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EDUCATION REVENUE SHARING ACT OF 1971

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HEARINGS

BEFORE THE

SUBCOMMITTEE ON EDUCATION

OF THE

COMMITTEE ON

LABOR AND PUBLIC WELFARE

UNITED STATES SENATE

NINETY-SECOND CONGRESS

FIRST SESSION

ON

S. 1669

TO STRENGTHEN EDUCATION BY PROVIDING A SHARE OF
THE REVENUES OF THE UNITED STATES TO THE STATES
AND TO LOCAL EDUCATIONAL AGENCIES FOR THE PUR-
POSE OF ASSISTING THEM IN CARRYING OUT EDUCATION
PROGRAMS REFLECTING AREAS OF NATIONAL CONCERN

OCTOBER 27, 28, AND NOVEMBER 3, 1971



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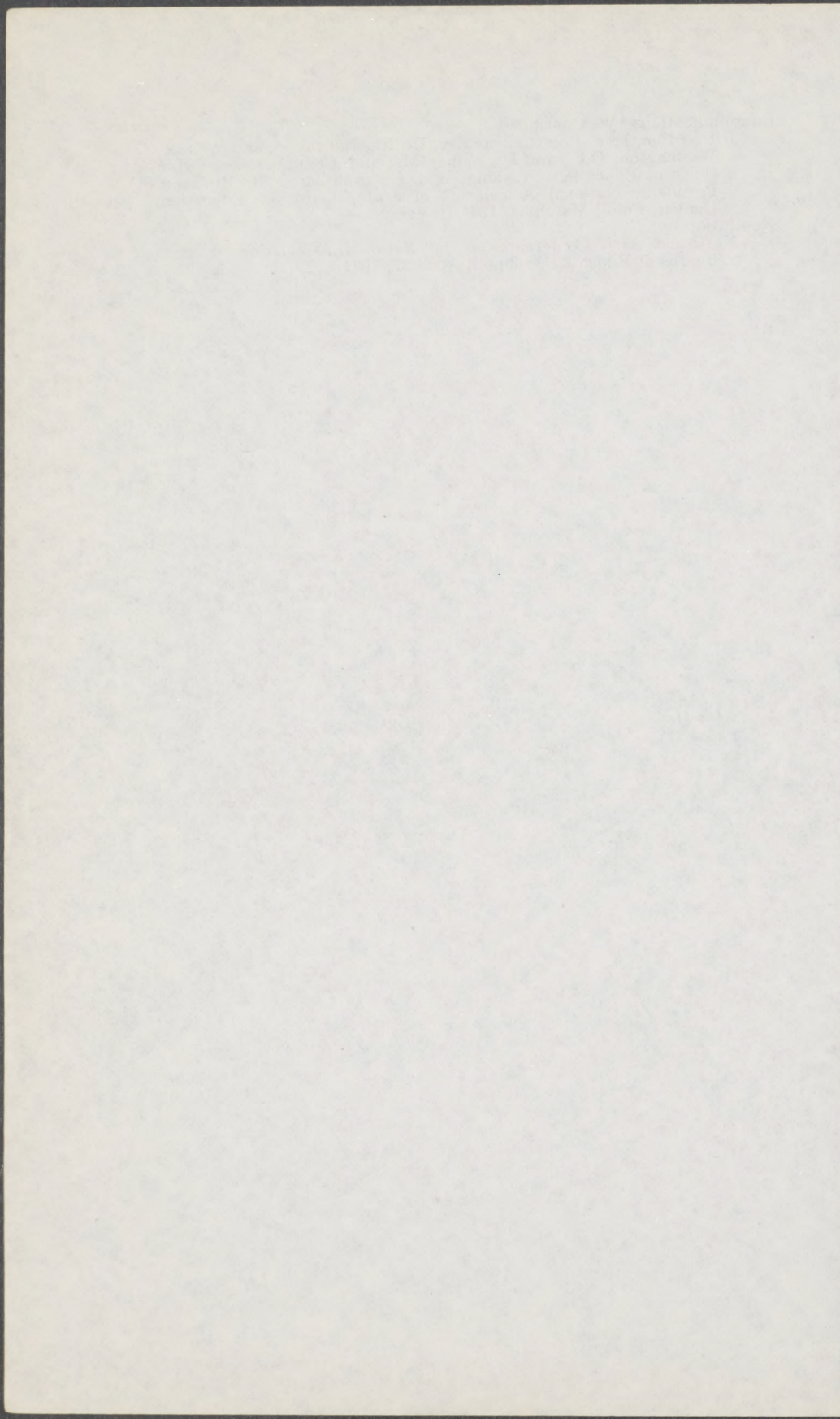
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EDUCATION REVENUE SHARING ACT OF 1971

WEDNESDAY, OCTOBER 27, 1971

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to notice, in room 4200, New Senate Office Building, Senator Claiborne Pell (chairman of the subcommittee) presiding.

Present: Senators Pell, Javits, Schweiker, and Stafford.

Staff members present: Stephen J. Wexler, counsel, and Roy H. Mil-lenson, minority professional staff member.

Senator PELL. The Subcommittee on Education of the Labor and Public Welfare Committee will come to order.

Today, we begin hearings on S. 1669, a bill which encompasses the administration's proposal for special revenue sharing in education.

The bill proposes major changes in the manner in which the Federal Government would distribute Federal tax dollars for elementary and secondary education. It provides that some 30 current categories of aid be consolidated and funds for them be distributed by the States who would receive them from the Federal Government on a formula, block grant, basis.

The Federal Government was motivated to become involved in aid to education largely out of its desire to overcome educational inequalities that existed across the Nation. Legislation was developed that designated certain target areas of need and these needs have been funded. Testimony to be received in these initial hearings may point to the need of some type of general aid to education legislation as a method to meet pressing national problems.

Whatever may develop, we will want to be sure that basic target areas continue to be served and that national priorities will not suffer as a result of the manner in which aid is distributed.

(A copy of S. 1669 follows:)

(1)

92^D CONGRESS
1ST SESSION

S. 1669

IN THE SENATE OF THE UNITED STATES

APRIL 29, 1971

Mr. PROUTY (for himself, Mr. BAKER, Mr. BENNETT, Mr. BROCK, Mr. BUCKLEY, Mr. DOMINICK, Mr. FONG, Mr. GRIFFIN, Mr. PERCY, Mr. SCHWEIKER, Mr. SCOTT, Mr. TAFT, and Mr. TOWER) introduced the following bill; which was read twice and referred to the Committee on Labor and Public Welfare

A BILL

To strengthen education by providing a share of the revenues of the United States to the States and to local educational agencies for the purpose of assisting them in carrying out education programs reflecting areas of national concern.

- 1 *Be it enacted by the Senate and House of Representa-*
- 2 *tives of the United States of America in Congress assembled,*
- 3 That this Act may be cited as the "Education Revenue Shar-
- 4 ing Act of 1971".

5

FINDINGS AND PURPOSE

6

- SEC. 2. (a) The Congress hereby finds that, while public
- 7 education is primarily the responsibility of the States and
- 8 local communities of this country, the Federal Government
- 9 has a responsibility to assist them in meeting the costs of edu-

1 cation in areas of special national concern. The Congress
2 finds, however, that prior programs of Federal financial assist-
3 ance for elementary or secondary education are too narrow in
4 scope to meet the needs of State and local school systems.

5 (b) It is therefore the purpose of this Act to replace
6 certain current programs of Federal assistance to elementary
7 or secondary education by a system of Federal revenue shar-
8 ing for education designed to meet such needs, to encourage
9 innovation and development of new educational programs
10 and practices, to provide for educationally disadvantaged
11 children an education comparable to that available to their
12 classmates, to provide the special educational services needed
13 by the physically and mentally handicapped, to encourage
14 greater attention to the vital field of vocational and career
15 education, to assure to children whose parents live or work
16 on Federal property an education comparable to that given
17 to other children, and to provide State and local educational
18 officials with the flexibility and responsibility they need to
19 make meaningful decisions in response to the needs of their
20 students.

