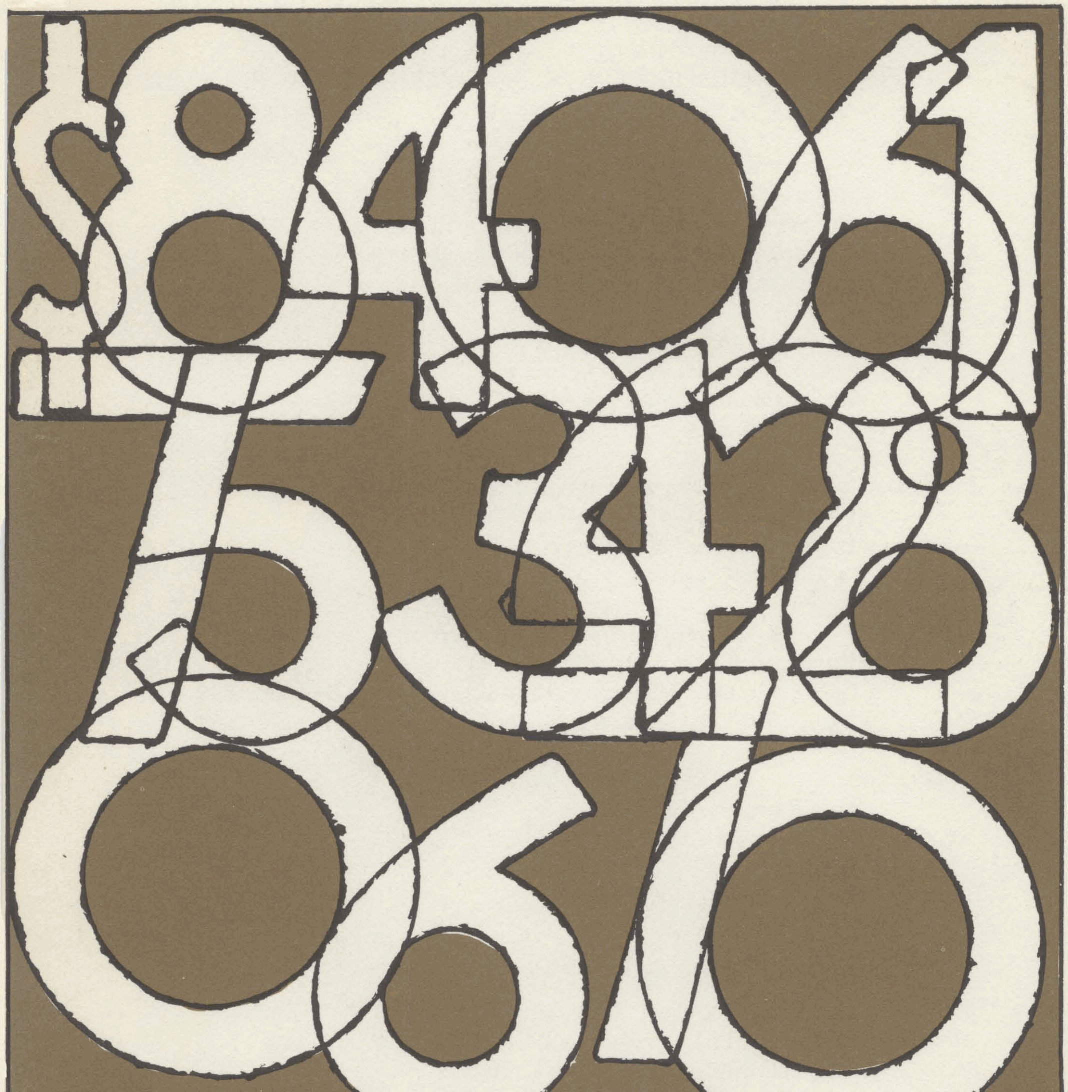
Information Report



Special Revenue Sharing: An Analysis of the Administration's Grant Consolidation Proposals

Advisory Commission on Intergovernmental Relations

December 1971

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
October 8, 1971

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ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
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Preface

Special revenue sharing is one aspect of the Administration's response to the fiscal and administrative complexity of the present structure of Federal categorical grants-in-aid to State and local governments.

Because of some rather widespread misunderstanding about the nature and objectives of the six special revenue sharing proposals, this information report describes them in some detail and discusses some of the implications of the main features of those proposals.

Although the Advisory Commission on Intergovernmental Relations has not endorsed any specific "special revenue sharing" proposals, it has consistently pressed for both grant consolidation and the need to build far greater flexibility into our Federal aid structure.

This volume contains no recommendations or suggestions. It is offered solely as an informational document. The Commission authorized publication of this report at its meeting October 8, 1971.

ROBERT E. MERRIAM
Chairman

Acknowledgments

Responsibility for the staff work was shared by Jacob M. Jaffe and Carl W. Stenberg. The project was supervised by John Shannon and David B. Walker.

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Why Special Revenue Sharing?

"Special revenue sharing" is the term President Nixon used in his January 22, 1971 State of the Union Message to herald a drastic revision of Federal aid to State and local governments. The heart of this approach is the consolidation of some 130 existing categorical grants into six broad purpose packages. This plan would provide $11 billion with few strings and no required matching to help States and localities finance education, law enforcement, manpower training, rural community development, transportation, and urban community development.*

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* As submitted in the Budget for fiscal 1972, the total amount proposed for revenue sharing is $13.6 billion ($3.8 billion for *general* revenue sharing and $9.9 billion for *special* revenue sharing), assuming that these programs were to be enacted effective in October 1971 (for general revenue sharing) or January 1, 1972 (for special revenue sharing). This would represent about 35% of the $38.3 billion in Federal aid to States and localities proposed for fiscal 1972 in the 1972 *Budget*. See Schultze, Fried, Rivlin and Teeters, *Setting National Priorities, the 1972 Budget* (Washington: The Brookings Institution, 1971) pp. 20-22. It should be noted that in announcing the Administration's New Economic Policy, effective August 16, 1971, President Nixon called for a three-month postponement of

Enactment of this plan would create a completely new Federal aid instrument. Its program focus distinguishes special revenue sharing from the President's proposed $5 billion general revenue sharing program. Its relaxed fiscal, program, and reporting requirements, with consequent broadened latitude for State and local decision-making, also distinguish it from block or categorical grants.

Three factors led the Administration to propose this basic change in intergovernmental relations:

(1) The great proliferation of categorical grants has created exceedingly complex relationships between Federal aid grantors and State-local grantees and has tended to distort State and local program priorities.

Federal categorical grants have proliferated, to the point that there are now more than 530 large and small programs, through which was disbursed some $30 billion to the States and localities during the fiscal year that ended on June 30, 1971. Each of these programs was enacted with a national purpose in mind and is endowed with its own matching and allocation formulas and with a plethora of detailed strings relating to administrative organization, program content, application processing, planning, auditing, and reporting. Excessive red tape and cumbersome processing procedures delay the efforts of financially hard-pressed States and localities to obtain Federal aid needed to deliver essential public services. Moreover, because of the tremendous number and range of grants, many local officials do not know what Federal aid is available, how much, for what purposes, and from whom.

Narrow-purpose, project-oriented categorical programs are not always relevant to State and local needs and priorities. Federal administrators make major decisions regarding spending for projects of State and local concern, and often the availability of fairly "cheap" matching money for undertaking Federal priority programs has a skewing effect on the budgets of recipient jurisdictions. Although it can be argued this is precisely the effect Federal policy makers sought when they imposed matching

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general revenue sharing. In his testimony before the House Ways and Means Committee, OMB Director Shultz stated that effective dates for two of the special revenue sharing measures had been postponed also – Transportation to January 1, 1973 and Urban Community Development to July 1, 1972.

conditions, it has also been noted that important non-aided program needs have all too often been neglected because of the resultant diversion of scarce State and local resources to federally-aided programs.

(2) The growing fiscal pressure on State and local treasuries has convinced the Federal Government of the need for increased Federal aid and for relaxing of matching requirements.

Federal aid to State and local governments has almost quintupled in the past decade, from $8 billion in fiscal 1962 to $38 billion budgeted for fiscal 1972. In fiscal 1962 it provided a little over 12 per cent of State-local general revenue; by the end of fiscal 1972 it will comprise 22 per cent. Furthermore, there has been a tendency to relax matching requirements in recent years. Thus, where the usual grant program has required the States or local governments to put up one dollar for each Federal dollar, more recent programs call for little or no matching. For example, the massive program for helping school systems educate disadvantaged children (Elementary and Secondary Education Act of 1965, Title I) requires no matching, and most of the new manpower training programs call for only 10 per cent matching.

(3) Traditional approaches to grant-in-aid streamlining have failed.

Congress has been unwilling to authorize the President to submit grant consolidation plans in accordance with a procedure similar to that used for reorganization proposals, under which plans would go into effect automatically if Congress did not act within 90 days. In the 91st Congress, grant consolidation proposals for comprehensive headstart child development, water and sewer facilities, library services and construction, housing and urban development, and education programs were not passed and, indeed, rarely progressed as far as the hearing stage. Furthermore, Congress recently has recategorized certain programs which at one time were heralded as consolidated or block grants – the Partnership for Health Act of 1966, the Vocational Education Amendments of 1968, and Title I of the Omnibus Crime Control and Safe Streets Act of 1968.

The Administration's special revenue sharing proposals reject the concept of incremental change. A former Assistant Director of the Office of Management and Budget has indicated a basic obstacle to such reform efforts:*

> . . . The problem simply put, is that this approach doesn't work. Let me use an illustration. In 1969, the Administration proposed the consolidation of several narrow library grants. The Congress resisted, and the reason was simple. It can be expressed quantitatively: 99.99% of the public is not interested in library grant reform. Of the .01% who are interested, all are librarians and oppose it.

Hence, the most feasible "game plan" was a complete overhaul of Federal aid to State and local governments. By seriously disrupting the functional *status quo* and directly challenging the security of the various bureaucratic fiefdoms that have built up over the years around narrow-purpose programs, the Administration puts the functionalists on the defensive. In the past these officials and their legislative allies could with ease kill the relatively small-scale and innocuous consolidation proposals before they saw the light of day. Special revenue sharing, however, is a widely publicized, broad-based bid for popular support for institutional change. It carries with it a persuasive message – take power, funds, and decision-making away from the Federal bureaucracy and return them to the States, the localities, and the people who, after all, know best how to apply resources to meet their particular needs and preferences.

* Richard P. Nathan, "Special Revenue Sharing: Simple, Neat, and Correct" *State Government Administration,* July/August 1971.

Objectives of Special Revenue Sharing

Special revenue sharing has three main purposes: (1) to allow States and localities maximum administrative flexibility in tailoring the use of grant funds to their specific needs and priorities within broad functional areas by eliminating or reducing drastically the administrative processing entailed in applying for Federal grants, in developing and presenting plans for the use of funds, and in detailed reporting on progress; (2) to allow maximum fiscal flexibility by removing matching and maintenance of effort requirements; and (3) to build a potential power base for the enactment of broad Federal aid programs by strengthening the role of the responsible locally-elected generalists – the governors, mayors and county executives – and diminishing the role of the vertical autocracy – the functional specialists at all governmental levels.

To accomplish these objectives the Federal Government would distribute some $11 billion, without matching requirements, in six areas of broad national concern for which the Congress would set general goals. State and local governments, however, would make the programmatic decisions to carry them out.

The six special revenue sharing programs are as follows:

Program	Amount (billions) (first full year basis)	Number of programs folded in *
Education	$ 3.0	33
Transportation	2.6	26
Urban Community Development	2.1	12
Manpower Training	2.0	17
Rural Community Development	1.1	39
Law Enforcement	0.5	2
Total	$11.3	129

Grants would be repackaged to complement the other two elements of President Nixon's proposed reform of the governmental machinery for delivering domestic public services – general revenue sharing and reorganization of the Executive Branch. On the one hand, special revenue sharing programs (bolstered by general revenue sharing) would be designed to provide State and local government maximum flexibility in providing services in the context of broad national goals with minimum interference from the Federal Government. On the other hand, consolidation of the seven Departments concerned with domestic affairs into four with broad program responsibilities would provide a logical framework for this new kind of intergovernmental aid relationship.

