked for nondiscriminating ones.

Concerning the addition of age, religion and handicaps as bases for nondiscrimination protections, Justice states that they do not expand on substantive protections found in existing law, but merely provide an enforcement mechanism through revenue sharing. They do not present substantial enforcement problems for the Department.

Labor does not object to approval. Labor notes that the nondiscrimination provisions will increase the overlap and confusion in administering related or complementary civil rights programs. For example, Treasury and other agencies could hold hearings on the same alleged discrimination issues, which could result in different conclusions. The Department hopes that such problems can be minimized administratively through improved coordination.

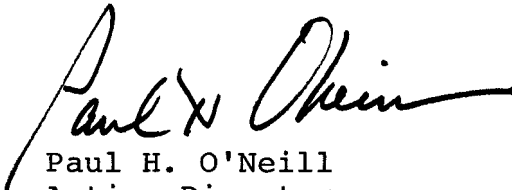
HEW defers to Treasury. The Department notes that the provision in present law limiting the use by local governments of revenue sharing funds to priority expenditure categories does not include educational expenses in the categories.

Therefore, the principal effect of repeal of the provision will be to enable local governments to use the funds for educational purposes.

Concerning the procedural requirements in the nondiscrimination provisions, the Department states that these requirements may "exacerbate somewhat the problems of coordinating enforcement of the civil rights provisions relating to the revenue sharing program with those relating to other Federal programs which are administered by this and other agencies."

* * * * *

While H.R. 13367 differs from the Administration's proposal in several respects, as indicated above, it does extend the General Revenue Sharing program in an acceptable form for 3 3/4 years. The bill represents a satisfactory compromise when viewed in light of the considerable opposition to any extension of the program by certain key Members of Congress. Therefore, we concur with Treasury and recommend approval. We have attached a draft signing statement for your consideration.



Paul H. O'Neill
Acting Director

Enclosures

STATEMENT BY THE PRESIDENT

It gives me great pleasure to sign into law the State and Local Fiscal Assistance Amendments of 1976, H.R. 13367, which extends the General Revenue Sharing program for three and three-quarter years.

The legislation which I am signing today will provide a total of almost \$25.6 billion to State and local governments over the next four years. These funds will make a significant difference in the efforts of many States, counties, municipalities and townships to provide services to their citizens.

The Revenue Sharing program enables State and local officials, who have daily contact with people and their problems, to respond to those problems.

As a Congressman I consistently voted my support of the general revenue sharing concept. As President I have continued to give strong support to the extension of the Revenue Sharing program. I have worked toward that end with members of the Congress and with spokesmen for the State and local governments.

Together, we have assured that this pillar of a newly energized system of Federal revenue sharing will continue to play a significant role in the balancing of revenue and responsibility in the American system of government.



ADVISORY
COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, D.C. 20575

October 1, 1976

Mr. James M. Frey
Assistant Director
for Legislative Reference
Office of Management and Budget
Washington, D.C.

Dear Mr. Frey:

The Advisory Commission has been in the forefront of proponents of general revenue sharing and its enactment on a permanent basis. For this reason, the Commission's position on the enrolled bill H.R. 13367 is that the President should sign it.

The bill contains provisions which the Commission would change if it had the opportunity.

ACIR would like to see the funds distributed under the general revenue sharing program grow along with growth in the national economy.

The Commission would view with concern the provision extending an entitlement to separate law enforcement officers in Louisiana. These provisions will lock in a specific office of local government and reduce the ability of elected "general" government officials such as State legislators from adapting governmental organization to current needs. Moreover, the provisions set a bad precedent. Irrespective of the merits of the entitlement to Louisiana sheriff's, the provisions are antithetical to the general revenue sharing concept that funds should be provided without "strings" in order that spending priorities be determined locally.