21 AUTHORIZATION OF APPROPRIATIONS AND PLANNING

22 PAYMENTS

23 SEC. 3. (a) For the fiscal year ending June 30, 1973,
24 and for each fiscal year thereafter, there are authorized to be
25 appropriated, to be available without fiscal year limitation,
26 such sums as may be necessary for carrying out this Act.

1 (b) There are also authorized to be appropriated such
2 sums as may be necessary to enable the Secretary to make,
3 during the period beginning January 1, 1972, and ending
4 with the close of June 30, 1972, payments to States to assist
5 them in planning for the transition from the system of cate-
6 gorical grants authorized by the statutes and parts thereof
7 repealed by section 21 to the system of revenue sharing for
8 education authorized by this Act. Such payments shall be
9 made on such terms and conditions as the Secretary specifies
10 for the purpose of carrying out this subsection.

11 ALLOTMENT AND USE OF SHARED REVENUES

12 SEC. 4. (a) From the sums appropriated pursuant to
13 section 3 (a) for any fiscal year and not reserved pursuant to
14 section 11, the Secretary shall allot to each State an amount
15 equal to 60 per centum of the average per pupil expenditure
16 in the United States multiplied by the number of children in
17 average daily attendance in the public elementary or second-
18 ary schools of such State during such year who resided on
19 Federal property, which amount shall be available for any
20 educational purpose.

21 (b) From the remainder of such sums, the Secretary
22 shall allot to each State an amount which bears the same
23 ratio to such remainder as the sum of the products deter-
24 mined under paragraphs (1) through (3) of this subsection
25 with respect to such State bears to the total of the sums of

1 such products with respect to all States. Such products for
2 any State shall be—

3 (1) 1.0 multiplied by the number of children aged
4 5 to 17, inclusive, in such State who are in low-income
5 families;

6 (2) 0.6 multiplied by the number of children in
7 average daily attendance in the public elementary or
8 secondary schools of such State during such fiscal year
9 who (A) resided on other than Federal property with a
10 parent employed on Federal property, or (B) had a
11 parent on active duty in the uniformed services (as de-
12 fined in section 101 of title 37, United States Code) ; and

13 (3) 0.1 multiplied by the number of children aged
14 5 to 17, inclusive, in the State.

15 (c) (1) That portion of each State's allotment de-
16 rived from application of the provisions of paragraph (1) of
17 subsection (b) shall be available only for programs and
18 projects designed to meet the special educational needs, at
19 the preschool or any other educational level, of educationally
20 disadvantaged children—

21 (A) who reside in school attendance areas having
22 high concentrations of low-income families;

23 (B) who are migratory children of migratory agri-
24 cultural workers; or

25 (C) who are neglected or delinquent children for

1 whose education the State, rather than a local educa-
2 tional agency, is directly responsible.

3 (2) That portion of each State's allotment derived from
4 application of the provisions of paragraph (2) of sub-
5 section (b) shall be available for any educational activity.

6 (3) Except as provided in section 6—

7 (A) one-sixth of that portion of each State's al-
8 lotment derived from application of the provisions of
9 paragraph (3) of subsection (b) shall be available
10 only for programs and projects at the preschool or any
11 other educational level designed to meet the special
12 educational needs of handicapped children;

13 (B) one-third of that portion of each State's al-
14 lotment derived from application of the provisions of
15 paragraph (3) of subsection (b) shall be available only
16 for vocational education activities; and

17 (C) one-half of that portion of each State's allot-
18 ment derived from application of the provisions of para-
19 graph (3) of subsection (b) shall be available only for
20 supporting materials and services.

21 (d) Programs, projects, or activities assisted under
22 this Act may include construction.

23 (e) In the event that any State is not eligible to re-
24 ceive funds under this Act for any fiscal year, or notifies
25 the Secretary that it does not desire to receive such funds,

1 the allotment of such State for such fiscal year derived from
2 any provision of subsection (b) shall be available for re-
3 allotment from time to time, on such date or dates during
4 such year as the Secretary may fix, to other States in pro-
5 portion to the original amount of the allotment to such
6 other States which was derived from any such provision for
7 that year. Any amount for a fiscal year so reallocated to a
8 State under this subsection shall be deemed part of its allot-
9 ment derived from the same provision of subsection (b) for
10 such year.

11 (f) The amounts appropriated and allocated pursuant
12 to this Act shall be paid to the States at such intervals
13 and in such installments as the Secretary may determine,
14 taking account of the objective that the time elapsing be-
15 tween the transfer of funds from the United States Treasury
16 and the disbursement thereof by States shall be minimized.

17 (g) For purposes of this Act, the Secretary shall
18 determine average daily attendance, average per pupil ex-
19 penditure, and numbers of children, and in doing so he shall
20 use the most recent satisfactory data available to him, re-
21 ferable with respect to data used for each purpose to the
22 same time period for all jurisdictions. All determinations
23 and computations by the Secretary under this section shall
24 be final and conclusive.

1 DISTRIBUTION OF SHARED REVENUES WITHIN EACH STATE

2 SEC. 5. (a) Each State shall pay to each of its local
3 educational agencies for a fiscal year an amount equal to the
4 sum allotted to such State pursuant to section 4 (a) for
5 such year on account of the number of children in average
6 daily attendance who resided on Federal property in the
7 school district of such agency.

8 (b) (1) Except for any sums retained, from the amount
9 allotted to it for any fiscal year by application of the pro-
10 visions of section 4 (b) (1), by a State for meeting, in ac-
11 cordance with the provisions of section 4 (c) (1), the special
12 educational needs of neglected or delinquent children de-
13 scribed in section 4 (c) (1) (C), such State shall also pay
14 to each of its local educational agencies for a fiscal year an
15 amount equal to the sum allotted to it pursuant to section
16 4 (b) for such year on account of the number of children
17 in the school district of such agency who are in low-income
18 families, but only if (A) such amount is at least \$10,000,
19 and (B) the services provided in each of the schools of
20 such agency with funds other than funds received under
21 this Act have been determined, by the State agency (desig-
22 nated pursuant to section 8 (a)) in accordance with such
23 criteria as the Secretary may prescribe, to be comparable

1 with the services so provided in all of the other schools of
2 such local educational agency.

3 (2) Any portion of an allotment which is not, but
4 would be except for clause (A) or (B) of paragraph (1),
5 paid to a local educational agency shall be paid by such
6 State, in accordance with its plan developed under section
7 8 (b), to other local educational agencies within such State
8 to which funds are required to be paid under paragraph (1)
9 for use in accordance with the provisions of section 4 (c)
10 (1), except that no such other agency shall be paid more
11 for any fiscal year pursuant to this subsection than 200
12 per centum of the amount required to be paid to it under
13 paragraph (1) for such year.

14 (3) If no local educational agency within such State
15 which would otherwise be paid funds under this subsection
16 has been so determined, by such State agency, to provide
17 such comparable services, the amount allotted to such State
18 by application of the provisions of section 4 (b) (1) shall be
19 reallocated to other States in proportion to the amounts orig-
20 inally allotted to such other States by application of such
21 provision. Any portion of an allotment which is not, but
22 would be except for paragraph (2), paid to local educational
23 agencies within a State, shall be reallocated to other States in
24 proportion to the amounts originally allotted to such other
25 States by application of the provisions of section 4 (b) (1).

1 No State shall be reallocated for any fiscal year pursuant to
2 this subsection more than 200 per centum of the amount
3 originally allotted to such State for such year by application
4 of the provisions of section 4 (b) . Any amount reallocated to a
5 State pursuant to this subsection for any fiscal year shall be
6 deemed to be part of its allotment for such fiscal year derived
7 from application of the provisions of section 4 (b) (1) .