The following chart shows the status of the various special revenue sharing measures in Congress, as of early November, 1971.

* See Appendix A.

Status of Special Revenue Sharing Bills, November 1971

Program	Bill	Committee	Subcommittee	Hearings Begun	Hearings Complete	Vote
Education	S. 1669	Labor & Public Welfare	Education	√		
	H.R. 7796	Education & Labor				
Law Enforcement	S. 1087	Judiciary	Criminal Laws & Procedures			
	H.R. 5408	Judiciary	Subcommittee No. 5			
Manpower	S. 1243	Labor & Public Welfare	Employment, Manpower & Poverty	√		
	H.R. 6181	Education & Labor	Select Subcommittee on Labor			
Rural Develop.	S. 1612	Agriculture & Forestry	Rural Development	√	√	
	H.R. 7993	Government Operations				
Transportation	S. 1693	Commerce				
Urban Develop.	S. 1618	Banking, Housing & Urban Affairs		√	√	
	H.R. 8853	Banking & Currency		√	√	

Source: ACIR staff compilation.

Main Features of Special Revenue Sharing

In a way, the use of the term "special revenue sharing" to label the six new grant programs being proposed by the Administration is unfortunate. They are not revenue sharing in the technical sense of general revenue sharing in that the amounts available to fund them are not tied directly to the growth of one or more Federal revenue sources.*

The term has been a source of confusion, especially because of the highly publicized significance of the automatic growth feature of general revenue sharing through its direct tie to the Federal personal income tax. Financing of *special* revenue sharing depends on specific budget requests by the President and appropriation action by Congress. Aside from the nature of their funding, however, the special revenue sharing programs do have a basic goal that is similar to that of general revenue sharing. They aim at shifting many of the detailed decisions for carrying out

* The Transportation grant is an exception, as it is funded in part from the highway and airport and airway trust funds. However, its funding is subject to the granting by Congress of specific obligational authority and appropriations.

domestic programs from the Federal Government to the States and local governments.

All six special revenue sharing programs have certain characteristics in common. For the most part those characteristics, which are discussed in the following sections, have been embodied in the proposals to carry out the Administration's goal of providing flexibility and administrative simplicity in the conduct of federally-aided programs.

Comparison with Traditional Block Grants

It will be useful first to consider the similarities and differences between special revenue sharing and the traditional block grants. Four characteristics that are common to all six special revenue sharing proposals can be singled out for this purpose.

Grant consolidation – Like the traditional block grant each of the special revenue sharing programs is constructed by folding in a number of related categorical grant programs. In both instances, this involves a thorough review of the candidates for consolidation with the result that some may be discarded as having outlived their usefulness, others updated to meet changing conditions, and still others continued substantially in the same form. The process also furnishes an opportunity to re-evaluate the allocation factors and to revise them where necessary.

By its very nature, grant consolidation – whether as a traditional block grant or special revenue sharing – allows more flexible use of the grant money than would the previous narrowly defined grants. But here, the two kinds of grant consolidation part company, for the traditional block grant would retain most of the administrative rigidity and Federal controls inherent in categorical grants. Special revenue sharing would eliminate or modify them.

Matching and maintenance of effort – Almost all Federal grant programs now require State or local governments to match Federal funds as a condition for obtaining the grant. Many are flat matching grants, applicable nationwide (for example, 50 per cent Federal, 50 per cent State or local; 75 per cent Federal, 25 per cent State or local). Others call for variable matching, where the State or local matching share varies inversely with some measure of the jurisdiction's ability to finance the program. The matching requirement can have the effect of diverting State and local funds away from non-aided programs, thus distorting State and local budget priorities. To avoid such budgetary distortion, none of the special revenue sharing programs requires matching. Also, since a maintenance of effort requirement would have the same effect as matching, no such requirement is included in special sharing.*

Automatic distribution – Once the special revenue sharing funds are allocated among the eligible recipients by a statutory formula, they are paid over automatically. There would be no need for States and localities to file detailed applications, as is now the case where the grant is to be used for specific projects as for highways, mass transit, sewer and water grants and urban renewal.

Minimal administrative strings – As has been noted, the filing of detailed applications for grant funds would be a thing of the past under special revenue sharing. To the extent that plans are required, they would be subject only to review and comment by Federal agencies. In other words, no prior Federal approval would be required to obtain grant funds. Each of the programs contains a provision for accountability as to the proper use of funds and Federal officials are authorized to audit the accounts. Basically, however, publication of plans and annual reports is to provide for disclosure to and scrutiny by the local citizenry, similar to the public scrutiny now provided under State law.

Law Enforcement Assistance: Conversion of a Block Grant to Special Revenue Sharing

Title I of the Omnibus Crime Control and Safe Streets Act of 1968 established the Federal Government's first comprehensive intergovernmental crime reduction program. Instead of assisting State and local governments through categorical grants – the typical approach taken by Congress during the 1960's – the Act authorized block grants for them to use in meeting their law enforcement and criminal justice administration needs.

The proposed conversion of the "Safe Streets Act of 1971," then, affords a unique opportunity to examine the differences between block grants and special revenue sharing. As indicated in Appendix B, substantial differences do exist between these two approaches in terms of the flexibility accorded to States and localities in planning, funding, executing, and monitoring anti-

* With one exception – the Rural Community Development proposal does include an effort maintenance provision in regard to agricultural extension.

crime programs. At the same time, the case study underscores that special revenue sharing cannot be considered altogether as "no strings" money, although the extent of congressional and Federal agency influence here would be considerably less than under the present block grant program. Congress would still have a strong voice in determining the State-local distribution of funds, giving preference to crime reduction efforts in certain areas, and restricting the amounts of funds that could be used for specific purposes.

Additional Features Common to all Six Programs

Four additional common characteristics are worth noting.

Adherence to Federal civil rights and labor standards – Each of the proposals contains explicit language to the effect that any State or local activities financed out of special revenue sharing funds are subject to the provisions of Title VI of the Civil Rights Act of 1964 and (in the case of construction projects) to the prevailing wage-rate provisions of the Davis-Bacon Act. These are standard provisions generally applicable to federally-aided activities.

Discretionary fund for Federal grant administrator – In each case a discretionary fund (ranging from 10 to 20 per cent of the amount appropriated, depending on the program) is made available to the administering Federal agency. These funds may be used for innovative and demonstration grants (or direct Federal expenditure) related directly to the purposes of the basic program. The discretionary funds may also be used to bring the basic grant to any particular jurisdiction up to the "hold harmless" baseline.

"Hold harmless" provision – Because the allocation formulas for special revenue sharing differ in some respects from those under the previous categorical grants, it is anticipated that special revenue sharing funds allocated to some jurisdictions might be less than the amounts they received under the previous programs. The "hold harmless" provisions (implicit in the use of discretionary funds, although not explicitly provided in the proposed legislation) would guarantee – at least during the transitional period – that no jurisdiction would receive less under special revenue sharing than it did during a designated "base period" under the folded-in programs.

Advance Congressional consent for interstate compacts – All but one of the special revenue sharing measures – Law Enforcement – contain provisions giving advance congressional consent to interstate compacts and agreements necessary for realizing the full potential of the various programs.

Features Unique to Particular Special Revenue Sharing Programs

Each of the special revenue sharing programs is designed to meet a different problem or set of problems in a broad area of national concern. It is to be expected, therefore, that certain provisions – such as those concerning the nature of the clientele to be served and the factors determining allocation of Federal funds among the recipient jurisdictions – would be tailored for each program. There are also some significant differences in the way the six programs are funded.

Recipient jurisdictions – Grants for Urban Community Development are made only to local governments and for Rural Community Development, only to State governments. Under the other programs, they are available to both State and local governments – to the latter either directly or by mandated passthrough in allocation formulas. Two of the programs – Manpower and Transportation – offer grants to consortia of local governments, in each case with a 10 per cent bonus. See Appendix C for details.

Allocation formulas – Since funds are distributed automatically on the basis of statutory allocation formulas, the nature of these formulas is critical. Each program has its unique set of allocation factors, designed ostensibly to measure relative need for grant funds. Thus, built into the Manpower Training program are such factors as the size of the labor force, unemployment rates and number of low income individuals over 16 years of age. Urban Community Development applies the extent of housing overcrowding and housing deficiencies and the number of families below the poverty level. Rural population and rural per capita income are factors in the Rural Community Development Program. See Appendix C for details.

Funding provisions – Four of the programs provide the standard authorization for annual appropriations, but without dollar limits and without any terminal dates. The other two – Education and Transportation – provide for advance funding, but each in its own way, related to provisions under some of the folded-in programs. Authorization for appropriations one year in advance has been a feature for the past several years in the substantive legislation establishing grants for elementary and secondary seducation of disadvantaged children. This feature has been carried into the special revenue sharing program for Education. Similarly, the advance obligational authority long a feature of the Federal Aid Highway Program and recently included in grants for airports and mass transportation is built into the funding provisions of Transportation special revenue sharing. Specifically, the proposed legislation for Transportation provides obligational authority of \$1.3 billion for fiscal 1972 and \$2.8 billion for each of the fiscal years 1973 through 1975, and further authorizes appropriation of the necessary funds to liquidate the obligations as work progresses. Another feature of the Transportation program is the need to preserve the integrity of the highway and airport and airway trust funds. This is done by appropriating amounts from those two funds only to the extent that obligations are incurred for highway-related or aviation-related activities.

Other unique features – In some of the special revenue sharing programs the flexibility rule has been relaxed somewhat in order to retain the national interest aspect of certain ongoing programs. Examples of such treatment can be found in the programs for Education, Transportation and Rural Community Development.

The allocation formula for Education requires portions of the appropriated funds to be applied to specific uses inherent in certain grant programs now on the books. Thus, a specific amount is set aside on account of "impact A" children – that is, children who reside on Federal property. This amount must be passed on only to those school districts that serve such children. There is a similar set-aside for "impact B" children – those whose parent is employed on Federal property but who do not reside there. In the latter case, however, up to 30 per cent of the set-aside may go to school districts that are not affected by such children. The largest part of the Education grant must be used to meet the needs of educationally disadvantaged children – now aided under Title I of the Elementary and Secondary Education Act of 1965. Specific sums are also allotted for special education of handicapped children, for vocational education and for supporting materials and textbooks, but up to 30 per cent of the amounts allotted for those purposes may be used for any of the other purposes authorized under Education revenue sharing.

Under the Transportation program, the authorized obligational authority is explicitly divided between mass transportation on the one hand and highways and airports on the other. Some leeway is allowed the Secretary of Transportation and the States to use part of the highway and airport money allotted to them for mass transportation purposes.

Special treatment is also accorded the Agricultural Extension Service, which is included with Rural Community Development. This is the only instance where the States are required to maintain their previous financial effort. In other words, although there are no specific matching requirements, the long-established Agricultural Extension Service is assured continued existence at least at the level it has attained under the present 50-50 matching program.

Implications of Eliminating Matching Provisions

Matching provisions have the effect of providing a larger total program than Federal dollars alone would buy. In other words, with required 50-50 (dollar for dollar) matching, the program would be at least twice as large as without matching. With 75-25 matching, the program would be one-third larger than without matching. If a State or locality seeks a matching grant, it must be willing to put its own resources into the federally-aided program.

It has been argued that matching requirements make State and local governments spend their own money on programs which they might not consider as meeting their own priority needs – thus distorting their budgetary planning. Eliminating matching requirements – as special revenue sharing does – thus allows States and localities more program flexibility. The other way of enhancing flexibility – also inherent in special revenue sharing – is to broaden the categories for which Federal aid is offered.