Sincerely,


Wayne F. Anderson
Executive Director

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

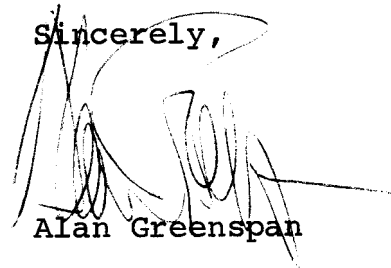
October 4, 1976

Dear Mr. Frey:

This is in response to your request for the views of the Council of Economic Advisers on H. R. 13367, an Act "To extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes."

The Council of Economic Advisers recommends that the President sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to be "Alan Greenspan", written over a circular stamp or mark.

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20506





THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

OCT 4 1976

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

This letter responds to your request for the views of this Department on the enrolled enactment of H.R. 13367, "To extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes."

The Department recommends that the enrolled enactment be approved by the President. A proposed signing statement is enclosed.

Sincerely yours,

General Counsel

Richard E. Albrecht

Enclosure

SIGNING STATEMENT

It gives me great pleasure today to sign into law the State and Local Fiscal Assistance Amendments of 1976 which renews the General Revenue Sharing program for three and three-quarters years.

Renewal of General Revenue Sharing has been a top priority item in my legislative program since becoming President. On April 25, 1975, I sent to the Congress a message and proposed legislation urging extension of this key program. That Administration proposal sought to maintain the broad general outline of the current program, while making improvements where they were needed.

The legislation which I am signing today would provide a total of almost \$25.6 billion to State and local general purpose governments. These funds, like over thirty billion dollars made available under the current Act, will allow States, counties, cities, and townships to continue to offer the public services expected of them by their citizens.

Revenue Sharing is essential to all Americans because it strengthens and revitalizes our unique system of decentralized Federalism. This system protects our basic freedoms from overcentralized power and efficiently allocates public tasks to the level of government which can best perform each task.

Through the Revenue Sharing program we make available to elected State and local officials, who have everyday contact with our people and their needs, Federal tax dollars with which to respond to these needs. Expensive Federal redtape has not been a part of General Revenue Sharing. As a result of those factors, it is my judgment that the return in essential services to Americans is exceptionally high per dollar of shared Federal revenue.

For all of these reasons, I am especially pleased to sign into law the State and Local Fiscal Assistance Amendments of 1976.

The White House

October , 1976



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

OCT 5 - 1976

Dear Mr. Lynn:

This responds to your request for the views of this Department on enrolled bill H.R. 13367, "To extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes."

We would have no objection to approval of the bill by the President.

H.R. 13367 extends the Revenue Sharing Act through September 30, 1980, and amends the 1972 Act in several respects, including the removal of certain entitlement restrictions, and the inclusion of non-discrimination provisions. The bill provides for general financial assistance to help support public services that are the responsibility of the States and their various units of local government. It includes entitlements to Indian tribes and Alaskan Native Villages.

Sincerely yours,

Assistant Secretary of the Interior

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D.C.





THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410

OCT 5 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Attention: Miss Martha Ramsey

Dear Mr. Frey:

Subject: H. R. 13367, 94th Congress
Enrolled Enactment

This is in reply to your request for our views on the enrolled enactment of H. R. 13367, the "State and Local Fiscal Assistance Amendments of 1976."

The enrolled bill would extend the general revenue sharing program from January 1, 1977 through September 30, 1980, and would make a number of substantive amendments to the program. Chief among these are substantial revisions in the reporting requirements with regard to the use of funds received under the program; a number of new procedures and requirements designed to achieve more effective citizen participation in the use of revenue sharing funds; and a broadening and strengthening of the present nondiscrimination coverage and enforcement machinery.

This Department has no objection to Presidential approval of the enrolled bill.