8 (c) The remainder of each State's allotment shall be
9 available—

10 (1) for use, in accordance with the provisions of
11 sections 4 and 6 and the plan developed pursuant to
12 section 8 (b) , by the State agency designated pursuant to
13 section 8 (a) ; and

14 (2) for distribution, for use by them in accordance
15 with the provisions of sections 4 and 6 and such plan,
16 among the local educational agencies of such State on
17 a basis reflecting the relative needs of each of such
18 agencies for the types of assistance for which appropri-
19 ations under this Act are available;

20 except that not more than 30 per centum of such allotment
21 derived from application of the provisions of section
22 4 (b) (2) , relating to the presence within the State of chil-
23 dren with a parent employed on Federal property or with
24 a parent on active duty in the uniformed services, may be
25 paid to local educational agencies not having any of such

1 children in average daily attendance in their schools; and
2 except that in determining the relative needs of each of such
3 agencies for the types of assistance for which appropriations
4 under this Act are available, funds paid to such agencies
5 under subsection (b) of this section shall not be taken into
6 account.

7 TRANSFERS AMONG PURPOSES

8 SEC. 6. (a) Thirty per centum of that portion of
9 each State's allotment which is available for the purposes
10 described in clause (A), (B), or (C) of section 4 (c) (3)
11 may be made available for any of the other purposes de-
12 scribed in section 4 (c).

13 (b) The 30 per centum limitations in subsection (a)
14 may be exceeded if the State demonstrates to the satisfac-
15 tion of the Secretary that such action will achieve more
16 effectively the purposes of this Act.

17 PARTICIPATION OF NONPUBLIC SCHOOL CHILDREN

18 SEC. 7. (a) The State agency designated pursuant to
19 section 8 (a) shall provide that—

20 (1) except as provided in subsection (b), children
21 enrolled in nonprofit private elementary or secondary
22 schools will be given an opportunity to participate, on
23 an equitable basis, in activities for which funds are made
24 available under paragraph (1), or clause (A), (B),
25 or (C) of paragraph (3) of section 4 (c); and

1 (2) title to and control of funds received under
2 this Act and other property derived therefrom will re-
3 main in one or more public agencies.

4 (b) If the Secretary determines that provisions of State
5 law prevent any State agency designated pursuant to sec-
6 tion 8 (a) from complying with subsection (a), the Secre-
7 tary shall, if he finds that the State is otherwise eligible to
8 participate in the program under this Act, permit such State
9 to participate, but in such case he shall—

10 (1) arrange, by contract or otherwise, for children
11 enrolled in the nonprofit private elementary or second-
12 ary schools within such State to receive, on an equi-
13 table basis, services similar to those provided from the
14 funds made available under paragraph (1) or clause
15 (A), (B), or (C) of paragraph (3) of section 4 (c)
16 to public school children within such State; and

17 (2) pay the cost thereof out of that portion of the
18 allotment to such State for carrying out each such para-
19 graph or clause.

20 STATE ADMINISTRATION

21 SEC. 8. (a) The chief executive officer of each State
22 which desires to participate in the program under this Act
23 shall designate a State agency which shall be the single State
24 agency for administration (or supervision of the administra-
25 tion) of such program in such State, except that this require-

1 ment may be waived in accordance with the provisions of
2 section 204 of the Intergovernmental Cooperation Act of
3 1968 (42 U.S.C. 4214).

4 (b) The State agency designated pursuant to sub-
5 section (a) shall, for each fiscal year, develop and publish
6 a plan for the distribution of funds available therefor under
7 paragraph (2) of section 5 (b) and under section 5 (c),
8 and for the expenditure of funds retained under paragraph
9 (1) of section 5 (b) and under section 5 (c) (1) for use by
10 such State agency or distributed under section 5 (c) (2) for
11 use by local educational agencies. Such plan shall be de-
12 veloped after consultation with the advisory council appointed
13 pursuant to section 9, shall not finally be adopted by such
14 State agency until a reasonable opportunity has been given to
15 interested persons for comment thereon, and shall be made
16 available to the Secretary.

17 (c) In administering the program under this Act, the
18 State shall comply with the provisions of this Act and with
19 regulations prescribed by the Secretary pursuant thereto.

20

STATE ADVISORY COUNCIL

21 SEC. 9. (a) The chief executive officer of each State
22 which desires to participate in the program under this Act
23 shall appoint an advisory council which shall be broadly
24 representative of the education community in the State and
25 of the public, including at least one person representative of

1 the public elementary or secondary schools of the State; at
2 least one person representative of the nonprofit private ele-
3 mentary or secondary schools of the State; at least one per-
4 son representative of each of the various populations in the
5 State which will be affected by the activities authorized
6 under section 4; at least one person who has special com-
7 petence in the planning and evaluation of education pro-
8 grams, and in the assessment of the effectiveness of activities
9 authorized under section 4; and at least one person who
10 has special competence in each of the educational areas de-
11 scribed in sections 4 (c) (1), 4 (c) (3) (A), and 4 (c) (3)
12 (B).

13 (b) The State advisory council shall—

14 (1) advise the State agency designated pursuant
15 to section 8 (a) on the preparation of, and on matters
16 of general policy arising in the administration of, the
17 plan developed under section 8 (b) ;

18 (2) evaluate activities assisted under this Act;

19 (3) advise State or local officials who have re-
20 sponsibility for carrying out activities assisted under
21 this Act with respect to the planning, evaluation, ad-
22 ministration, and assessment of such activities; and

23 (4) prepare and submit to the Secretary not less
24 often than annually a report of its activities, recom-
25 mendations, and evaluations, together with such com-

1 ments thereon as the State agency designated pursuant
2 to section 8 (a) and the chief executive officer of the
3 State deem appropriate.

4 TREATMENT OF FEDERALLY CONNECTED CHILDREN

5 SEC. 10. The State agency designated pursuant to sec-
6 tion 8 (a) shall provide that children attending school within
7 the State who reside with a parent on Federal property,
8 who reside with a parent employed on Federal property,
9 or have a parent who is a member of the uniformed services
10 will receive public elementary or secondary education on a
11 basis comparable to that provided to other children in the
12 State.

13 SPECIAL PAYMENTS BY THE SECRETARY

14 SEC. 11. (a) From the sums appropriated for any fiscal
15 year pursuant to section 3 (a), the Secretary may reserve
16 not in excess of 10 per centum for use under this section.

17 (b) Funds reserved under subsection (a) shall be avail-
18 able to the Secretary for making payments to any State to
19 assist it in carrying out activities described in section 4 which
20 are designed to further the achievement of national policy
21 objectives in the field of education.

22 RECOVERY OF FUNDS

23 SEC. 12. (a) If the Secretary determines that a State
24 has failed to comply substantially with the provisions of this
25 Act, he shall—

1 (1) refer the matter to the Attorney General of
2 the United States with a recommendation that an ap-
3 propriate civil action be instituted; or

4 (2) after reasonable notice and opportunity for
5 hearing to the State agency designated pursuant to sec-
6 tion 8 (a), notify the State that if corrective action is
7 not taken within sixty days from the date of such notifica-
8 tion, revenues shared with it will be reduced in the same
9 or succeeding fiscal year by an amount equal to the
10 amount of funds which were not expended in accordance
11 with the provisions of this Act; or

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

14 (b) When a matter is referred to the Attorney General
15 pursuant to subsection (a) (1) of this section, the Attorney
16 General may bring civil action in any appropriate United
17 States district court for such relief as may be appropriate,
18 including injunctive relief.

19 (c) (1) Any State which receives notice, under sub-
20 section (a) (2), of reduction of revenues shared may, within
21 sixty days after receiving such notice, file with the United
22 States court of appeals for the circuit in which such State is
23 located, or in the United States Court of Appeals for the
24 District of Columbia, a petition for review of the Secretary's
25 action. The petitioner shall forthwith transmit copies of the

1 petition to the Secretary and the Attorney General of the
2 United States, who shall represent the Secretary in litigation.

3 (2) The Secretary shall file in the court the record of
4 the proceeding on which he based his action, as provided in
5 section 2112 of title 28, United States Code. No objection
6 to the action of the Secretary shall be considered by the
7 court unless such objection has been urged before the
8 Secretary.

9 (3) The court shall have jurisdiction to affirm or mod-
10 ify the action of the Secretary or to set it aside in whole or
11 in part. The findings of fact by the Secretary, if supported
12 by substantial evidence on the record considered as a whole,
13 shall be conclusive. The court may order additional evidence
14 to be taken by the Secretary, and to be made part of the
15 record. The Secretary may modify his findings of fact, or
16 make new findings, by reason of the new evidence so taken
17 and filed with the court, and he shall also file such modified
18 or new findings, which findings with respect to questions of
19 fact shall be conclusive if supported by substantial evidence
20 on the record considered as a whole, and shall also file his
21 recommendations, if any, for the modification or setting aside
22 of his original action.