The fact that States and local governments are not required to put up their own funds to match special revenue sharing grants does not necessarily mean that they will not continue to do so. The extent that any State or locality will cut back its own financial participation in a program area will depend upon its particular circumstances and preferences. Thus, one State may wish to hold the line or cut back on its vocational education program while another may decide that it is in its best interest to put more into vocational education. A State might then divert some of its own funds into or out of vocational education in favor of putting more or less into rural community development, for example.

Removal of matching requirements *per se* need not necessarily preclude the use of special revenue sharing as an incentive for States to participate financially in solving urban fiscal problems – or to accomplish any other objective the Federal Government might deem desirable. Thus, the Manpower and Transportation programs offer a 10 percent bonus to consortia of local governments. The amount allocated to a State (or to local governments in the State) could be increased in a similar fashion where a State allocates a specified portion of its own funds to the program. Such a device could be applied, for example, to the urban community development program, just as it is now being applied to Federal aid for construction of waste treatment plants.

Potential Magnitude With Matching

It is estimated that if present matching requirements were built into the special revenue sharing programs the proposed $11.3 billion of Federal aid would call forth an additional $5.6 billion of State and local financing for those programs. Federally-aided spending on all six programs taken together would therefore be half again as much as the Federal grants alone, as the following table shows (dollar amounts in billions):

Program	Proposed aid	Magnitude if matching were required (est.)*		
		Matching amount	Total	Per cent increase in program
Education	$ 3.0	$1.0	$4.0	33
Transportation	2.6	2.5	5.1	96
Urban Community Development	2.1	.7	2.8	33
Manpower Training	2.0	.1	2.1	5
Rural Community Development	1.1	1.0	2.1	91
Law Enforcement	.5	.3	.8	60
Total	$11.3	$5.6	$16.9	50

Because the present matching requirements vary considerably among the categorical grants that are folded into the special revenue sharing programs (see Appendix D), the impact would differ for each broad program area. Thus, in Education, where the largest program – aid for educationally deprived children – now requires no matching, application of present matching would increase the program by only one-third.** Similarly, most of the present manpower programs require little or no matching, and for urban renewal, which makes up the bulk of Urban Community Development special revenue sharing, the required local share is generally one-third of the program cost. On the other hand, the categories that would be folded into Transportation and Rural Community Development special revenue sharing now basically require 50-50 matching, so that State and local matching on the same basis would virtually double the magnitude of those two programs.

* At present levels of statutory required matching for programs folded into special revenue sharing.

** Some of the other Education programs, like vocational education, now require States or localities to put up at least half the cost.

Looking at the situation another way, the additional $5.6 billion of State and local funds that would be forthcoming for the special revenue sharing areas if present matching requirements were included, could be used by the states and localities for other purposes. Indeed, if they preferred, they could apply the entire $5.6 billion to tax relief by reducing their expenditures by that amount. It is unlikely, however, that this would happen – although some reduction might occur. Because State highway-user taxes are generally dedicated by law to highway purposes, the bulk of the $2.5 billion of otherwise matching funds would probably still go for transportation purposes. Most other programs going into special revenue sharing are well established by now and presumably fill continuing needs, so that much of the State and local money now devoted to those programs would doubtless continue to be applied to them.

Implications of New Allocation Formulas

An essential feature of special revenue sharing is that the funds are to be distributed to eligible recipients *automatically* in accordance with the applicable statutory allocation formula. Thus, once the grant administering agency made the computations called for by the statutory formula, it would simply send the required amount to each eligible government.

Because each program deals with a distinctive set of governmental activities, each has its own allocation formula aimed at distributing the funds according to the eligible recipient's presumed relative need for the services. Relative need is measured by total population as in the case of Law Enforcement and the mass transit portion of Transportation; by particular segments of the population as in Education, Rural Community Development and Manpower Training; or by housing characteristics as in some portions of Urban Community Development. Details are shown in Appendix C.

Many of the needs measures are carried over from the formulas in the folded-in programs. There are, however, some significant differences.

Project Grants

The major difference occurs in those programs which, as presently constituted, are project grants without any explicit formula allocation among eligible recipients. Among them are such programs as urban renewal, model cities and basic sewer and water facilities (folded into Urban Community Development); neighborhood youth corps, public service careers and concentrated employment (Manpower Training); mass transit (Transportation); and many of the programs proposed for Rural Community Development. Under all these programs the amount a government (or in some cases a private individual or organization) now receives depends on its ability to demonstrate its need when it applies for project funds. Under special revenue sharing, many governmental units (but no private individuals or organizations) which did not apply for funds previously would be receiving Federal monies. Some may not have applied previously because they did not know how to do so, or could not afford to employ application or proposal specialists ("grantsmen"). Others may not have perceived a need for such projects. The latter type may, of course, turn down the funds that are offered under special revenue sharing, in which case those funds would be reallocated among the other eligible recipients.

Formula Grants

There are differences in the way funds are allocated for the formula grants as well. These differences apply to the eligible recipients and the allocation factors.

The highway and airport portion of Transportation is a case in point. The funds for those purposes are allocated among the States somewhat like the present allocation for Federal-aid highways. The main difference is that rural population, a factor in the present formula for the secondary road system, is omitted from the revenue sharing formula. Total population, urban population, area, and mileage of rural delivery routes are retained as allocation factors. However, the allocation for "urban places" is changed. Under the present formula, this allocation is for urban places over 5,000 population. The proposed formula would allocate part of the funds to urban places, as defined by the Bureau of the Census – which means places with *2,500* or more inhabitants. Moreover, the present highway aid for urban places is for State use on urban extensions of the federally-aided system (usually spent directly by States). The proposed formula requires the States to pass the urban highway aid through to the urban places which could use the funds for any highway or airport purpose – or possibly even for mass transit purposes.

There are other examples of allocation formula changes. Indeed, the Law Enforcement program is the only one in which the allocation formula does not change at all. For education of deprived children one significant factor is not explicitly included in the statutory formula as it is now – the number of children from familes receiving public assistance under aid to families with dependent children (AFDC).* Rural Community Development includes a fiscal capacity factor (per capita income) and a rural population change factor, neither of which is applied in the folded-in programs. Furthermore, some of the programs proposed for Rural Community Development now provide loans and grants directly to private individuals and organizations; the special revenue sharing funds under this program would go only to States, which could themselves make such loans and grants to private individuals if they so desired.

"Hold Harmless" Provisions

It is clear that with the changes in allocation formulas and with the substitution of allocation formulas for straight project grants, special revenue sharing would result in a distribution of grant funds that differs significantly from the present situation. Some governments would receive less than they do now, others may no longer be eligible for certain funds, and still others would receive considerably more than they do under the present programs.

To avoid a sudden decrease or cessation of funds resulting from the transition to special revenue sharing, the Administration has proposed that, at least for a transitional period, no government should receive less under the new program than it did previously. To accomplish this a "hold harmless base line" was established for each program. These base lines vary: some are based on three to

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* Presumably, however, the Secretary of HEW could include this factor, as the proposed statutory language gives him the responsibility for defining "low income families," within certain broad guidelines.

five-year averages, others on the amount of grants estimated to be obligated for fiscal year 1971 or 1972, and still others are constructed from a composite of factors.

The tables in Appendix E show the State-by-State baselines and allocations for each of the special revenue sharing programs, as issued by the Office of the White House Press Secretary. The "allocation" columns include the "hold harmless" amounts for those States where application of the statutory special revenue sharing formula results in a shortfall from the baseline.

Financial Effects of Allocation Formulas

An analysis of these tabulations reveals some interesting facts. First, it is obvious that for Education, the general element of Transportation (that is, excluding mass transit), and Law Enforcement the new allocations result in little or no shift in distributions. As was noted above, there were no drastic changes in allocation formulas for these programs and, beyond this, there is little change in the total amounts made available for them.

The most dramatic shifts occur in the mass transit element of Transportation and in Urban Community Development. Both of these programs involve significant increases from their baselines, so that the "hold harmless" provision is generally irrelevant. Beyond this, however, the change from project to formula grants makes for some spectacular situations. Thus, while the communities in almost half of the States have received little or no money under the present mass transit program, every State would receive at least $250 thousand (the minimum established in the proposed legislation) and many would receive up to four, five and more times the amount they have obtained heretofore. The proposed total distribution is about four times the previous annual average.

Under Urban Community Development, communities in those States that have neither felt the need for urban renewal or model cities funds nor been aggressive in proposing projects, would suddenly find themselves entitled to tremendously increased grants. While the total made available would increase by 67 per cent from the previous annual average, thirteen States would more than double. The grants in South Carolina would increase almost ten-fold, in Montana, nine-fold, in Nebraska almost five-fold, in Nevada more than three-fold, and communities in Florida and Mississippi would be entitled to three times their previous grants. On the other hand, States like Connecticut, Massachusetts, Minnesota and Rhode Island, which have been pursuing urban renewal objectives vigorously, would obtain little more than under the present programs.

The conclusion might be drawn that the allocation factors built into the Urban Community Development program do indeed measure true program needs.* The communities in States that have been spending considerable sums on urban renewal, model cities and similar programs do obtain somewhat more under the new formula. And it may well be that those communities that receive many times more under the new formula actually do have the need but cannot afford to match Federal funds under the present programs or do not have the expertise to apply for the funds successfully. Further analysis would be required to validate this conclusion and to test the effectiveness of the needs measures that are applied in other programs.

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* The four factors, equally weighted, are total population, poverty level population, overcrowding and housing deficiencies.

Implications of Planning and Administrative Provisions

Although each special revenue sharing proposal has a planning component, taken together, they do not provide for a systematic approach to the planning process at the State, areawide, and local levels. Furthermore, the various measures do not reflect any consensus at the Federal level regarding the proper organizational framework for sub-national planning and program administration.

State Plans and Program Statements

As indicated in Appendix F, each special revenue sharing bill would call for the annual submission of a State plan or statement of program objectives and projected uses of funds as a means of triggering payments of Federal aid. The contents of these documents and their relationship with the State level comprehensive planning agency and with ongoing functional planning efforts are not elaborated. Only one measure – Law Enforcement – specifically requires State plans to be comprehensive and provides a very general definition of what is meant by comprehensiveness.

None of the special revenue sharing proposals would authorize Federal approval of State plans or program statements. Instead, the Federal agency concerned is assigned a review and comment role. It remains to be seen whether comments and recommendations by Federal administrators in connection with the contents of State plans will have the same force as the "special conditions" that must now be met by the recipient jurisdiction in order to maintain an uninterrupted flow of Federal aid. The formal approval responsibilities of Federal agencies vis-a-vis State decision-making are limited to sanctioning the data and calculations to be used in determining "pass through" formula allocations.

Some of the measures, however, would provide a degree of Federal influence over the organization and operation of State planning agencies responsible for special revenue sharing programs. The Rural Community Development and Transportation bills, for example, would mandate the establishment of a new statewide planning system, and the appointment of a representative commission to advise the Governor during preparation of a "State development plan." The Education measure would require creation of a State advisory council composed of education professionals and community representatives to help plan and evaluate education programs and offer advice to State and local officials. The composition of this body would be largely determined by the Federal statute. While none of the proposals would stipulate that planning for the various functions folded into special revenue sharing must be conducted by a general purpose State comprehensive planning agency, two – Law Enforcement and Education – would require a single State agency to prepare a statewide plan for each functional area. The proposed legislation is silent regarding State level interagency relationships in comprehensive and functional planning under the programs.