Sincerely,


Robert R. Elliott

UNITED STATES COMMISSION ON CIVIL RIGHTS

Washington, D. C. 20425

October 5, 1976

Mr. James M. Frey
Office of Management and Budget
Assistant Director for
Legislative Reference
7201 New Executive Office Bldg.
Washington, D.C. 20503


Dear Mr. Frey:

Within the last two working days, your office, in accordance with OMB Circular A-19, has requested the views and recommendations of the Commission on Civil Rights on five enrolled bills. The enrolled bills are: H.R. 13367, the "State and Local Fiscal Assistance Amendments of 1976"; H.R. 12566, the "National Science Foundation Authorization Act, 1977"; S. 2278, the "Civil Rights Attorney's Fees Awards Act of 1976"; H.R. 11337, amendment of Title 13, United States Code to provide for a mid-decade census of population and for other purposes; and H.R. 1144 which amends the Internal Revenue Code of 1954 with respect to the tax treatment of social clubs and certain other membership organizations.

Although the Commission on Civil Rights appreciates the opportunity and recognizes its responsibility to comment on pending legislation related to its substantive jurisdiction, I must inform you that we cannot comply with your requests for views on the five enrolled bills. Several of the enrolled bills involve matters which have not been formally considered by the Commission and which cannot be considered by the Commission within the specified two-day reply period. Moreover, the Staff Director's absence from the office because of previously scheduled Commission business makes it impractical for the agency to comment within the specified period on those bills which involve matters of established Commission policy.

If you have any technical questions about the enrolled bills which appropriately can be answered by Commission staff, please contact me at 254-6626.

Sincerely,



JAMES J. LYONS
Acting Director
Congressional Liaison

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

OCT 6 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D. C. 20503

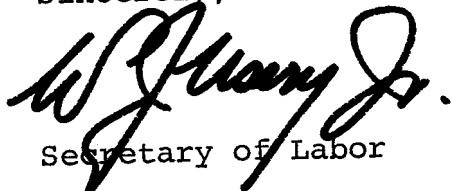
Dear Mr. Lynn:

This is in response to your request for our views on H.R. 13367, an enrolled enactment "To extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes."

Of primary concern to this Department are the nondiscrimination provisions contained in section 8 of H.R. 13367. In general form, section 8 is similar to the House-passed version to which this Department objected in a report to Senator Long on August 26. At that time we noted that the proposed provisions would increase the overlap and confusion in administering related or complementary civil rights programs. For example, one concern is the possibility of Treasury and other agencies holding hearings on the same alleged discrimination issues, which could result in differing conclusions. We hope that such problems can be minimized administratively through improved coordination.

In spite of our concerns, we recognize the significance of this important revenue-sharing legislation, and we do not object to Presidential signature of H.R. 13367.

Sincerely,



Secretary of Labor



**GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

OCT 6 1976

Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning H. R. 13367, an enrolled enactment

"To extend and amend the State and Local Fiscal Assistance Act of 1972, and for other purposes, "

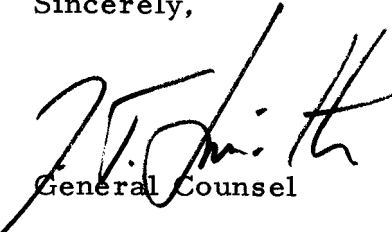
to be cited as the "State and Local Fiscal Assistance Amendments of 1976".

The principal purpose of H. R. 13367 is to extend the general revenue sharing program for three years and nine months to coincide with the end of fiscal year 1980, and to provide for limited annual increases in revenue sharing funds to offset part of the effect of inflation.

On August 27, 1976, we reported to Senator Long, Chairman of the Senate Finance Committee before which the enrolled bill was then pending. The points which we raised in that report have been satisfactorily compromised and accordingly we recommend the President approve H. R. 13367.

Enactment of this legislation is not expected to involve any increase in the budgetary requirements of this Department.

Sincerely,


General Counsel



Department of Justice
Washington, D.C. 20530

October 6, 1976

Mr. James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

Dear Mr. Lynn:

In compliance with your request, I have examined a facsimile of the enrolled bill, H.R. 13367, the "State and Local Fiscal Assistance Amendments of 1976." This proposed law extends and amends "revenue sharing" created by the State and Local Fiscal Assistance Act of 1972. (31 U.S.C. 7221 et seq.)