23 (4) Upon the filing of the record with the court, the
24 jurisdiction of the court shall be exclusive and its judg-
25 ment shall be final, except that the same shall be subject to

1 review by the Supreme Court of the United States upon writ
2 of certiorari or certification as provided in section 1254 of
3 title 28, United States Code.

4 CIVIL RIGHTS

5 SEC. 13. Revenues shared under this Act shall be
6 considered as Federal financial assistance within the mean-
7 ing of title VI of the Civil Rights Act of 1964 (42 U.S.C.
8 2000d).

9 ADVANCE FUNDING

10 SEC. 14. To the end of affording the responsible State,
11 local, and Federal officers concerned adequate notice of avail-
12 able Federal financial assistance under this Act, appropria-
13 tions for carrying out this Act are authorized to be included
14 in the appropriation Act for the fiscal year preceding the
15 fiscal year for which they are available for obligation. In
16 order to effect a transition to this method of timing appro-
17 priation action, the preceding sentence shall apply notwith-
18 standing that its initial application will result in the enact-
19 ment in the same year (whether in the same appropriation
20 Act or otherwise) of appropriations for each of two con-
21 secutive fiscal years.

22 LABOR STANDARDS

23 SEC. 15. All laborers and mechanics employed by con-
24 tractors or subcontractors in any construction which is feder-
25 ally assisted, which shall include revenues shared, under this

1 Act shall be paid wages at rates not less than those prevail-
 2 ing on similar construction in the locality as determined
 3 by the Secretary of Labor in accordance with the Davis-
 4 Bacon Act, as amended (40 U.S.C. 276a—276a-5). The
 5 Secretary of Labor shall have, with respect to such labor
 6 standards, the authority and functions set forth in Reor-
 7 ganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64
 8 Stat. 1267) and section 2 of the Act of June 13, 1934,
 9 as amended (40 U.S.C. 276c).

10

ANNUAL REPORT

11

SEC. 16. The Secretary shall make an annual report to
 12 the President and the Congress pertaining to the effective-
 13 ness of assistance under this Act in meeting the educational
 14 needs of children and adults.

15

AVAILABILITY OF SHARED REVENUES FOR PAYING

16

NON-FEDERAL SHARE UNDER OTHER PROGRAMS

17

SEC. 17. Payments made pursuant to this Act shall be
 18 available, subject to the provisions of this Act, for paying
 19 the non-Federal share of expenditures under other Federal
 20 programs.

21

RECORDS, AUDITS, AND REPORTS

22

SEC. 18. (a) All revenues shared with States under
 23 this Act shall be properly accounted for as Federal funds in
 24 the accounts of such recipients.

25

(b) In order to assure that revenues shared under this

1 Act are used in accordance with its provisions, each State
2 shall—

3 (1) use such fiscal and accounting procedures as
4 may be necessary to assure (A) proper accounting for
5 payments received by it, and (B) proper disbursement
6 of such amounts;

7 (2) provide to the Secretary, on reasonable notice,
8 access to, and the right to examine any books, docu-
9 ments, papers, or records as he may reasonably require;
10 and

11 (3) make such reports to the Secretary as he may
12 reasonably require.

13 INTERSTATE AGREEMENTS

14 SEC. 19. In the event that cooperation or agreements
15 between States is necessary in order to realize the full bene-
16 fit of provisions of this Act, the consent of Congress is
17 hereby given to such States to enter into such agreements.

18 DEFINITIONS

19 SEC. 20. For purposes of this Act—

20 (1) The term "adult education" means services or in-
21 struction below the college level for individuals (A) who
22 have attained the age of 16, (B) who do not have a certifi-
23 cate of graduation from a school providing secondary educa-
24 tion and who have not achieved an equivalent level of educa-

1 tion, (C) who are not currently required to be enrolled in
2 schools.

3 (2) The term "average per pupil expenditure in the
4 United States" means the aggregate current expenditures of
5 all local educational agencies in the United States for any
6 fiscal year, plus any direct current expenditures by the States
7 in which such agencies are located for the operation of such
8 agencies during such year (without regard to the sources of
9 funds from which either of such expenditures is made), di-
10 vided by the aggregate number of children in average daily
11 attendance to whom such agencies provided public education
12 during such year.

13 (3) The term "construction" means the erection, ac-
14 quisition, alteration, remodeling, or improvement of facil-
15 ities, including the acquisition of land necessary therefor, and
16 the cost of construction includes the cost of architect's fees.

17 (4) The term "current expenditures" means expendi-
18 tures for public education, but not including expenditures
19 for community services, capital outlay, and debt services,
20 or any expenditures made from funds allotted under this Act.

21 (5) The term "elementary school" means a day or
22 residential school which provides elementary education, as
23 determined under State law.

24 (6) The term "Federal property" means real property
25 which is owned by the United States or is leased by the

1 United States, and which is not subject to taxation by any
2 State or any political subdivision of a State or by the District
3 of Columbia. Such term includes (A) real property held in
4 trust by the United States for individual Indians or Indian
5 tribes, and real property held by individual Indians or tribes
6 which is subject to restrictions on alienation imposed by the
7 United States, (B) for one year beyond the end of the fiscal
8 year in which occurred the sale or transfer thereof by the
9 United States, any property considered prior to such sale or
10 transfer to be Federal property for the purposes of this Act,
11 and (C) any school which is providing flight training to
12 members of the Air Force under contractual arrangements
13 with the Department of the Air Force at an airport which is
14 owned by a State or political subdivision of a State. Such
15 term also includes any interest in Federal property (as de-
16 fined in the foregoing provisions of this paragraph) under an
17 easement, lease, license, permit, or other arrangement, as
18 well as any improvements of any nature (other than pipe-
19 lines or utility lines) on such property even though such
20 interests or improvements are subject to taxation by a State
21 or political subdivision of a State or by the District of Colum-
22 bia. Notwithstanding the foregoing provisions of this para-
23 graph, such term does not include (D) any real property
24 used for a labor supply center, labor home, or labor camp for
25 migratory farmworkers, (E) any real property under the

1 jurisdiction of the Post Office Department and used primarily
2 for the provision of postal services, or (F) any low-rent
3 housing project held under title II of the National Industrial
4 Recovery Act, the Emergency Relief Appropriation Act of
5 1935, the United States Housing Act of 1937, the Act of
6 June 28, 1940 (Public Law 871 of the Seventy-sixth Con-
7 gress), or any law amendatory of or supplementary to any
8 of such Acts.

9 (7) The term "handicapped children" means mentally
10 retarded, hard of hearing, deaf, speech impaired, visually
11 handicapped, seriously emotionally disturbed, crippled, or
12 other health impaired children who by reason thereof re-
13 quire special educational services.

14 (8) The term "local educational agency" means a pub-
15 lic board of education or other public authority legally con-
16 stituted within a State for either administrative control or
17 direction of, or to perform a service function for, public
18 elementary or secondary schools in a city, county, township,
19 school district, or other political subdivision of a State, or
20 such combination of school districts or counties as are recog-
21 nized in a State as an administrative agency for its public
22 elementary or secondary schools. Such term also includes
23 any other public institution or agency having administra-
24 tive control and direction of a public elementary or sec-
25 ondary school.

1 (9) The term "low-income families" shall be defined by
2 the Secretary in accordance with such criteria as he may
3 prescribe, which criteria shall take into account migratory
4 children of migratory agricultural workers, neglected or de-
5 linquent children, and such matters as family size and urban-
6 rural differences.

7 (10) The term "nonprofit", as applied to a school,
8 means a school owned and operated by one or more non-
9 profit corporations or associations no part of the net earn-
10 ings of which inures, or may lawfully inure, to the benefit
11 of any private shareholder or individual.

12 (11) The term "revenues shared" means payments
13 under this Act.