Channeling-Bypassing

The channeling-bypassing issue is highlighted in the Urban and the Rural Community Development measures. While the Rural Community Development legislation provides only for grants to State governments, Title I of the Urban bill would target Federal funds on the Nation's standard metropolitan statistical areas. It is not wholly clear whether these special revenue sharing payments would be made directly to general purpose units of local government in SMSA's, or would be channeled through the State government. The absence of State community development plan or single State agency requirements, in addition to the present pattern of intergovernmental administrative relationships in the four major HUD programs that would be consolidated under special revenue sharing – urban renewal, model cities, water and sewer grants, and loans for rehabilitation of existing structures – suggest the former approach. Title II of the Urban bill, however, would make Federal assistance available to both States and local governments for improving their planning and management programs, including the preparation of a statewide development plan.

Areawide Planning

All of the special revenue sharing measures except Education would furnish some incentives for areawide planning. Two of these – Transportation and Manpower – would make available bonus funds to "consortia" of applicants, while the others would merely encourage planning by combinations of units of general local government.

The Rural Community Development and Transportation proposals also contain provisions expressly determining the structure of substate planning activities. Both would require the division of a State into a number of multi-jurisdictional planning districts, each with a planning board composed of elected officials designated by constituent general units of local government. One or more members of each board would serve on the State development planning advisory commission. Under the former bill, the Board would be essentially an advisory body to the Governor; in the case of the latter, it also would advise localities as to the relationship of their program plans to areawide and statewide planning efforts.

Local Government Planning

With respect to planning by individual cities and counties, only the Urban Community Development proposal would make available dollar incentives for these jurisdictions to prepare plans, although in all but the Rural Community Development bill they are encouraged to do so. In the Transportation, Urban Community

Development, and Manpower areas, local planning would not only be encouraged but would be required. Submission of a general local government development plan or a statement of program objectives and projected uses of shared revenues, including treatment of local-areawide and local-State interrelationships, would be a necessary condition for receiving Federal funds. Although these local plans and program statements would not be subject to approval by the Federal agency head, governor, or areawide planning district administrator, their submission and publication still would serve to enhance public accountability and facilitate interlevel and interagency planning coordination.

Accountability

The vagueness of most of the special revenue sharing bills with regard to the contents of annual comprehensive plans or program statements and their inconsistency in terms of the jurisdictional and interagency framework for the planning process, raise questions as to the means through which accountability can be effectively enforced. In general, the proposals would call on the States to plan a leadership role in integrating program planning. Although the States would not be assigned specifically a veto power over local efforts under the legislation, in all of the bills except Urban Community Development and Manpower, they would in effect be placed in this position by virtue of their responsibilities for approving local and areawide plan submission procedures and developing a statewide plan.

With respect to Federal-State relationships, each special revenue sharing proposal would authorize the Federal agency head to require the submission of annual reports concerning the status of funds disbursed and program objective achievements. These documents would be published and made accessible for public scrutiny. A less formal approach to ensuring accountability contained in all the bills would be the mandatory exchange of comments and recommendations regarding plans and program statements among Federal, State, and local officials.

To Sum Up

From the planning and administrative standpoints, the Administration's six special revenue sharing proposals would appear to be attempting to strike a very delicate balance between the "no strings" tenet of this new approach and the more directive role typically played by Federal agencies administering categorical aid programs. Attaining a workable balance will be quite difficult, as can be seen in the varying ways in which the bills confront the organizational and accountability dimensions of State and substate planning and programming. While, in general, the proposals clearly reveal Federal priorities in certain areas – such as the need to encourage areawide planning, the desirability of the "single State agency" approach, and the key coordinative role of the State and particularly the governor – other important matters are not covered. These include issues involving the relationships between the State general planning agency and organizational units set up to handle special revenue sharing planning; between ongoing functional planning and special revenue sharing plans and program statements; and between programs not folded into special revenue sharing and State and local planning efforts.

Appendix A

SOURCES OF SPECIAL REVENUE SHARING FUNDS

RURAL COMMUNITY DEVELOPMENT

Extension Service – Extension programs for assisting in community development
Extension Service – Extension programs for forestry production and marketing
Extension Service – Extension programs for improved family living
Extension Service – Extension programs for improved nutrition
Extension Service – Extension programs for improved farm income
Extension Service – Extension programs for marketing and distribution
Extension Service – Extension programs for pesticides safety and rural civil defense
Extension Service – Extension programs for recreation, wildlife, and natural beauty
Extension Service – Extension programs for soil and water conservation
Extension Service – 4-H youth development programs
Rural Environmental Assistance (formerly Agri. Conservation Program)
Rural Water and Waste Disposal Facilities
Forest Service Grants for Forestry Assistance—State and private forestry cooperation
Great Plains Conservation Program
Water Bank Program
Resource Conservation and Development Program
Tree Planting Assistance—State and private forestry cooperation
Regional development programs—Coastal Plains Reg. Comm.
Regional development programs—Four Corners Reg. Comm.
Regional development programs—New England Reg. Comm.
Regional development programs—Ozarks Regional Comm.
Eco. Dev.—Development facilities (Public Works) Grants
Eco. Dev.—Development facilities (Public Works) Loans
Eco. Dev.—Industrial development—Loans
Eco. Dev.—Planning assistance
Eco. Dev.—Technical assistance
Eco. Dev.—Operations and administration
Eco. Dev.—Miscellaneous expired accounts
Eco. Dev.—Economic development revolving fund
Appalachian Reg. Comm.—Supplements to Federal grant-in-aid
Appalachian Reg. Comm.—Development highway system

Appalachian Reg. Comm.—Health demonstrations
Appalachian Reg. Comm.—Land stabilization, conservation and erosion control
Appalachian Reg. Comm.—Local access roads
Appalachian Reg. Comm.—Local development district assistance
Appalachian Reg. Comm.—Mine area restoration
Appalachian Reg. Comm.—State research, technical assistance—demonstration
Appalachian Reg. Comm.—Vocational education facilities
Appalachian Reg. Comm.—Salaries and Expenses

URBAN COMMUNITY DEVELOPMENT

Urban Renewal—Projects
Urban Renewal—Neighborhood development
Urban Renewal—Certified areas
Urban Renewal—Code enforcement grants
Urban Renewal—Rehabilitation grants
Urban Renewal—Community renewal planning grants
Urban Renewal—Demolition grants
Urban Renewal—Interim assistance for blighted areas grants
Model cities—Supplementary grants
Community development
Grants for basic sewer and water facilities
Rehabilitation loans

EDUCATION

El. and Sec. Ed.— Educationally deprived children:
—Local educational agencies
—Handicapped
—Migrants
—State administration
—In institutions for neglected or delinquent children
—Incentive grants (new)
—Grants for concentration of disadvantaged children (new)
—Grants to BIA for Indian schools

El. and Sec. Ed.— Supplementary services:
—Guidance, counseling, and testing
—Nonpublic school testing
—Supplementary education services and centers

El. and Sec. Ed.— Library resources:
—School library resources, textbooks, and others
—Instructional materials

El. and Sec. Ed.— Equipment and minor remodeling:
—School equipment grants to nonprofit private schools
—Strengthening instruction through equipment and minor remodeling

El. and Sec. Ed.— Strengthening State Depts. of Education:
—Strengthening school administration training grants
—Strengthening State Depts. of education:
—grants for special projects
—grants to States

El. and Sec. Ed.— School assistance in federally affected areas:
—Maintenance and operation
—Construction
—Public housing (new)

El. and Sec. Ed.— Education of the handicapped:
—Handicapped preschool and school programs

El. and Sec. Ed.— Vocational and adult education:
—Basic grants to States
—Consumer and homemaking
—Cooperative education
—Special needs
—State advisory councils
—Work study
—Research—50 percent
—Innovation

El. and Sec. Ed.— Department of Agriculture—Food and Nutrition Services—Child Nutrition Programs:
- —School lunch assistance
- —Non-food assistance
- —State administrative expenses

MANPOWER TRAINING

Manpower training services—Apprenticeship outreach
Manpower training services—Concentrated employment program
Manpower training services—Cooperative area manpower planning system
Manpower training services—Job banks
Manpower training services—Job corps
Manpower training services—Job opportunities in business sector
Manpower training services—Journeyman training
Manpower training services—MDTA institutional training
Manpower training services—Manpower E&D projects
Manpower training services—Manpower research, doctoral dissertation grants
Manpower training services—Manpower research—institutional grants
Manpower training services—Manpower research and evaluation
Manpower training services—Manpower research project grants
Manpower training services—Neighborhood youth corps
Manpower training services—Operation Mainstream
Manpower training services—Public service careers
Manpower training services—JOBS—low support

LAW ENFORCEMENT

Law Enforcement Assistance Administration:
Grants for improving and strengthening law enforcement
Discretionary grants

TRANSPORTATION

UMTA—Urban mass transportation fund:
- —Capital grants
- —Technical studies
- —University research and training

FAA—Grants-in-aid for airports (general fund)

FAA—Grants-in-aid for airports (trust fund):
- —Planning grants
- —Air carrier airport
- —General aviation grants

FHWA—Federal aid highways (trust fund):
(Excludes Interstate system, interstate portion of grants for planning and research and the Interstate portion of Admin. research and bridges over dams)
- —Primary highways
- —Secondary highways
- —Urban extension highways
- —Urban systems
- —TOPICS (traffic operations in urban areas)
- —Rural primary (special)
- —Rural secondary (special)
- —Emergency relief
- —Economic growth center highways
- —Bridge replacement
- —Highway safety grants
- —Planning and research grants and administration

FHWA—Highway Beautification (general fund):
- —Outdoor advertising control
- —Junkyard and control
- —Landscaping scenic enhancement
- —Administrative expenses

FHWA—Highway related safety grants

NHTSA—State and community highway safety (general fund)

NHTSA—Highway safety program—grants portion only (trust fund)

Source: The Domestic Council, Executive Office of the President, *Highlights of Revenue Sharing—Reform Renewal for the 70's* (Washington: U.S. Government Printing Office) pp. 8 and 9.

Appendix B

Law Enforcement Assistance: Proposed Conversion of a Block Grant to Special Revenue Sharing

Title I of the Omnibus Crime Control and Safe Streets Act of 1968 established the Federal government's first comprehensive grant-in-aid program for assisting State and local crime reduction efforts. This legislation was a marked departure from most other grants enacted by Congress in the 1960's. It embodied a block grant approach, instead of following in the "categorical" aid tradition of narrow-purpose, project-oriented grants which maximized the authority and preferences of Federal administrators and often bypassed the States. The Act dealt with the broad area of law enforcement and criminal justice administration, minimized the role of Congress and Federal agencies in setting priorities, and accorded the States major responsibility for planning, administering, and coordinating anti-crime programs.*

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* See Advisory Commission on Intergovernmental Relations, *Making the Safe Streets Act Work: An Intergovernmental Challenge* (Washington, D.C.: U.S. Government Printing Office, 1970).

In his March 2, 1971 message to Congress proposing special revenue sharing for law enforcement, however, President Nixon indicated certain shortcomings of the existing block grant device. He specifically advocated special revenue sharing as a way to "...strengthen and increase its effectiveness in the war on crime by increasing both the resources of State and local enforcement and judicial agencies, as well as their freedom to use the resources at their disposal."* Law enforcement assistance, then, underscores the fact that the differences between block grants and special revenue sharing are more than merely semantic.

As the President noted in his special message, the block grant program administered by the Law Enforcement Assistance Administration (LEAA) of the Department of Justice already contains certain components of the five other special revenue sharing measures. Under the 1968 legislation, for example, States are required to prepare a comprehensive plan for criminal justice reform as a condition for receiving Federal "action" funds. At the same time, the Act mandates the creation of broadly representative State level planning agencies (SPA's) to prepare such statewide plans, approve project applications, award grants, coordinate interfunctional and intergovernmental crime reduction activities, and monitor the use of Federal funds by recipient agencies. Fiscally, the Safe Streets Act provides for the automatic distribution of funds in accordance with a formula based on each State's population. Also, like the special revenue sharing proposals, the Act sets aside a specific proportion of the annual appropriation – 15% – for grants to be awarded at LEAA's discretion for stimulating innovative approaches to dealing with crime problems, advancing national priorities, meeting pressing State and local needs, and other special emphasis purposes.