Because the principal purpose of this bill is to provide funds from the federal treasury for general operation of local governments, we defer to the Treasury Department as to whether it should receive Executive approval as far as that judgment is based upon fiscal considerations. We do note, however, that the present prohibition on use of revenue sharing funds as matching funds for other federal grants is repealed. This means that the funds could be used to match LEAA grants, and we support this result.

However, the bill does provide new civil rights protections which were not present in the 1972 law and which affect the role of the Attorney General in enforcement litigation. The most important of these is the provision for non-discrimination coverage of all activities of governmental units which receive revenue sharing except those which the recipient can demonstrate by "clear and convincing" evidence are not funded "in whole or in part" with federal funds. This exception would be difficult to establish with regard to most governmental activities where revenue sharing funds are

co-mingled with local revenues. This change in the law corrects one of the principal deficiencies in present law which allows local funds which are "freed up" by federal funds to be used for discriminatory activities while the federal funds are earmarked for non-discriminating ones. As a result, proof in our pattern or practice enforcement suits will be made less complex and less tenuous as to the coverage issue.

The new law also adds religion, age and handicaps as bases for non-discrimination protections. These protections, however, do not expand on substantive protections found in existing law, but merely provide an enforcement mechanism through revenue sharing. We do not believe they present substantial enforcement problems for the Department of Justice.

The Act would provide more detailed procedural requirements for the Secretary of the Treasury in administrative procedures to enforce the non-discrimination provisions. Two of these procedures will have an impact on enforcement activities of LEAA and we support both of them. The Secretary of the Treasury will be required under subsection 122(b)(1) to send a notice of non-compliance to recipient governments beginning administrative proceedings whenever there has been a finding by a federal or state court or a federal administrative law judge that such recipient government has engaged in prohibited discrimination. This, of course, includes LEAA enforcement proceedings. Related to this result is the provision in subsection 122(h) allowing the Secretary to enter into agreements with other agencies to investigate non-compliance with the non-discrimination provisions which could include LEAA. Both provisions could lend support to the efficacy of our LEAA enforcement efforts.

The Department of Justice recommends Executive approval of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael M. Uhlmann". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael M. Uhlmann
Assistant Attorney General



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

The Honorable James T. Lynn
Director, Office of Management
and Budget
Washington, D. C. 20503

OCT 7 1976

Dear Mr. Lynn:

This is in response to your request for a report on H.R. 13367, an enrolled bill "To extend and amend the State and Local Fiscal Assistance Act of 1972 and for other purposes".

In summary, while the provisions of the enrolled bill may indirectly affect the programs of this Department, we defer to the Department of Treasury, the agency primarily affected by the enrolled bill, as to the desirability of its enactment.

We will limit our comments on the enrolled bill to two of its provisions: (1) the repeal of the provision relating to the requirement that local governments use revenue sharing funds only for priority expenditures, and (2) the expanded provision relating to nondiscrimination by State or local governments which receive revenue sharing funds.

The principal effect of the repeal of that provision in the Act which requires that local governments use revenue sharing funds only for priority expenditures would be to enable local governments to use those funds for educational purposes. Current law excludes educational expenditures from the list of purposes for which local revenue sharing funds may be used. While we are unable to assess the degree to which this amendment would result in a shift in the use of revenue sharing funds from other purposes to educational purposes, we believe this amendment is consistent with the basic thrust of the revenue sharing program to provide State and local governments the authority to determine their own priorities for the use of these funds. We believe it inappropriate for the Federal government to dictate to any unit of local government whether its public safety, health, recreation, or other needs are of a higher priority

than its educational needs. For this reason, we believe that the repeal of this restriction is a desirable feature of the enrolled bill.