14 (12) The term "secondary school" means a day or
15 residential school which provides secondary education, as
16 determined under State law, except that it does not include
17 any education provided beyond grade 12.

18 (13) The term "Secretary" means the Secretary of
19 Health, Education, and Welfare.

20 (14) The term "State" includes, in addition to the
21 several States, the Commonwealth of Puerto Rico, the Dis-
22 trict of Columbia, Guam, and the Virgin Islands.

23 (15) The term "supporting materials and services"
24 means such materials and services as the purchase of school
25 textbooks, library resources, and educational equipment; the

1 provision of supplementary educational centers and services,
2 of school pupil personnel services, of adult education, and of
3 school meals; the training or retraining of teachers, teacher
4 aides, and other school personnel; the strengthening of State
5 or local educational agency capabilities and of educational
6 planning at the State or local level; the support of the ad-
7 visory council appointed under section 9; and the adminis-
8 tration at the State level of the program carried out under
9 this Act.

10 (16) The term "vocational education" includes voca-
11 tional or technical training or retraining (including field or
12 laboratory work and remedial or related academic and tech-
13 nical instruction incident thereto and work-study programs
14 for students who need the earnings from work in order to
15 commence or continue their education) conducted as part of
16 a program designed to prepare individuals for gainful em-
17 ployment as semiskilled or skilled workers or technicians or
18 subprofessionals in recognized occupations and in new and
19 emerging occupations or to prepare individuals for enroll-
20 ment in advanced technical education programs, but ex-
21 cluding any program to prepare individuals for employment
22 in occupations generally considered professional or which
23 require a baccalaureate or higher degree; and such term also
24 includes vocational guidance and counseling in connection
25 with such training or for the purpose of facilitating occupa-

1 tional choices; instruction related to the occupation or occu-
 2 pations for which the students are in training or instruction
 3 necessary for students to benefit from such training; job
 4 placement; and the training of persons engaged as, or
 5 preparing to become, teachers in a vocational education
 6 program or teachers, supervisors, or directors of such
 7 teachers.

8 REPEAL OF PROGRAMS REPLACED BY THIS ACT

9 SEC. 21. (a) Effective with respect to appropriations
 10 for fiscal years beginning after June 30, 1972, the following
 11 statutes and parts of statutes are repealed:

12 (1) title I of the Elementary and Secondary Edu-
 13 cation Act of 1965 (20 U.S.C. 241a-241l) ;

14 (2) title II of the Elementary and Secondary Edu-
 15 cation Act of 1965 (20 U.S.C. 821-827) ;

16 (3) title III of the Elementary and Secondary
 17 Education Act of 1965 (20 U.S.C. 841-848) ;

18 (4) title V of the Elementary and Secondary Edu-
 19 cation Act of 1965 (20 U.S.C. 861-870) ;

20 (5) part B of the Education of the Handicapped
 21 Act (20 U.S.C. 871-877) ;

22 (6) the Smith-Hughes Act (20 U.S.C. 11-15,
 23 16-28) ;

24 (7) sections 3 and 4 of Public Law 81-874 (20
 25 U.S.C. 238-239) ;

1 (8) title III of the National Defense Education
2 Act of 1958 (20 U.S.C. 441-455) ;

3 (9) subpart 2 of part B of title V of the Higher
4 Education Act of 1965 (20 U.S.C. 1108-1110c) ; and

5 (10) the Vocational Education Act of 1963 (20
6 U.S.C. 1241-1391).

7 (b) Effective with respect to appropriations for fiscal
8 years beginning after June 30, 1972, the Adult Education
9 Act is amended by—

10 (1) striking out “reserved in section 304 (a) for
11 the purposes of this section” in section 309 (a) and in-
12 serting in lieu thereof “appropriated pursuant to section
13 312 (a)” ; and

14 (2) striking out sections 304, 305, 306, 307, 308,
15 and 310, and subsection (b) of section 312.

16 (c) Public Law 81-815 (20 U.S.C. 631-647) is
17 amended by inserting “(a)” immediately after “Section 1.”
18 and by adding at the end of such section the following:

19 “(b) Notwithstanding any other provision of this Act,
20 appropriations under this Act for fiscal years beginning after
21 June 30, 1972, shall be available only for carrying out the
22 provisions of sections 9, 10, 14, and 16.”.

23 (d) Effective with respect to appropriations for fiscal
24 years beginning after June 30, 1972, the Child Nutrition
25 Act of 1966 (42 U.S.C. 1771-1785) is amended by—

1 (1) striking out sections 5 and 7;

2 (2) striking out "through 7" in section 6 and in-
3 serting "and 4" in lieu thereof;

4 (3) striking out "through 5" in section 11 and
5 inserting "and 4" in lieu thereof; and

6 (4) striking out "section 4" in section 4(b) and
7 inserting "section 11" in lieu thereof.

8 (e) Effective with respect to appropriations for fiscal
9 years beginning after June 30, 1972, the National School
10 Lunch Act (42 U.S.C. 1751-1761) is amended by—

11 (1) striking out sections 4, 5, 7, 8, and 10;

12 (2) (A) striking out "the amount apportioned by
13 him pursuant to sections 4 and 5 of this Act and" in
14 paragraph (2) of section 6 and (B) by striking out
15 in such paragraph "sections 4, 5, and 7" and inserting
16 in lieu thereof "section 4";

17 (3) striking out "section 10" in the last sentence
18 of section 9 and inserting "section 11" in lieu thereof;

19 (4) striking out subsection (d) of section 11 and
20 inserting in lieu thereof the following: "(d) The Secre-
21 tary shall certify to the Secretary of the Treasury from
22 time to time the amounts to be paid to any State under
23 this section and the time or times such amounts are to
24 be paid; and the Secretary of the Treasury shall pay

1 to the State at the time or times fixed by the Secretary
2 the amounts so certified.”

3 (5) striking out in paragraph (g) of section 11
4 “, including those applicable to funds apportioned or
5 paid pursuant to section 4 or 5 but excluding the pro-
6 visions of section 7 relating to matching,”;

7 (6) striking out in section 11 (h) (1) “to extend
8 the school lunch program under this Act to every school
9 within the State, and (C)”;

10 (7) striking out paragraphs (4), (5), and (6)
11 of section 12 (d) and renumbering paragraph (7) as
12 paragraph (4).

Senator PELL. I now call upon our first witness, Elliot L. Richardson.

STATEMENT OF HON. ELLIOT L. RICHARDSON, SECRETARY OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY STEPHEN KURZMAN, ASSISTANT SECRETARY FOR LEGISLATION; CHRISTOPHER CROSS, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (EDUCATION); AND PROFESSIONAL STAFF MEMBERS; AND STATEMENT OF HON. SIDNEY P. MARLAND, JR., U.S. COMMISSIONER OF EDUCATION

Secretary RICHARDSON. Thank you.

Commissioner Marland and myself and our aides are pleased to be here today to testify on this bill. I am accompanied by Commissioner Sidney P. Marland, Jr.; Mr. Stephen Kurzman, Assistant Secretary for Legislation, and Mr. Christopher Cross, Deputy Assistant Secretary for Legislation (Education).

I would like, with the permission of the committee, Mr. Chairman, to ask to have inserted at this point in the record preceding my prepared statement the introductory remarks of the late ranking Republican on the subcommittee, Senator Winston Prouty, on the introduction of S. 1669, including the President's message on the bill, the bill itself, and a section-by-section analysis of the bill with a fact sheet.

Senator PELL. And with a sense of great honor and respect to our colleague, too.

Secretary RICHARDSON. It is a feeling we fully share. We certainly greatly miss his participation in these deliberations.

Senator PELL. Without objection, it is so ordered.