Special revenue sharing for law enforcement would go several steps beyond the block grant features of the 1968 Act and its 1970 amendments. A major difference would be the elimination of matching requirements for all action programs. The present matching ratios – 75-25 for non-construction programs and 50-50 for construction projects – reflect the efforts of Congress in 1970 to limit the range of variable matching under the original Act – 75-25 for riot and civil disorders control projects, 60-40 for "action" programs, and 50-50 for construction. The objective was to reduce the "skewing" effects of such ratios on State and local

* *Weekly Compilation of Presidential Documents,* March 8, 1971, p. 413.

budgets and priorities, as well as to make it easier for these jurisdictions to come up with sufficient matching money to enable them to participate in various anti-crime efforts.

Special revenue sharing, however, would not eliminate the 90-10 matching requirements for law enforcement and criminal justice planning grants under the Safe Streets Act, nor would it alter the 75-25 match necessary for State and local governments to obtain funds earmarked for correctional institutions and facilities. The latter is, in effect, a separate program authorized by Congress last year to give iron-clad assurance that adequate attention would be directed to meeting the critical needs of corrections. The fiscal obstacles inherent in retention of these matching requirements would be overcome through authorizing the use of special revenue sharing dollars to cover the non-Federal share of grants for planning and corrections purposes. The President's proposal also would repeal the 1970 "buy in" amendment, which provides that in order for States to receive block grant awards they must make a 25 per cent contribution to the non-Federal share of local action programs.

A second significant difference between block grants and special revenue sharing is the changed nature of Federal-State relationships in the planning process. Under the present Safe Streets Act, the States submit comprehensive law enforcement plans which must be approved by LEAA prior to the awarding of the States' share of block grants. Often, LEAA approves a plan but attaches "special conditions" to it which must be met if the State is to continue receiving crime control funds. The Act also specifies in detail the proper contents of a comprehensive plan.

Special revenue sharing, on the other hand, would restrict LEAA's role to reviewing, commenting, and making recommendations on statewide plans. It would replace specific programmatic, administrative, fiscal, interagency, and accountability guideposts with a very general statement of what constitutes a "comprehensive" plan – ". . . consider statewide priorities for the improvement and coordination of all aspects of law enforcement, the general types of improvements to be made in the future, the effective utilization of existing facilities, the encouragement of cooperative arrangements between units of general local government, and innovations and advanced techniques." Although in practice comments and recommendations by a Federal agency dispensing substantial amounts of financial assistance often have the force of mandates, and vagueness can be used to advantage by Federal as well as non-Federal officials, nevertheless on paper

LEAA's current clout vis-a-vis the States in particular would be substantially erased. Interestingly, perhaps in an effort to highlight the semi-categorical nature of the recent corrections title of the Act, the Administration's special revenue sharing bill would amend the section dealing with comprehensive planning by adding to it identical detailed provisions contained in the existing action grant title. These deal with corrections plan contents, cooperative arrangements, research and development, review of SPA actions harmful to local applicants, willingness of State and localities to assume costs of improvements, State technical assistance, and supplanting of expenditures.

Like other special revenue sharing measures, under the Law Enforcement proposal Congress would retain some of its influence over the flow and use of Federal dollars. For example, the present mandatory overall "pass through" of 75 per cent of Federal action funds and 40 per cent of planning funds from State to locality would be kept, as would the Act's so called "flexible pass through," which, beginning July 1, 1972, would award action funds to local jurisdictions in accordance with a formula based on State and local law enforcement expenditures during the immediately preceding fiscal year. Second, statutory provisions would be retained requiring that State comprehensive plans allocate an adequate share of funds to areas with a high incidence of crime and high law enforcement activity, that priority be given to organized crime and riot and civil disorder control programs, and that State planning agencies assure their major counties and cities will receive funds to prepare comprehensive plans and coordinate anti-crime efforts at the local level. Although under the proposed legislation LEAA would be divested of its plan approval role, still plans would be statutorily mandated to give such preferences and assurances as a condition for receipt of special revenue sharing payments. Third, the subsection of the Safe Streets Act prohibiting the expenditure of not more than one-third of any action grant for personnel compensation would remain undisturbed by special revenue sharing.

To sum up, the sharp contrasts between special revenue sharing for law enforcement and the block grant program established by the Safe Streets Act – the best example of a true block grant program enacted by Congress to date – indicate that there are very real differences between the two funding approaches. If the various types of Federal financial assistance were ranked on a progressive scale from least to most flexibility in fiscal, programmatic, and accountability matters, the order would be as follows:

LEAST						MOST
categorical grants	→	block grants	→	special revenue sharing	→	general revenue sharing

Finally, a note of caution should be sounded concerning the outlook for law enforcement special revenue sharing. At a time when the Nixon Administration is proposing to give the States greater discretion in statewide planning and programming and the Federal Government lesser oversight and approval responsibilities, some observers are advocating the opposite strategy. Recent statements by big city officials and the July and October 1971 hearings before the House Subcommittee on Legal and Monetary Affairs on State abuses of LEAA funds, for example, suggest that many of the critical questions regarding the nature of Federal-State relationships in law enforcement assistance which have persisted since the inception of the program are still far from settled.

Appendix C

Appendix C—Selected Features of Special Revenue Sharing Programs

Program	Purposes of Grant	Eligible Recipients	Allocation Formula
Education	To assist State and local school systems meet their elementary and secondary education needs, to encourage innovation and development of new educational programs and practices, to provide for educationally disadvantaged children an education comparable to that available to their classmates, to provide the special educational services needed by the physically and mentally handicapped, to encourage greater attention to vocational and career education, to assure to children whose parents live or work on Federal property an education comparable to that given to other children, and to provide State and local educational officials with the flexibility and responsibility they need to make meaningful decisions in response to the needs of their students.	State governments and local school systems. Funds also to be made available to non-public schools either by the State or directly by the Sec. of H.E.W. (where State law precludes the State from providing financial support to such schools.)	1. 10% of the amount appropriated may be reserved by the Sec. of H.E.W. for special grants to the States, at his discretion. Remainder allocated as follows: 2. 60% of the average per pupil expenditure in the U.S. multiplied by the number of children in average daily attendance (ADA) in the State who reside on Federal property ("Impact A"). State is required to pass funds on to local school systems in proportion to number of "Impact A" children. Funds to be used for "any educational purpose." 3. The remainder allocated in proportion to the sum of the ratios obtained by computing each State's share of the U.S. total for each of the following: a. Total number of children, aged 5-17, in low-income families (as defined by the Sec. of H.E.W.). Except for amount retained by the State for education of neglected or delinquent children in State institutions, State is required to pass funds allotted on this basis on to local school systems in proportion to number of children aged 5-17, in

Appendix C—Selected Features of Special Revenue Sharing Programs (Cont'd.)

Program	Purposes of Grant	Eligible Recipients	Allocation Formula
Education (cont'd.)			low-income families. Funds to be used only to meet special educational needs of educationally disadvantaged children, including those of migratory agricultural workers. b. 60% of number of children in ADA residing on non-Federal property with parent employed on Federal property or with a parent on active military duty ("Impact B"). Up to 30% of the amount allotted on this basis may be paid to school systems without such children (remainder to be paid to school districts with "Impact B" children in proportion to number of such children). Funds to be used for "any educational purpose." c. 10% of the total number of children aged 5-17. To be distributed to State institutions and local school systems for use as follows: (1) 1/6 to meet special educational needs of handicapped children, (2) 1/3 for vocational education, and (3) 1/2 for supporting materials and services (e.g., textbooks, library resources, meals, supplementary

Appendix C—Selected Features of Special Revenue Sharing Programs (Cont'd.)

Program	Purposes of Grant	Eligible Recipients	Allocation Formula
Education (concl'd.)			educational services, etc.). Up to 30% of the amounts allocated under (1), (2), and (3) may be used for any of the other purposes authorized under the program (e.g., educationally disadvantaged; Impact A or B).
Transportation	To assist State and local government develop, operate and maintain transportation systems, facilities and equipment capable of providing for the fast, safe, convenient and efficient movement of persons and goods, as determined in accord with State and local priorities and consistent with community development plans and programs.	States, units of local general government (counties, cities, towns, townships and villages) and consortia of such local governments.	**Mass Transportation:** Of the amount authorized to be obligated for mass transportation purposes ($263 million for FY 1972 and $635 million each for FY's 1973, 1974 and 1975): 1. 80% to States with metropolitan areas with population of 1 million or more, in proportion to population of such areas, half of which is required to be passed on to the units of local governments in such metropolitan areas, in proportion to population. The other half may be used by the State for mass transportation activities in or benefiting such metropolitan areas. 2. 20% to States with metropolitan areas with populations of 50,000 to 999,999, in proportion to population, to be used by the State for mass transportation activities in or

Appendix C—Selected Features of Special Revenue Sharing Programs (Cont'd.)

Program	Purposes of Grant	Eligible Recipients	Allocation Formula
Transportation (cont'd.)			benefiting urban places (as defined by the Bureau of the Census). There is a minimum allocation of $250 thousand per State. **Highways and Airports:** Of the remainder authorized to be obligated ($1,022 million for FY 1972 and $2,165 million each for FY's 1973, 1974 and 1975): 1. 10% to the Sec. of D.O.T. to be used at his discretion, including an increase of 10% in the amounts to be distributed by the State for mass transportation to local governments in metropolitan areas of 1 million or more and for highways and airports to urban places in any metropolitan areas where such local governments form consortia. 2. 90% as follows: a. 35% in proportion to population of urban places (over 2,500 population), to be distributed by the State to such places in proportion to population. b. 25% in proportion to total population. c. 20% in proportion to area.

Appendix C—Selected Features of Special Revenue Sharing Programs (Cont'd.)

Programs	Purposes of Grant	Eligible Recipients	Allocation Formula
Transportation (concl'd.)			d. 20% in proportion to mileage of rural delivery routes, star routes. The allocations under b, c and d, above, to be used by the State for "transportation activities" (including mass transportation).
Urban Community Development	To assist local governments improve public services, eliminate and prevent urban blight, provide low and moderate income housing, develop properly planned community facilities and public improvements, conserve and enhance the natural and urban environment, provide adequate recreational opportunities, and the like.	Units of local general government in metropolitan areas (including consortia of such local governments) and (at the discretion of the Sec. of HUD) States.	1. Up to 20% to the Sec. of HUD, to be used at his discretion, including (with amounts appropriated for the purpose) grants to cities with populations of less than 50,000 and to States. 2. At least 80% distributed: a. To central cities and other cities in metropolitan areas with population of 50,000 or more (metropolitan cities) in proportion to the following factors (initial allocation is to metropolitan areas on the same basis): (1) Population, (2) Persons or families with incomes below poverty level (amount of poverty), (3) Housing units with 1.01 persons or more per room (amount of overcrowding), and

Appendix C—Selected Features of Special Revenue Sharing Programs (Cont'd.)

Program	Purposes of Grant	Eligible Recipients	Allocation Formula
Urban Community Development (concl'd.)			(4) Housing units lacking some or all plumbing facilities (extent of housing deficiencies). b. Remainder of amount allotted to metropolitan area distributed by the Sec. of HUD, to all other units of general local government, taking into account population, amount of poverty, amount of overcrowding, extent of housing deficiencies, and other social and fiscal conditions prevailing in the metropolitan area.
Manpower Training	To assist State and local governments provide such combination of manpower services, institutional training, on-the-job training, supported employment, and ancillary services needed by unemployed and under-employed persons to prepare for, secure and hold self-sustaining public and private employment.	States, units of local general government with population of 100,000 and over, and consortia of smaller units of local general government.	1. 15% to Sec. of Labor for use in manpower activities, including the provision of technical assistance to States and localities in establishing and conducting manpower programs. 2. 85% to eligible State and local governments in proportion to: a. Number in labor force, b. Number of unemployed; and c. Number of low-income individuals 16 years or older.