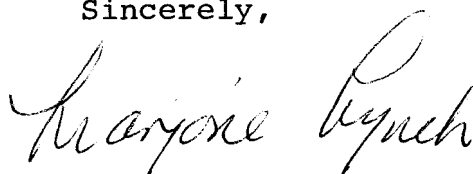
The bill would substantially expand the current nondiscrimination provision in the Act, both substantively and procedurally. The bases upon which discrimination would be prohibited would be modified to include handicapped status, age, and religion, with the new categories to be applied in accordance with the provisions of existing law which prohibit discrimination on those bases in all Federal programs. The nondiscrimination provision would also be amended to expand its scope to include all programs or activities carried out by a State or local government which receives revenue sharing funds. Current law prohibits discrimination only in programs or activities funded in whole or in part with revenue sharing funds.

We favor the extension of the nondiscrimination provision to include protection of handicapped persons. This provision is consistent with our current efforts to implement section 504 of the Rehabilitation Act of 1973. Because of the numerous programmatic requirements relating to age in Federal, State, and local assistance programs, the provision prohibiting discrimination on the basis of age will be much more difficult to implement.

The nondiscrimination provision would also be amended by the addition of detailed procedural requirements applicable to the Secretary of Treasury and the Attorney General. While we defer to those agencies as to any difficulties that might be encountered in implementing these procedural provisions, we would note that their existence may exacerbate somewhat the problems of coordinating enforcement of the civil rights provisions relating to the revenue sharing program with those relating to other Federal programs which are administered by this and other agencies.

We hope the above comments are useful in your analysis of the enrolled bill. On the question of the desirability of the bill's enactment, we defer to the Department of the Treasury.

Sincerely,



Under Secretary

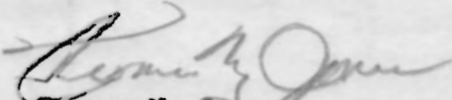
October 7, 1976

The following bill was received at the
White House on this date:

H. R. 13367, An Act to extend and amend the State
and Local Fiscal Assistance Act of 1972, and for other
purposes.

(3:55 PM)

Time Received: 3:55 PM


Thomas M. Jones
Chief of the White House
Records Office

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: October 8

Time: 730pm

FOR ACTION: Paul Myer
Max Friedersdorf *ok*
Bobbie Kilberg *ek*
Steve McConahey *sm*
Bill Seidman *bs*
Robert Hartmann ek

cc (for information): Jack Marsh
EdmSchmitts

FROM THE STAFF SECRETARY

DUE: Date: October 11

Time: 1000am

SUBJECT:

H.R. 11368-State and Local Fiscal Assistance Amendments
of 1976

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

K. R. COLE, JR.
For the President

Date: October 8

Time: 730pm

FOR ACTION: Paul Myer
 Max Friedersdorf
 Bobbie Kilberg
 Steve McConahey
 Bill Seidman

cc (for information): Jack Marsh
 Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 11

Time: 1000am

SUBJECT:

H.R. 11367-State and Local Fiscal Assistance Amendments
 of 1976

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

APPROVE
 Logie B. Fauter

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

James M. Cannon
 For the President

Date: October 8

Time: 730pm

FOR ACTION: Paul Myer
Max Friedersdorf
Bobbie Kilberg
Steve McConahey
Bill Seidman

cc (for information): Jack Marsh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: October 11

Time: 1000am

SUBJECT:

H.R. 11367-State and Local Fiscal Assistance Amendments
of 1976

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

Judy Johnston Kilberg 10/11/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

James M. Cannon
For the President

ACTION-MEMORANDUM

Date: October 8

Time: 730pm

FOR ACTION: Paul Myer
Max Friedersdorf
Bobbie Kilberg
Steve McConahey
Bill Seidman

cc (for information): Jack Marsh
Ed Schmults

Robert H. Johnson

FROM THE STAFF SECRETARY

DUE: Date: October 11

Time: 1000am

SUBJECT:

H.R. 13367-State and Local Fiscal Assistance Amendments
of 1976

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

please return to judy johnston, ground floor west wing

10/9/76 - copy sent for researching. mm

10/9/76 - Researched copy returned. mm

OR *RB*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

James M. Cannon
For the President

ACTION MEMORANDUM

THE WHITE HOUSE
WASHINGTON

10/9/76 - 9:54 am
LOG NO.:

Date: October 8

Time: 730pm

FOR ACTION: Paul Myer
Max Friedersdorf
Bobbie Kilberg
Steve McConahey
Bill Seidman
Robert Hartmann

cc (for information): Jack Marsh
Ed Schmults

FROM THE STAFF SECRETARY

To [Signature] 10/9 Noon P.C.

DUE: Date: October 11

Time: 1000am

SUBJECT:

13367
H.R. ~~11367~~ - State and Local Fiscal Assistance Amendments of 1976

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks |

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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James M. Cannon
For the President

STATEMENT BY THE PRESIDENT

It gives me great pleasure to sign into law the State and Local Fiscal Assistance Amendments of 1976, H.R. 13367, which extends the General Revenue Sharing program for three and three-quarter years.

The legislation which I am signing today will provide a total of almost \$25.6 billion to State and local governments over the next four years. These funds will make a significant difference in the efforts of many States, counties, municipalities and townships to provide services to their citizens.

The Revenue Sharing program enables State and local officials, who have daily contact with people and their problems, to respond to those problems.

As a Congressman I consistently voted my support of the general revenue sharing concept. As President I have continued to give strong support to the extension of the Revenue Sharing program. I have worked toward that end with members of the Congress and with spokesmen for the State and local governments.

Together, we have assured that this pillar of a newly energized Federal system will continue to play a significant role in the balancing of revenue and responsibility in the American Federal system.

Back-up material

Back-up material
Paul Oliver

J.C.

OK

OK

OK

OK

OK

OK

OK

OK

OK

OK

THE WHITE HOUSE

WASHINGTON

October 9, 1976

MEMORANDUM FOR: JIM CANNON

FROM: MAX L. FRIEDERSDORF *M.L.F.*

SUBJECT: H.R. 11367-State and Local Fiscal
Assistance Amendments of 1976

The Office of Legislative Affairs concurs with the agencies that the State and Local Fiscal Assistance Amendments of 1976 should be signed.

Attachments

STATEMENT BY THE PRESIDENT

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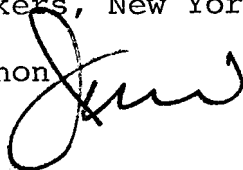
THE WHITE HOUSE

WASHINGTON

October 12, 1976

BILL SIGNING CEREMONY -- H. R. 13367
THE STATE AND LOCAL FISCAL ASSISTANCE
AMENDMENTS OF 1976 (GENERAL REVENUE
SHARING)

Wednesday, October 13, 1976
9:00 a.m.
City Hall, Yonkers, New York

From: Jim Cannon 

I. PURPOSE

To sign H. R. 13367, the State and Local Fiscal Assistance Act Amendments of 1976, authorizing extension of the General Revenue Sharing program.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The current authorization for the General Revenue Sharing program expires on December 31, 1976. H. R. 13367 would extend this program for an additional 3 3/4 years (beginning January 1, 1977 until September 30, 1980), authorizing entitlement payments of \$25.6 billion during this period.

H. R. 13367 is consistent with your recommendations to renew the General Revenue Sharing program. It preserves the essential concept of the current Act, retains the basic distribution formula, provides continued growth in funding, improves and strengthens the citizen participation and civil rights provisions, and grants the Secretary of the Treasury greater latitude in administering the program.