(The information referred to follows:)

[From the Congressional Record—Senate, Apr. 29, 1971]

INTRODUCTORY REMARKS OF HON. WINSTON L. PROUTY, A U.S. SENATOR FROM THE STATE OF VERMONT

EDUCATION REVENUE SHARING ACT OF 1971

Mr. PROUTY. Mr. President, on behalf of myself and Senators BAKER of Tennessee, BENNETT of Utah, BROCK of Tennessee, BUCKLEY of New York, DOMINICK of Colorado, FONG of Hawaii, GRIFFIN of Michigan, PERCY of Illinois, SCHWEIKER of Pennsylvania, SCOTT of Pennsylvania, TAFT of Ohio, and Tower of Texas, I am introducing today, for the President, the President's proposed Education Revenue Sharing Act. I ask unanimous consent that a copy of the bill, a section-by-section analysis of the bill, and a summary of the bill be printed in the Record at the conclusion of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. PROUTY. As the ranking Republican on the Education Subcommittee of the Committee on Labor and Public Welfare, I am particularly concerned that the well-intentioned efforts of Congress in recent years have resulted in a maze of elementary and secondary education programs, which while noble in their intent are cumbersome in their implementation.

In his April 6 message on education revenue sharing, President Nixon depicted the problem by pointing out that "Under the present piecemeal system of Federal aid, education grants are available to local schools under 38 separate authorizations for 'instruction,' 37 separate authorizations for low-income students, and 22 separate authorizations for reading instruction."

I am sure each Senator has on many occasions sought to guide his constituent school districts through this maze.

Some school districts have felt compelled to hire experts in grantsmanship, full-time Federal aid coordinators.

Is it clear that the burdens placed on State and local educational agencies, which wish to implement these various education programs, is often intolerable.

Guidelines, regulations, matching fund requirements ensnarl the educator in time-consuming trivia which is counterproductive to the educator's primary role—education.

For the small school districts in my State of Vermont inflexible guidelines and regulations often preclude Federal assistance, which Congress clearly intended to be available to all districts.

Clearly, remedial action is necessary to make Federal aid to education more responsive and less cumbersome.

If we review the history of our education programs, we see that, as each problem area was discerned and defined, we responded with a separate education program responsive to the particular problem. We in Congress moved rapidly in the 1960's to respond to a multitude of education problems. At the outset, categorical programs were necessary to precisely target Federal aid.

However, now that Federal support for elementary and secondary education is well established, it is time to move from categorization to consolidation in such a way that the goals of educational quality and opportunity are met.

Mr. President, this bill responds to the need for consolidation and streamlining of our Federal educational programs in a responsive way.

It is a good, but not perfect, bill and I must, in all candor, say that I find several problems in the measure as it is now drafted.

But I do recommend the bill to Senators as excellent in its basic concept and direction.

The Education Revenue Sharing Act would make funds available to States and local educational agencies in five areas of our longstanding concern—education of the disadvantaged, education of the handicapped, vocational education, education of federally connected children, and supporting materials and services. Funds would flow to States and localities on the basis of an automatic formula. The bill authorizes advanced funding so that local officials would know in advance the amount they could expect to receive and, thereby, plan ahead.

Funds derived from the presence in a school district of children whose parents live on Federal property and children from low-income families would be passed through by the State directly to the school district. Other Federal funds would be distributed among local educational agencies by the State administering agency, on the basis of their relative needs for assistance in the areas of education of the handicapped, vocational education, and supporting materials and services. The State administering agency would be given the flexibility to transfer up to 30 percent of the funds from any one category to any other category, with the exception of those funds passed through to local educational agencies. This could mean, for example, that additional funds could be made available for education of the handicapped if the State felt that this was of high priority.

The State's plan for distribution of Federal funds would be developed in consultation with a State advisory council appointed by the Governor, broadly representative of public and private educational interests and members of the public. In addition, the State's plan would be published and interested persons would be given an opportunity for comment. However, no Federal approval of the plan would be required. This is a major change from present law. It means that a State will be able to plan for its own needs, rather than trying to adapt to some preset Federal format.

As the President noted in his message: "Non-public schools bear a significant share of the cost and effort of providing education for our children today. Federal aid to education should take this fully into account."

Education revenue sharing expands the opportunities available to children in nonpublic schools by requiring that they be allowed to participate on an equitable basis in public school programs of education for the disadvantaged, education of the handicapped, vocational education, and supporting materials and services. The act provides that, in cases where State law prohibits such participation, the Secretary of Health, Education, and Welfare shall provide similar services to nonpublic schoolchildren and shall pay the costs out of the State's allotment.

Education revenue sharing would offer State and local education officials far greater flexibility in making program decisions responsive to the needs of their students. Funds could be allotted among areas of use and among local educational agencies according to their specific needs, rather than according to some rigid Federal mandate. As the President said:

"I believe we must recognize that the Federal Government cannot substitute its good intentions for the local understanding of local problems, for local energy in attacking these problems, and for local initiatives in improving the quality of education in America. We must also recognize that state and local authorities need Federal resources if they are to meet their obligations and if they are to use the peculiar advantages of state and local knowledge, responsibility and authority to their fullest potential. Education Revenue Sharing accommodates the federal role in national education to both these realities, and it lays the foundation for a new and more productive Federal-State relationship in this area of vital national concern . . ."

I agree with the President's observation and I am hopeful Congress will respond by following a course of consolidation for existing educational programs as we embark on a new era of experimentation through the proposed National Institute of Education.

We have much to learn about how we teach and it is clear that the Federal Government must serve as a catalyst for educational innovation and experimentation. We must continue to develop categorical programs for new areas of concern and commitment.

As I look ahead at the course of Federal aid to education, I envision alternate eras of categorization and consolidation.

As we move ahead in categorical programs of educational innovation and experimentation, I foresee times when we shall need to consolidate educational concepts thus developed in revenue sharing programs.

The lessons once learned must be applied through flexible mechanisms which respond best to the needs of our elementary and secondary school pupils.

We have learned much in recent years and the lessons of bureaucratic ensnarlments in education programs should not be lost on Congress. We should know that it is a time to move toward consolidation of proven educational programs. Toward this end, I recommend the Education Revenue Sharing Act as a conceptually excellent proposal that is worthy of our careful study.

It is not a perfect bill as now drafted but we should promptly begin to explore its concepts and seek to perfect it.

I hope that Senators will look at the problems in this bill as challenges to be met not as insurmountable obstacles to further consideration.

With this hope, I commend to Senators the Education Revenue Sharing Act.

SECTION-BY-SECTION ANALYSIS: EDUCATION REVENUE SHARING ACT OF 1971

SECTION 2. FINDINGS AND PURPOSE

Subsection (a) of section 2 states that the Congress has found current Federal education assistance programs too narrow in scope to meet the Federal government's responsibility to help States meet the costs of education in areas of special national concern.

Subsection (b) of section 2 sets forth the purpose of the bill, which is to replace certain existing Federal education assistance programs with a system of revenue sharing, thereby encouraging innovation in education, providing help to educationally disadvantaged and handicapped children, strengthening vocational and career education, and assuring that children of parents living or working on Federal property receive educational opportunities equal to those given other children.

SECTION 3. AUTHORIZATION OF APPROPRIATIONS AND PLANNING PAYMENTS

Subsection (a) of section 3 authorizes necessary appropriations to fund the revenue sharing program, effective for the fiscal year ending June 30, 1973.

Subsection (b) of section 3 authorizes appropriations to enable the Secretary of HEW to make payments to States during the period January 1, 1972, to June 30, 1972, which will assist the States in planning for transition from the existing system of categorical educational grants to the revenue sharing system provided for in the Act.

SECTION 4. ALLOTMENT AND USE OF SHARED REVENUES

Section 4 prescribes the amounts of revenue to be shared with each State and how such revenue is to be used.

Subsection (a) of section 4 directs the Secretary of HEW to allot to each State, from funds appropriated under section 3(a), 60% of the average per pupil edu-

educational expenditure in the U.S. multiplied by the average daily attendance of children in public elementary or secondary schools of such State who resided on Federal property. Such amount may be used for any educational purpose.

Subsection (b) of section 4 sets forth a formula for computing a State's pro rata share of the remaining sums appropriated under section 3(a). A State's formula is derived by adding together the products of three separate multiplications:

(1) 1.0 times the number of school-age children from low-income families in the State;

(2) .6 times the number of children in average daily attendance in the State's public schools who do not live on Federal property but who have a parent who works on Federal property or is on active duty in the uniformed services;

(3) .1 times the number of school-age children in the State.