Appendix C—Selected Features of Special Revenue Sharing Programs (Cont'd.)

Program	Purposes of Grant	Eligible Recipients	Allocation Formula
Manpower Training (concl'd.)			The amount distributed to a consortium of local governments that includes one unit of 100,000 population or more and constitutes a defined labor market area is increased by 10 percent.
Rural Community Development	To assist the States in conducting activities to generate increased employment opportunities and individual incomes in rural areas, to improve the quality and accessibility of rural community facilities and services, to stem out-migration from rural areas, to encourage private investment in industrial, agricultural, and commercial enterprises, to solve farm, home, and community problems, to protect and conserve natural resources, and to establish and improve public works and development facilities. States are required to maintain a program of	States	1. Up to 20% to Sec. of Agriculture to be used at his discretion. 2. At least 80% distributed: a. 1% divided equally among the States, b. Of the remainder: (1) 50% in proportion to rural population, (2) 25% in inverse proportion to rural per capita income, and (3) 25% in inverse proportion to the percentage change in rural population

Appendix C—Selected Features of Special Revenue Sharing Programs (Concl'd.)

Program	Purposes of Grant	Eligible Recipients	Allocation Formula
Rural Community Development (concl'd.)	agricultural extension work comparable in size and type to the agricultural extension program carried out in fiscal 1971.		
Law Enforcement	To assist State and local governments strengthen and improve law enforcement at every level.	States and units of local general government.	1. 15% to Law Enforcement Administration to be used at its discretion to make grants to State and local governments. 2. 85% to States in proportion to population. States to pass 75% of their share to units of local general government or to combinations of such units on the basis of project applications in accordance with the State plan. In subsequent years (after July 1, 1972) State payments to local governments are to be made in proportion to the local governments' share of State-local expenditure for law enforcement in the prior year.

Source: ACIR staff compilation.

Appendix D

Appendix D—Matching Requirements and Allocation Formulas of Major Categorical Grants Covered into Special Revenue Sharing Programs

Program	Matching requirements	Allocation formula	Obligations, FY 1971 (Est.) (millions)
Education			
Ed. Deprived Children—Local Educational Agencies	None	No. of children aged 5-17 (1) in families with less than $3,000 annual income, (2) in families receiving more than $3,000 annual income under the aid to families with dependent children program or (3) living in institutions for neglected or delinquent children, multiplied by 1/2 the average per pupil expenditure in the State or in the U.S., whichever is greater	$1,340.0
Ed. Deprived Children—Handicapped	None	No. of handicapped children in average daily attendance, multiplied by 1/2 the average per pupil expenditure in the State or in the U.S., whichever is greater	46.1
Ed. Deprived Children—Migrants	None	No. of migrant children, aged 5-17 multiplied by 1/2 the average per pupil expenditure in the U.S.	57.6
Supplementary Educational Centers and Services, Guidance, Counseling and Testing	None	(1) $200,000 to each State (2) Of the remainder, 1/2 in proportion to no. of children aged 5-17, and 1/2 in proportion to total resident population	123.6

Appendix D—Matching Requirements and Allocation Formulas of Major Categorical Grants Covered into Special Revenue Sharing Programs (Cont'd.)

Program	Matching requirements	Allocation formula	Obligations, FY 1971 (Est.) (millions)
Education (cont'd.)			
School Library Resources, Textbooks and other Instructional Materials	50% Federal 50% State	No. of children enrolled in public and private elementary and secondary schools	$ 80.0
Strengthening Instruction through Equipment and Minor Remodeling	50% Federal 50% State	No. of children aged 5-17 multiplied by a fiscal capacity factor based on the relationship between State personal income per school age child and U.S. personal income per school age child	49.5
School Assistance in Federally Affected Areas (Impact Aid)—Maintenance and Operation	None	No. of children in average daily attendance living on Federal property with a parent working on Federal property plus 1/2 the number of children in average daily attendance residing outside of Federal property with a parent working on Federal property multiplied by the "local contribution rate," which is the average current expenditure from local revenue sources per pupil in average daily attendance for comparable school districts in the State	501.5
Handicapped preschool and school programs	None	Population aged 3-21	34.0

Appendix D—Matching Requirements and Allocation Formulas of Major Categorical Grants Covered into Special Revenue Sharing Programs (Cont'd.)

Program	Matching requirements	Allocation formula	Obligations, FY 1971 (Est.) (millions)
Education (concl'd.)			
Vocational Education—Basic Grants to States	50% Federal 50% State	50% in proportion to population aged 15-19; 20% in proportion to population aged 20-24; 15% in proportion to population aged 25-65; each multiplied by a fiscal capacity factor based on the relationship between State per capita income and U.S. per capita income. The remaining 15% is allocated in the proportion to the amount allotted under the above-described computation	$321.7
School Lunch Assistance (part)	25% Federal 75% State, but State share is reduced by the percentage that its per capita income falls below the national average	In proportion to the "participation rate" multiplied by the "assistance need rate." The "participation rate" is the number of lunches meeting minimum requirements served by participating school during the previous fiscal year. The "assistance need rate" is a factor ranging from 5 to 9 depending on the State's per capita income relative to the U.S. average	171.0
Transportation			
Urban Mass Transit (UMT)—Capital Grants	2/3 Federal 1/3 State or local (Relocation costs 100% Federal)	At discretion of the Secretary of DOT on the basis of project applications, but grants in any one State may not exceed 12 1/2% of the funds available (or 15% under special circumstances)	284.7

Appendix D—Matching Requirements and Allocation Formulas of Major Categorical Grants Covered into Special Revenue Sharing Programs (Cont'd.)

Program	Matching requirements	Allocation formula	Obligations, FY 1971 (Est.) (millions)
Transportation (cont'd.)			
UMT Technical Studies	Ditto	At discretion of the Secretary of DOT on the basis of project applications	$ 15.0
Federal Aid Highways (excludes interstate)	50% Federal 50% State	For primary system: 1/3 in proportion to area, 1/3 in proportion to total population, 1/3 in proportion to mileage of rural delivery and star routes For secondary system: 1/3 in proportion to area, 1/3 in proportion to rural population, 1/3 in proportion to mileage of rural delivery and star routes For extensions in urban areas: In proportion to population in municipalities and other urban places with 5,000 or more inhabitants	1,412.0
Traffic Operations in Urban Areas (TOPICS)	Ditto	In proportion to population in municipalities and other urban places with 5,000 or more inhabitants	
Highway Safety	Ditto	3/4 in proportion to population , 1/4 in proportion to road mileage	71.9

Appendix D—Matching Requirements and Allocation Formulas of Major Categorical Grants Covered into Special Revenue Sharing Programs (Cont'd.)

Program	Matching requirements	Allocation formula	Obligations, FY 1971 (Est.) (millions)
Transportation (concl'd.)			
Airport Development	50% Federal 50% State or local	For air-carrier airports: 1/3 in proportion to population, 1/3 in proportion to no. of passengers, and 1/3 at discretion of Sec. of DOT For general aviation airports: 3/4 in proportion to population, and 1/4 at discretion of Sec. of DOT	$ 270.0
Airport Planning	2/3 Federal 1/3 State or local	At discretion of the Sec. of DOT on basis of project applications	10.0
Urban Community Development			
Urban Renewal—Projects	2/3 or 3/4 Federal, 1/3 or 1/4 Local, depending upon size of community	At discretion of the Sec. of HUD, on the basis of project applications but not more than 12 1/2% of the available funds may be spent in in any one State	589.0
Urban Renewal Neighborhood Development	Ditto	Ditto	361.0
Urban Renewal—Rehabilitation Grants	None	At discretion of the Sec. of HUD on basis of applications from private individuals (owners and tenants)	37.8

Appendix D—Matching Requirements and Allocation Formulas of Major Categorical Grants Covered into Special Revenue Sharing Programs (Cont'd.)

Program	Matching requirements	Allocation formula	Obligations, FY 1971 (Est.) (millions)
Urban Community Development (concl'd.)			
Urban Renewal—Rehabilitation Loans	None	Ditto	$ 50.0
Model Cities Supplemental Grants	80% Federal 20% Local	At discretion of the Sec. of HUD on basis of project applications	504.2
Basic Sewer and Water Facilities	50% Federal 50% Local	Ditto	150.0
Manpower Training			
MDTA Institutional Training	90% Federal 10% State, in cash or in kind	80% of funds to be apportioned, taking into account (1) the no. in the labor force, (2) the no. of unemployed, (3) lack of appropriate full-time employment, (4) insured unemployed as % of insured employed, (5) average weekly unemployment compensation benefits paid by the State. The other 20% to be expended at the discretion of the Secs. of Labor and HEW	327.6
Neighborhood Youth Corps	90% Federal 10% State and local governments or private nonprofit organizations, in cash or in kind	Apportionment to take into account, among other relevant factors, the ratios of population, unemployment and family income levels. Not more than 12 1/2% of the funds are to be paid in any one State	351.8

Appendix D—Matching Requirements and Allocation Formulas of Major Categorical Grants Covered into Special Revenue Sharing Programs (Cont'd.)

Program	Matching requirements	Allocation formula	Obligations, FY 1971 (Est.) (millions)
Manpower Training (concl'd.)			
Operation Mainstream	Ditto	Ditto	$ 38.8
Public Service Careers	None	At discretion of Regional Manpower Administrators on the basis of project applications	126.8
Concentrated Employment Program	Federal 90% Local 10%	At discretion of the Director of the Manpower Administration on the basis of project applications	177.9
Rural Community Development			
Agricultural Extension (10 programs)	50% Federal 50% State	20%—equal shares 40%—rural population 40%—farm population	138.0
Rural Environmental Assistance[1]	50% Federal 50% Agricultural Producer	None (reimbursement or provision of materials and services in lieu of payments)	150.0
Rural Water and Waste Disposal Facilities (grants only)	50% Federal 50% Public or quasi-public agencies	None (at discretion of Sec. of Agriculture on basis of project applications)	40.0

[1] Direct aid from Agricultural Stabilization and Conservation Service, USDA, to agricultural producers (*not* to State or local governments).

Appendix D—Matching Requirements and Allocation Formulas of Major Categorical Grants Covered into Special Revenue Sharing Programs (Cont'd.)

Program	Matching requirements	Allocation formula	Obligations, FY 1971 (Est.) (millions)
Rural Community Development (cont'd.)			
State and Private Forestry Cooperation	50% Federal 50% State, local or private woodland owners and forestry industries	Need, performance and project applications	$ 27.7
Economic Development Administration (EDA)—Grants for Public Works and Development Facilities	50% Federal 50% State and local governments or private and public nonprofit organization	None (at discretion of Administrator on basis of project applications)	160.0
EDA—Loans for Public Works and Development Facilities	Ditto	Ditto	14.0
EDA—Industrial Development Loans	65% Federal 35% Individual and private or public corporations including commercial lenders	None (at discretion of Administrator on basis of project applications)	46.0
Appalachian Regional Commission (ARC)—Supplements to Federal Grants-in-Aid	80% Federal 20% State	None (at discretion of Commission on basis of projects in designated counties making up the Appalachian Region)	44.5

Appendix D—Matching Requirements and Allocation Formulas of Major Categorical Grants Covered into Special Revenue Sharing Programs (Concl'd.)