B. Participants: See Tab A.

C. Press Plan: Open Coverage.

III. TALKING POINTS

*Presidential Remarks Prepared

1. General Revenue Sharing is the "people's program."
2. This program has provided substantial fiscal assistance to help States and communities serve the needs of the people.
3. I have led the successful fight for General Revenue Sharing in 1972 and 1976 over opposition from Democratic Congress.
4. Unlike my opponent, I will fight for renewal in 1980 as President.

TAB A

GENERAL REVENUE SHARING BILL SIGNING CEREMONY PARTICIPANTS

Invited State and Local Elected Officials and Others

Hon. Cecil ANDRUS, Gov. of Idaho; Chairman, National Governors' Conference

Hon. Robert RAY, Gov. of Iowa

Hon. Patrick LUCEY, Gov. of Wisconsin

Hon. James LONGLEY, Gov. of Maine

Hon. William MILLIKEN, Gov. of Michigan

Mr. Steve FARBER, Exec. Dir., National Governors' Conference

Hon. Hans TANZLER, Mayor of Jacksonville, Fla.; President, National League of Cities

Hon. Kenneth GIBSON, Mayor of Newark, N. J.; President, U. S. Conference of Mayors

Hon. John POELKER, Mayor of St. Louis, Mo.

Hon. Daniel LYNCH, County Exec. of Douglass County, Neb.; President, National Association of Counties

Mr. John GUNTHER, Exec. Dir., U. S. Conference of Mayors

Mr. Bernie HILLENBRAND, Exec. Dir., National Association of Counties

Hon. Martin SABO, Pres., National Conference of State Legislatures

Mr. Earl MACKEY, Exec. Dir., National Conference of State Legislatures

Hon. George DIXON, Deputy Secretary of the Treasury

Hon. Richard ALBRECHT, Gen. Counsel, Department of the Treasury

Hon. Harold EBERLE, Asst. Secretary, Department of the Treasury

Ms. Jeanna TULLY, Director, Office of Revenue Sharing

Hon. Peter WILSON, Mayor of San Diego, California

Hon. Ralph PERK, Mayor of Cleveland, Ohio

Hon. Richard CARVER, Mayor of Peoria, Illinois

Hon. Vincent CIANCI, Mayor of Providence, Rhode Island

Hon. Lawrence CRAMER, Mayor of Paterson, N. J.

Hon. Jack HUNTER, Mayor of Youngstown, Ohio

Hon. Richard KING, Mayor of Independence, Mo.

Hon. Stanley CMICH, Mayor of Canton, Ohio

Hon. Richard HUDNUT, Mayor of Indianapolis, Indiana

Hon. James TAFT, Mayor of Cranston, Rhode Island

Hon. Frank DUCI, Mayor of Schenectady, New York

Hon. August PETRILLO, Mayor of Mt. Vernon, New York

Hon. Louis MILLS, County Exec. of Orange County, New York

Hon. Ralph CASO, County Exec. of Nassau County, New York

Hon. John KLINE, County Exec. of Suffolk County, New York

Hon. Thomas JENSEN, Tennessee State Legislator

Mr. James MARTIN, National Governors' Conference

Ms. Dorothy BRODIE, U. S. Conference of Mayors

TAB A -- Page Two

Mr. Stephen "Tim" HONEY, National League of Cities
Ms. Carolyn CHANEY, National League of Cities
Mr. Ralph TABOR, National Association of Counties
Ms. Aliceann FRITSCHLER, National Association of Counties
Mr. Paul SWEET, National Conference of State Legislatures
Ms. Joyce CLEMENTS, National Conference of State Legislatures
Mr. Robert MERRIAM, Advisory Council on Intergovernmental
Relations
Hon. Jerry Thomas, Under Secretary of the Treasury

In addition, the advance team has invited State and local officials from New York. List must be updated.

CONGRESSIONAL PARTICIPATION

The New York Republican delegation has been invited to attend. The following are expected to be present at this time:

Sen. Javits
Sen. Buckley
Cong. Horton
Cong. Wydler
Cong. Conable
Cong. Gilman

STATEMENT BY THE PRESIDENT

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