Subsection (c) of section 4 prescribes how the States may spend shares computed in accordance with subsection (b). That portion derived from the (b) (1) calculation may be used only for meeting the special educational needs of disadvantaged children who reside in areas with high concentrations of low-income families, or who are migratory children of migratory farm workers, or who are neglected or delinquent children being educated directly by the State. That portion derived from the (b) (2) calculation may be used for any educational purpose. That portion derived from the (b) (3) calculation may be used for three purposes: one-sixth for handicapped children, one-third for vocational activities, one-half for materials and services. Section 6, however, permits 30% (or more, under some circumstances) of (b) (3) money to be used for any purpose described in subsection (c) of section 4.

Subsection (d) of section 4 authorizes use of shared revenue for construction of education-oriented facilities.

Subsection (e) of section 4 permits the Secretary to reallocate to other States, on a pro rata basis, funds declined by a State or funds not shared with a State by reason of the State's ineligibility to receive them. Such reallocation is at the discretion of the Secretary. Any amount so reallocated shall be deemed part of a State's allotment derived from the same provision of subsection (b) which gave rise to the funds in question.

Subsection (f) of section 4 authorizes the Secretary to time the disbursement of allotted funds to the States as he sees fit, bearing in mind the desirability of minimizing delays in the use of disbursed money.

Subsection (g) of section 4 states that the Secretary shall determine average daily attendance, average per pupil expenditure, and numbers of children, using the latest data. Such determinations are final.

SECTION 5. DISTRIBUTION OF SHARED REVENUES WITHIN EACH STATE

Subsection (a) of section 5 directs that funds received by the States under section 4(a) be "passed through" to local educational authorities in accordance with the number of children in average daily attendance who resided on Federal property in the school district of such authority.

Subsection (b) of section 5 directs that funds received by the States under section 4(b) (1) be "passed through" to local educational authorities in accordance with the number of children in the district of such authority who are in low-income families. The State may, however, retain any part of such funds which are needed by the State to discharge its duty of directly educating neglected or delinquent children. Moreover, no funds are to be "passed through" to local authorities unless the amount involved is at least \$10,000, and all schools in the district provide comparable educational services. If a given district is ineligible to receive funds under this subsection, the State may reallocate such funds to other districts. If no district in a State is eligible to receive funds under this subsection, such funds may be reallocated, on a pro rata basis, to other States.

Subsection (c) of Section 5 provides that the remainder of a State's allotment may, in accordance with sections 4 and 6 and the plan developed pursuant to section 8(b), be used by the State agency designated under section 8(a), or given to local educational authorities in accordance with their needs. However, not more than 30% of funds derived from application of the calculation in section 4(b) (2), relating to children with a parent employed on Federal property or in the uniformed services, may be paid to a district not having any such children in average daily attendance. Moreover, when determining needs of local agencies to which funds are given under this subsection, funds paid

to such agencies under subsection (b) of section 5, relating to the educationally disadvantaged, are not to be taken into account.

SECTION 6. TRANSFERS AMONG PURPOSES

Section 6 allows States to use 30% of funds derived from the calculation of 4(b)(3) to be used for any of the purposes described in section 4(c). The 30% limitation may be exceeded upon a demonstration satisfactory to the Secretary that such action will more effectively achieve the purposes of the Act.

SECTION 7. PARTICIPATION OF NONPUBLIC SCHOOL CHILDREN

Subsection (a) of section 7 directs the State agency designated pursuant to section 8(a) to give children enrolled in nonprofit private schools an opportunity to participate in activities for which funds are made available under paragraph (1), or clause (A), (B), or (C) of paragraph (3), of section 4(c), and to provide that title to and control of funds received under the Act will remain in one or more public agencies.

Subsection (b) of section 7 provides that, if the Secretary determines that a State is unable to comply with subsection (a) of section 7 by reason of State law, he must himself arrange, by contract or otherwise, for private school children to participate as contemplated in subsection (a), and pay for such participation out of funds allotted to the State for such purposes.

SECTION 8. STATE ADMINISTRATION

Section 8 provides for the designation of a State agency which will be the single agency administering the revenue sharing program established by the Act (unless the single agency requirement is waived pursuant to 42 U.S.C. 4214). The designated agency is required to develop annually in consultation with the advisory council appointed under section 9 a plan for the distribution of funds received by it under the Act. Interested persons are to be given time to comment on the plan before its adoption.

SECTION 6. STATE ADVISORY COUNCIL

Section 9 directs the chief executive officer of each State participating in the program under the Act to appoint an advisory council which shall be broadly representative of the State and the public. The section indicates certain areas of experience and competence which shall be represented on the council. The council is to assist the State agency designated pursuant to section 8(a) in the preparation of the plan, to advise it on general policy matters to evaluate activities assisted under the Act, to advise State or local officials on various matters pertaining to the program, and to prepare and submit to the Secretary, at least annually, a report of its activities, recommendations, and evaluations.

SECTION 10. TREATMENT OF FEDERALLY-CONNECTED CHILDREN

Section 10 provides that the State agency designated pursuant to section 8(a) will require that children attending school within the State who reside with a parent on Federal property, who reside with a parent employed on Federal property or who have a parent who is a member of the uniformed services, will receive a public elementary or secondary education on a basis comparable to that provided to other children in the State.

SECTION 11. SPECIAL PAYMENTS BY THE SECRETARY

Section 11 allows the Secretary to reverse up to 10% of the funds appropriated under section 3(a) to make payments to States to assist them in carrying out activities described in section 4 which are designed to further national policy objectives in the field of education.

SECTION 12. RECOVERY OF FUNDS

Subsection (a) of section 12 authorizes the Secretary, if he determines that a State has failed to comply with the provisions of the Act, to refer the matter to the Attorney General for appropriate civil action, or, after notice and opportunity for hearing, to notify the State that if corrective action is not taken within sixty days, revenues shared with it will be reduced in the same or suc-

ceeding fiscal year by an amount equal to the amount of funds which were not expended in accordance with the Act, or to take such other action as may be provided by law.

Subsection (b) of section 12 authorizes the Attorney General to bring civil action in any appropriate district court for any appropriate (including injunctive) relief.

Subsection (c) of section 12 prescribes the court procedure to be followed in the event that a State receives notice under section 12(a)(2) of reduction in revenues. The State may file a petition for review of the Secretary's action in a court of appeals for the circuit in which it is located, or in the United States Court of Appeals for the District of Columbia. The Secretary must then file in that court a record of the proceeding on which his action was based. The court may affirm, modify, or set aside in whole or in part the action of the Secretary. Upon filing the record with the court, the jurisdiction of the court shall be exclusive and its judgment final save for review by writ of certiorari from the Supreme Court.

SECTION 13. CIVIL RIGHTS

Section 13 states that revenues shared under the Act shall be considered Federal financial assistance within the meaning of title VI of the Civil Rights Act of 1964.

SECTION 14. ADVANCED FUNDING

Section 14 provides that appropriations for carrying out the Act may be included in the appropriation Act for the fiscal year preceding the fiscal year for which they are available for obligation.

SECTION 15. LABOR STANDARDS

Section 15 provides that laborers and mechanics employed in any construction assisted under the Act shall be paid wages at rates not less than those prevailing on similar construction in the locality.

SECTION 16. ANNUAL REPORT

Section 16 provides that the Secretary shall make an annual report to the President and the Congress on the effectiveness of assistance under the Act in meeting the educational needs of children and adults.

SECTION 17. AVAILABILITY OF SHARED REVENUES FOR PAYING NON-FEDERAL SHARE UNDER OTHER PROGRAMS

Section 17 provides that payments made pursuant to the Act shall be available, consistent with the provisions of the Act, for paying the non-federal share of expenditures under other Federal programs.

SECTION 18. RECORDS, AUDITS, AND REPORTS

Section 18 provides that revenues shared with States under the Act shall be properly accounted for as Federal funds in the accounts of such States. Each State is directed to use such fiscal and accounting procedures as may be necessary to assure proper accounting for payments received by it and proper disbursement of such amounts, to provide to the Secretary, on reasonable notice, access to, and the right to examine any books, documents, papers, or records as he may reasonably require, and to make such reports to the Secretary as he may reasonably require.