Program	Matching requirements	Allocation formula	Obligations, FY 1971 (Est.) (millions)
Rural Community Development (concl'd.)			
ARC—Development Highway System	70% Federal 30% State	Ditto	$ 167.0
ARC—Health Demonstrations	Construction: 50% Federal 50% State Operation: 75% Federal 25% local	Ditto	32.0
ARC—Local Access Roads	70% Federal 30% State	Ditto	24.0
Law Enforcement			
Improving and Strengthening Law Enforcement	75% Federal 25% State and local (60-40 for certain kinds of activities and 50-50 for construction projects)	15% at discretion of the LEAA Administrator, 85% to States in proportion to population	340.0
Discretionary Grants	Ditto	At discretion of the LEAA Administrator on the basis of project applications	70.0

Source: ACIR staff compilation

Appendix E

Tabulations of "Hold Harmless" Baselines and Special Revenue Sharing Allocations, by Program and by State

TABLE E-1

EDUCATION REVENUE SHARING
(Dollars in Thousands)

State	Hold Harmless Base Line	E.R.S. Allocation
Alabama	$ 72,232	$ 72,232
Alaska	23,181	23,181
Arizona	31,615	31,615
Arkansas	41,433	41,433
California	261,451	263,136
Colorado	33,679	33,679
Connecticut	29,100	29,100
Delaware	6,689	6,689
District of Columbia	16,456	16,456
Florida	84,290	84,290
Georgia	83,210	83,210
Hawaii	18,642	18,642
Idaho	11,468	11,468
Illinois	113,941	113,941
Indiana	46,162	46,162
Iowa	33,033	33,033
Kansas	31,625	31,625
Kentucky	61,561	61,561
Louisiana	65,794	65,794
Maine	15,632	15,632
Maryland	62,174	62,174
Massachusetts	63,486	63,486
Michigan	90,983	90,983
Minnesota	45,954	45,954
Mississippi	63,291	63,291
Missouri	58,741	58,741
Montana	13,722	13,722
Nebraska	21,410	21,410
Nevada	7,300	7,300
New Hampshire	8,305	8,305
New Jersey	83,802	83,802
New Mexico	30,762	30,762
New York	289,302	289,302
North Carolina	99,014	99,014
North Dakota	13,728	13,728
Ohio	100,794	101,819
Oklahoma	45,395	45,395
Oregon	24,193	24,193
Pennsylvania	124,839	124,839
Rhode Island	13,424	13,424
South Carolina	61,908	61,908
South Dakota	15,715	15,715
Tennessee	67,992	67,992
Texas	171,026	171,026
Utah	18,438	18,438
Vermont	5,536	5,536
Virginia	94,897	94,897
Washington	43,914	43,914
West Virginia	32,928	32,928
Wisconsin	40,761	40,761
Wyoming	6,662	6,662
Guam	2,217	2,217
Puerto Rico	63,921	63,921
Virgin Islands	1,254	1,254
Total Allocated	$2,968,982	$2,971,811
Unallocated Discretionary Amounts	–	28,189
Total	$2,968,982	$3,000,000

Totals may not be exact due to rounding.
Source: Office of the White House Press Secretary

TABLE E-2

TRANSPORTATION REVENUE SHARING
(Dollars in Thousands)

State	Hold Harmless Base Line: General Transportation Element	Hold Harmless Base Line: Urban Mass Transit Capital Element	T.R.S. Allocation: General Transportation Element	T.R.S. Allocation: Urban Mass Transit Capital Element
Alabama	$ 31,276	$ 7	$ 31,306	$ 3,114
Alaska	65,139	0	65,139	250
Arizona	22,559	16	23,111	2,284
Arkansas	21,014	0	21,173	1,028
California	130,388	26,889	145,221	84,649
Colorado	27,090	122	28,011	7,010
Connecticut	19,448	3,563	20,230	4,333
Delaware	6,477	427	9,184	668
District of Columbia	8,800	91	9,184	3,944
Florida	42,996	938	49,802	15,996
Georgia	37,945	658	39,815	8,787
Hawaii	7,676	305	9,184	1,088
Idaho	14,629	0	14,629	250
Illinois	82,064	25,578	85,030	41,503
Indiana	39,230	448	40,233	9,519
Iowa	31,789	260	32,609	1,735
Kansas	30,991	502	31,750	3,036
Kentucky	26,245	13	26,245	3,090
Louisiana	28,590	166	28,794	7,093
Maine	10,724	8	10,724	370
Maryland	23,737	2,567	25,545	17,060
Massachusetts	36,325	21,980	40,386	17,919
Michigan	65,526	906	65,609	26,389
Minnesota	39,892	2,513	41,064	10,060
Mississippi	22,550	2	22,550	682
Missouri	44,552	1,240	45,844	14,565
Montana	23,264	1	23,264	292
Nebraska	23,798	30	24,130	1,097
Nevada	14,877	0	14,877	682
New Hampshire	6,904	0	9,184	346
New Jersey	43,555	10,566	45,912	24,014
New Mexico	21,187	0	21,187	547
New York	123,672	19,098	123,672	72,022
North Carolina	37,754	256	38,105	3,279
North Dakota	16,037	5	16,037	250
Ohio	74,229	3,989	75,164	25,378
Oklahoma	29,616	169	30,640	2,215
Oregon	24,375	1,122	24,375	5,287
Pennsylvania	82,425	8,697	82,425	38,029
Rhode Island	9,020	262	9,184	1,388
South Carolina	20,407	69	20,407	1,758
South Dakota	16,933	3	16,933	250
Tennessee	32,929	546	33,854	3,319
Texas	105,947	689	111,705	26,572
Utah	16,143	229	16,143	1,422
Vermont	5,775	0	9,184	250
Virginia	34,637	79	36,217	8,112
Washington	28,998	1,278	29,986	9,401
West Virginia	15,160	10	15,160	832
Wisconsin	39,101	84	40,095	9,282
Wyoming	14,153	0	14,153	250
Guam	2,000	0	2,000	0
Puerto Rico	10,846	1,343	11,606	2,062
Virgin Islands	2,000	0	2,000	0
Total Allocation	$1,793,394	$137,724	$1,859,971	$525,000
Unallocated Discretionary Amounts	–	–	185,029	–
Total	$1,793,394	$137,724	$2,045,000	$525,000

Totals may not be exact due to rounding.
Source: Office of the White House Press Secretary.

TABLE E-3

URBAN COMMUNITY DEVELOPMENT REVENUE SHARING
(Dollars in Thousands)

State	Hold Harmless Base Line	U.C.D.R.S. Allocation[1]	% Increase
Alabama	$ 15,947	$ 33,607	110.7
Alaska	–	–	–
Arizona	6,070	15,809	160.4
Arkansas	8,562	11,040	28.9
California	108,794	186,016	71.0
Colorado	13,926	18,887	35.6
Connecticut	38,761	42,764	10.3
Delaware	5,189	5,189	–
District of Columbia	20,192	20,192	–
Florida	20,729	63,436	206.0
Georgia	24,817	31,128	25.4
Hawaii	13,384	13,384	–
Idaho	4,367	4,367	–
Illinois	62,006	88,503	42.7
Indiana	20,106	36,022	79.1
Iowa	9,735	12,634	29.8
Kansas	15,993	16,284	1.8
Kentucky	10,292	12,753	23.9
Louisiana	11,899	31,738	166.7
Maine	7,153	7,153	–
Maryland	28,566	28,566	–
Massachusetts	66,221	70,306	6.2
Michigan	58,890	70,390	19.5
Minnesota	31,608	33,048	4.5
Mississippi	2,469	7,423	200.6
Missouri	29,615	31,939	7.8
Montana	205	2,026	888.3
Nebraska	800	5,327	565.9
Nevada	682	3,591	426.5
New Hampshire	3,021	3,562	17.9
New Jersey	45,733	59,786	30.7
New Mexico	8,223	8,223	–
New York	154,343	182,594	18.3
North Carolina	29,758	36,697	23.3
North Dakota	1,174	1,174	–
Ohio	67,736	89,432	32.0
Oklahoma	23,263	23,691	–
Oregon	13,118	13,118	–
Pennsylvania	105,385	129,267	22.6
Rhode Island	9,949	10,398	4.5
South Carolina	1,251	16,768	934.0
South Dakota	1,827	1,827	–
Tennessee	23,475	32,370	37.9
Texas	58,793	124,868	112.4
Utah	3,579	7,515	110.0
Vermont	–	–	–
Virginia	29,995	37,725	25.8
Washington	9,139	18,768	105.4
West Virginia	5,247	6,972	32.9
Wisconsin	15,249	25,958	70.2
Wyoming	–	–	–
Puerto Rico	9,533	51,458	439.8
Total	$1,256,769	$1,785,693	42.1
Multi-State SMSA's balance which cannot be allocated to States	–	43,405	–
Total Allocated to SMSA's	–	1,829,098	–
Unallocated Discretionary Amounts	–	270,902	–
Total	$1,256,769	$2,100,000	67.0

[1] Discretionary amounts to satisfy hold harmless requirements included.
Totals may not be exact due to rounding.
Source: Office of the White House Press Secretary

TABLE E-4

MANPOWER REVENUE SHARING
(Dollars in Thousands)

State	Hold Harmless Base Line	M.R.S. Allocation
Alabama	$ 20,799	$ 36,142
Alaska	4,120	4,120
Arizona	13,517	13,517
Arkansas	13,673	18,285
California	114,728	168,632
Colorado	8,137	17,643
Connecticut	14,513	23,182
Delaware	1,738	4,826
District of Columbia	34,119	34,119
Florida	22,889	59,263
Georgia	21,889	42,518
Hawaii	3,449	5,091
Idaho	2,646	5,315
Illinois	52,860	81,177
Indiana	18,112	40,999
Iowa	10,530	19,228
Kansas	8,522	15,508
Kentucky	26,500	26,500
Louisiana	19,688	37,006
Maine	4,558	8,798
Maryland	16,501	30,988
Massachusetts	28,747	43,188
Michigan	41,850	76,104
Minnesota	17,884	27,471
Mississippi	17,911	29,094
Missouri	24,335	40,195
Montana	3,710	6,283
Nebraska	6,901	9,979
Nevada	2,363	4,220
New Hampshire	2,577	4,847
New Jersey	37,589	53,506
New Mexico	8,272	9,158
New York	105,597	141,056
North Carolina	25,461	44,458
North Dakota	3,159	4,918
Ohio	43,373	77,796
Oklahoma	15,103	21,208
Oregon	8,779	17,802
Pennsylvania	45,852	87,794
Rhode Island	4,240	7,259
South Carolina	14,965	24,650
South Dakota	3,719	5,153
Tennessee	22,382	37,272
Texas	55,502	92,958
Utah	4,329	7,543
Vermont	2,347	3,567
Virginia	17,187	37,076
Washington	14,734	30,839
West Virginia	9,697	15,541
Wisconsin	18,163	31,409
Wyoming	1,443	2,741
Guam	285	300
Puerto Rico	52,893	52,893
Virgin Islands	721	1,000
Total Allocated	$1,095,109	$1,742,135
Unallocated Discretionary Amounts	325,772	257,865
Total	$1,420,881	$2,000,000

Totals may not be exact due to rounding.
Source: Office of the White House Press Secretary

TABLE E-5

RURAL COMMUNITY DEVELOPMENT REVENUE SHARING
(Dollars in Thousands)

State	Hold Harmless Base Line	R.C.D.R.S. Allocation
Alabama	$ 30,717	$ 31,622
Alaska	6,005	6,005
Arizona	4,643	8,051
Arkansas	20,033	23,654
California	27,846	28,582
Colorado	10,157	10,157
Connecticut	3,007	3,633
Delaware	936	1,425
Florida	9,103	21,625
Georgia	37,549	37,549
Hawaii	927	1,876
Idaho	4,688	8,091
Illinois	22,786	29,853
Indiana	11,366	21,834
Iowa	14,554	28,626
Kansas	12,401	20,204
Kentucky	65,577	65,577
Louisiana	12,419	22,720
Maine	6,987	10,682
Maryland	12,701	12,701
Massachusetts	6,278	6,278
Michigan	16,808	21,082
Minnesota	16,153	29,529
Mississippi	33,624	34,608
Missouri	18,788	28,560
Montana	8,767	8,985
Nebraska	10,557	13,300
Nevada	1,590	3,306
New Hampshire	2,389	4,574
New Jersey	8,340	13,424
New Mexico	7,404	11,275
New York	43,364	43,364
North Carolina	36,450	47,309
North Dakota	9,667	10,289
Ohio	35,659	35,659
Oklahoma	22,141	22,675
Oregon	8,395	9,981
Pennsylvania	46,643	46,643
Rhode Island	1,726	1,726
South Carolina	21,314	26,286
South Dakota	7,550	9,947
Tennessee	42,555	42,555
Texas	45,499	51,113
Utah	5,351	5,351
Vermont	3,044	3,700
Virginia	24,730	26,976
Washington	11,756	11,756
West Virginia	65,177	65,177
Wisconsin	13,455	22,637
Wyoming	3,670	5,699
Guam	9	1,314
Puerto Rico	15,000	25,872
Virgin Islands	55	1,051
Total Allocated	$908,311	$1,086,467
Unallocated Discretionary Amounts	–	13,533
Total	$908,311	$1,100,000

Totals may not be exact due to rounding.
Source: Office of the White House Press Secretary

TABLE E-6

LAW ENFORCEMENT REVENUE SHARING
(Dollars in Thousands)

State	Hold Harmless Base Line	L.E.R.S. Allocation
Alabama	$ 5,645	$ 7,104
Alaska	493	623
Arizona	2,933	3,656
Arkansas	3,157	3,967
California	32,999	41,155
Colorado	3,646	4,553
Connecticut	5,001	6,254
Delaware	909	1,131
District of Columbia	1,249	1,560
Florida	11,166	14,004
Georgia	7,518	9,466
Hawaii	1,253	1,588
Idaho	1,169	1,471
Illinois	18,368	22,924
Indiana	8,609	10,713
Iowa	4,670	5,827
Kansas	3,712	4,639
Kentucky	5,290	6,640
Louisiana	5,966	7,514
Maine	1,636	2,049
Maryland	6,485	8,090
Massachusetts	9,424	11,734
Michigan	14,692	18,306
Minnesota	6,307	7,848
Mississippi	3,614	4,573
Missouri	7,760	9,648
Montana	1,162	1,432
Nebraska	2,457	3,060
Nevada	807	1,008
New Hampshire	1,210	1,522
New Jersey	11,870	14,784
New Mexico	1,671	2,096
New York	30,093	37,520
North Carolina	8,305	10,482
North Dakota	1,022	1,274
Ohio	17,645	21,971
Oklahoma	4,182	5,279
Oregon	3,442	4,314
Pennsylvania	19,532	24,325
Rhode Island	1,544	1,959
South Carolina	4,223	5,343
South Dakota	1,107	1,374
Tennessee	6,425	8,094
Texas	18,393	23,094
Utah	1,775	2,185
Vermont	733	917
Virginia	7,604	9,588
Washington	5,612	7,032
West Virginia	2,849	3,598
Wisconsin	7,309	9,112
Wyoming	556	686
American Samoa	47	57
Guam	146	179
Puerto Rico	4,502	5,548
Virgin Islands	106	130
Total	$340,000	$425,000
Unallocated Discretionary Amounts	70,000	75,000
Total	$410,000	$500,000

Totals may not be exact due to rounding.
Source: Office of the White House Press Secretary

Appendix F

COMPARATIVE PLANNING FEATURES OF THE ADMINISTRATION'S SPECIAL REVENUE SHARING PROPOSALS

	STATE LEVEL PLANNING									
SPECIAL REVENUE SHARING BILLS	"New" Statewide Planning System Requirement	"New" State Planning Advisory Commission Requirement	Single State General Purpose "Comprehensive" Planning Agency Requirement	Single State Planning Agency Requirement	State Community Development Plan (Program) Requirement	State Comprehensive Plan (Program) Requirement	State Plan (Program) "Triggers" Special Revenue Release	Federal Approval of State Plan (Program)	Federal Approval of Special Revenue Formula Data and Computations	State "Approval" Procedures for Areawide-Local Planning
Urban Community Development .... (S. 1618 - April 22, 1971)	NO	NO	NO	NO	NO	N/A[1]	YES	NO	YES	NO
Rural Community Development .... (S. 1612 - April 21, 1971)	YES	YES	NO	NO	YES	N/A	YES	NO	YES	YES
Transportation[2]	YES	YES	NO	NO	YES	N/A	YES	NO	YES	YES
Manpower Training .... (H.R. 6181 - March 16, 1971) (S. 1243 - March 16, 1971)	NO	NO	NO	NO	NO	YES[3]	YES	NO	YES	NO
Law Enforcement .... (S. 1087 - Feb. 17, 1971)	NO	NO	NO	YES	NO	YES	YES	NO	YES	YES
Education .... (S. 1669 - April 29, 1971)	NO	YES[4]	NO	YES	NO	YES	YES	NO	YES	YES

See footnotes at end of table.

APPENDIX F

COMPARATIVE PLANNING FEATURES OF THE ADMINISTRATION'S SPECIAL REVENUE SHARING PROPOSALS (Concl'd.)

	AREAWIDE PLANNING			LOCAL PLANNING				OTHER FEATURES		
SPECIAL REVENUE SHARING BILLS	"New" Effort Required	$ Incentive Provided	Encouraged, No $ Incentive	"New" Effort Required	$ Incentive Provided	Encouraged, No. $ Incentive	No Mention	Specific Provision for "New" Pre-Planning $ Assistance to Ease Transition	Citizen Participation or Involvement Requirement or Encouragement	Specific Non-Discrimination Clause Within Scope of Title VI of the Civil Rights Act of 1964
Urban Community Development .... (S. 1618 - April 22, 1971)	NO	NO	YES	NO	NO	YES	N/A	NO	NO	YES
Rural Community Development .... (S. 1612 - April 21, 1971)	YES	NO	YES	NO	NO	NO	N/M	NO	NO	YES
Transportation[2]	YES	YES	N/A	YES	NO	YES	N/A	NO	NO	YES
Manpower Training .... (H.R. 6181 - March 16, 1971) (S. 1243 - March 16, 1971)	NO	YES	N/A	YES	NO	YES	N/A	NO	NO	YES
Law Enforcement .... (S. 1087 - Feb. 17, 1971)	NO	NO	YES	NO	NO	YES	N/A	NO	NO	YES
Education .... (S. 1669 - April 29, 1971)	NO	NO	NO	NO	NO	YES	N/A	YES	NO	YES

Footnotes:

[1] Each recipient of funds under Title I Urban Community Development must file an annual "Statement of Community Development Objectives and Projected Uses of Funds", beginning July 1, 1973.

[2] Based upon review of Proposed Bill transmitted to the Speaker of the House of Representatives, by the Secretary of Transportation, April 16, 1971.

[3] In the form of Annual Manpower Statement. Manpower Programs are recognized in the bills as constituting a developmental process that is highly transitional in nature and scope.

[4] In the form of an Education Advisory Council, unlike the State Development Planning Advisory Commission provided for in the Rural Community Development and Transportation bills.

Source: *AIP Newsletter*, July 1971, pp. 8-9.

Published Reports

Advisory Commission on Intergovernmental Relations[1]

Coordination of State and Federal Inheritance, Estate and Gift Taxes. Report A-1, January 1961. 134 pages.

Investment of Idle Cash Balances by State and Local Governments. Report A-3, January 1961. 61 pages (out of print; summary available).

State and Local Taxation of Privately Owned Property Located on Federal Areas. Report A-6, June 1961. 34 pages, offset (out of print; summary available).

Local Nonproperty Taxes and the Coordinating Role of the State. Report A-9, September 1961. 68 pages.

Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas. Report A-13, October 1962. 135 pages.

*The Role of the States in Strengthening the Property Tax. Report A-17, June 1963. Vol. I (187 pages) and Vol. II (182 pages). $1.25 each.

Statutory and Administrative Controls Associated with Federal Grants for Public Assistance. Report A-21, May 1964. 108 pages.

The Intergovernmental Aspects of Documentary Taxes. Report A-23, September 1964. 29 pages.

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Federal-State Coordination of Personal Income Taxes. Report A-27, October 1965. 203 pages.

Building Codes: A Program for Intergovernmental Reform. Report A-28, January 1966, 103 pages.

*State-Local Taxation and Industrial Location. Report A-30, April 1967. 114 pages. 60¢.

*Fiscal Balance in the American Federal Systems. Report A-31, October 1967. Vol. I, 385 pages. $2.50; Vol. 2 Metropolitan Fiscal Disparities, 410 pages. $2.25.

*Urban and Rural America: Policies for Future Growth. Report A-32, April 1968. 186 pages. $1.25.

*Intergovernmental Problems in Medicaid. Report A-33. September 1968. 122 pages. $1.25.

*State Aid to Local Government. Report A-34, April 1969. 105 pages. $1.00.

*Labor-Management Policies for State and Local Government. Report A-35, September 1969. 263 pages. $2.00.

*Making the Safe Streets Act Work: An Intergovernmental Challenge. Report A-36, September 1970. 78 pages. $1.00.

*Federal Approaches to Aid State and Local Capital Financing. Report A-37, September 1970. 71 pages. $.75.

Factors Affecting the Voter Reactions to Government Reorganization in Metropolitan Areas. Report M-15. May 1962. 80 pages.

*Performance of Urban Functions: Local and Areawide. Report M-21, September 1963. 281 pages. $1.50.

State Technical Assistance to Local Debt Management. Report M-26, January 1965, 80 pages.

*A Handbook for Interlocal Agreements and Contracts. Report M-29, March 1967. 197 pages. $1.00.

*Federalism and the Academic Community: A Brief Survey. Report M-44, March 1969. 55 pages. 60¢.

*Urban America and the Federal System. Report M-47, September 1969. 140 pages. $1.25.

1970 Cumulative ACIR State Legislative Program. Report M-48, August 1969.

*The Commuter and the Municipal Income Tax. A Background Paper. Report M-51, April 1970. 30 pages. $.25.

*Revenue Sharing – An Idea Whose Time Has Come. Report M-54, December 1970. 29 pages. $.30.

*State Involvement in Federal-Local Grant Programs. A Case Study of the "Buying In" Approach. Report M-55, December 1970. 71 pages. $.70.

*A State Response to Urban Problems: Recent Experience Under the "Buying In" Approach. A Staff Analysis. Report M-56. December 1970.

*State-Local Finances and Suggested Legislation, 1971 Edition. Report M-57, December 1970.

*Measuring the Fiscal Capacity and Effort of State and Local Areas. Report M-58, March 1971. 209 pages. $1.75.

Annual Report, Twelfth. Report M-59, January 1971. 25 pages.

*State Action on Local Problems in 1970. Report M-60, April 1971. 14 pages. $0.35.

*County Reform. Report M-61, April 1971. 31 pages. $0.40.

*The Quest for Environmental Quality: Federal and State Action, 1969-70 (includes annotated bibliography). Report M-62, April 1971. 63 pages. $0.35.

*Court Reform. Report M-63, July 1971. 31 pp. $0.40.

*Correctional Reform. Report M-64, August 1971. 13 pp. $0.30.

*Police Reform. Report M-65, August 1971. 30 pp. $0.40.

*Prosecution Reform. Report M-66, September 1971. 13 pp. $0.30.

New Proposals for 1972: ACIR State Legislative Program. Report M-67, August 1971. 98 pp.

*In Search of Balance – Canada's Intergovernmental Experience. Report M-68, September 1971. 123 pp. $1.25.

*Who Should Pay for Public Schools? Report of a Conference on State Financing of Public Schools. Report M-69, October 1971. 44 pp. $0.35.

[1] Publications marked with an asterisk may be purchased directly from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Single copies of other publications may be obtained without charge from the Advisory Commission on Intergovernmental Relations, Washington, D.C. 20575.

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