SECTION 19. INTERSTATE AGREEMENTS

Section 19 provides that the consent of Congress is given to agreements between States when necessary to realize the full benefit of provisions of the Act.

SECTION 20. DEFINITIONS

Section 20 of the Act sets forth the following definition:

(1) The term "adult education" means services or instruction below the college level for individuals (A) who have attained the age of 16, (B) who do not have a certificate of graduation from a school providing secondary education and who have not achieved an equivalent level of education, and (C) who are not currently required to be enrolled in schools.

(2) The term "average per pupil expenditure in the United States" means the aggregate current expenditures of all local educational agencies in the United States for any fiscal year, plus any direct current expenditure by the States in which such agencies are located for the operation of such agencies during such year (without regard to the sources of funds from which either of such expenditures is made), divided by the aggregate number of children in average daily attendance to whom such agencies provided public education during such year.

(3) The term "construction" means the erection, acquisition, alteration, remodeling, or improvement of facilities, including the acquisition of land necessary therefor, and the cost of construction includes the cost of architect's fees.

(4) The term "current expenditures" means expenditures for public education, but not including expenditures for community services, capital outlay, and debt services, or any expenditures made from funds allotted under this Act.

(5) The term "elementary school" means a day or residential school which provides elementary education, as determined under State law.

(6) The term "Federal property" means real property which is owned by the United States or is leased by the United States, and which is not subject to taxation by any State or any political subdivision of a State. Such term includes (A) real property held in trust by the United States, (B) for one year beyond the end of the fiscal year in which occurred the sale or transfer thereof by the United States, any property considered prior to such sale or transfer to be Federal property for the purposes of this Act, and (C) any school which is providing flight training to members of the Air Force under contractual arrangements with the Department of the Air Force at an airport which is owned by a State or political subdivision of a State. Such term also includes any interest in Federal property (as defined in the foregoing provisions of this paragraph) under an easement, lease, license, permit, or other arrangement, as well as any improvements of any nature (other than pipelines or utility lines) on such property even though such interests or improvements are subject to taxation by a State or political subdivision of a State. Notwithstanding the foregoing provisions of this paragraph, such term does not include (D) any real property used for a labor supply center, labor home, or labor camp for migratory farmworkers, (E) any real property under the jurisdiction of the Post Office Department and used primarily for the provision of postal services, or (F) any low-rent housing project held under title II of the National Industrial Recovery Act, the Emergency Relief Appropriation Act of 1935, the United States Housing Act of 1937, the Act of June 28, 1940 (Public Law 871 of the Seventy-sixth Congress), or any law amendatory of or supplementary to any of such Acts.

(7) The term "handicapped children" means mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, crippled, or other health impaired children who by reason thereof require special educational services.

(8) The term "local educational agency" means a public board of education or other public authority legally constituted within a State for either administrative control or direction of, or to perform a service function for, public elementary or secondary schools in a city, county, township, school district, or other political subdivision of a State, or such combination of school districts or counties as are recognized in a State as an administrative agency for its public elementary or secondary schools. Such term also includes any other public institution or agency having administrative control and direction of a public elementary or secondary school.

(9) The term "low-income families" shall be defined by the Secretary in accordance with such criteria as he may prescribe, which criteria shall take into account migratory children of migratory agricultural workers, neglected or delinquent children, and such matters as family size and urban-rural differences.

(10) The term "nonprofit", as applied to a school, means a school owned and operated by one or more nonprofit corporations or associations no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

(11) The term "revenue shared" means payments under this Act.

(12) The term "secondary school" means a day or residential school which provides secondary education, as determined under State law, except that it does not include any education provided beyond grade 12.

(13) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(14) The term "State" includes, in addition to the several States, the Commonwealth of Puerto Rico, the District of Columbia, Guam, and the Virgin Islands.

(15) The term "supporting materials and services" means such materials and services as the purchase of school textbooks, library resources, and educational equipment; the provision of supplementary educational centers and services, of school pupil personnel services, of adult education, and of school meals; the training or retraining of teachers, teacher aides, and other school personnel; the strengthening of State or local educational agency capabilities and of educational planning at the State or local level; the support of the advisory council appointed under section 9; and the administration at the State level of the program carried out under this Act.

(16) The term "vocational education" includes vocational or technical training or retraining (including field or laboratory work and remedial or related academic and technical instruction incident thereto and work-study programs for students who need the earnings from work in order to commence or continue their education) conducted as part of a program designed to prepare individuals for gainful employment as semi-skilled or skilled workers or technicians or sub-professionals in recognized occupations and in new and emerging occupations or to prepare individuals for enrollment in advanced technical education programs, but excluding any program to prepare individuals for employment in occupations generally considered professional or which require a baccalaureate or higher degree; and such term also includes vocational guidance and counseling in connection with such training for the purpose of facilitating occupational choices; instruction related to the occupation or occupations for which the students are in training or instruction necessary for students to benefit from such training; job placement; and the training of persons engaged as, or preparing to become, teachers in a vocational education program or teachers, supervisors, or directors of such teachers.

SECTION 21. REPEAL OF PROGRAMS REPLACED BY THIS ACT

Subsection (a) of section 21 repeals the following statutes and parts of statutes effective with respect to appropriations for fiscal years beginning after June 30, 1972:

(1) title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 241a-241l);

(2) title II of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 821-827);

(3) title III of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 841-848);

(4) title V of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 861-870);

(5) part B of the Education of the Handicapped Act (20 U.S.C. 871-877);

(6) the Smith-Hughes Act (20 U.S.C. 11-15, 16-28);

(7) sections 3 and 4 of Public Law 81-874 (20 U.S.C. 238-239);

(8) title III of the National Defense Education Act of 1958 (20 U.S.C. 441-455);

(9) subpart 2 of part B of title V of the Higher Education Act of 1965 (20 U.S.C. 1108-1110c); and

(10) the Vocational Education Act of 1963 (20 U.S.C. 1241-1391).

Subsection (b) of section 21 amends the Adult Education Act effective with respect to appropriations for fiscal years beginning after June 30, 1972 by:

(1) striking out "reserved in section 304(a) for the purposes of this section" in section 309(a) and inserting in lieu thereof "appropriated pursuant to section 312(a)"; and

(2) striking out sections 304, 305, 306, 307, 308, and 310, and subsection (b) of section 312.

Subsection (c) of section 21 amends P.L. 81-815 (20 U.S.C. 631-647) by inserting "(a)" immediately after "Section 1." and by adding at the end of such section the following:

"(b) Notwithstanding any other provisions of this Act, appropriations under this Act for fiscal years beginning after June 30, 1972, shall be available only for carrying out the provisions of sections 9, 10, 14, and 16."

Subsection (d) of section 21 amends the Child Nutrition Act of 1966 (42 U.S.C. 1771-1785) effective with respect to appropriations for fiscal years beginning after June 30, 1972, by:

- (1) striking out sections 5 and 7;
- (2) striking out "through 7" in section 6 and inserting "and 4" in lieu thereof;
- (3) striking out "through 5" in section 11 and inserting "and 4" in lieu thereof; and
- (4) striking out "section 4" in section 4(b) and inserting "section 11" in lieu thereof.

Subsection (e) of section 21 amends the National School Lunch Act (42 U.S.C. 1751-1761) effective with respect to appropriations for fiscal years beginning after June 30, 1972 by:

- (1) striking out sections 4, 5, 7, 8, and 10;
- (2) (A) striking out "the amount apportioned by him pursuant to sections 4 and 5 of this Act and" in paragraph (2) of section 6 and (B) by striking out in such paragraph "sections 4, 5, and 7" and inserting in lieu thereof "section 4";
- (3) striking out "section 10" in the last sentence of section 9 and inserting "section 11" in lieu thereof;
- (4) striking out subsection (d) of section 11 and inserting in lieu thereof the following: "(d) The Secretary shall certify to the Secretary of the Treasury from time to time the amounts to be paid to any State under this section and the time or times such amounts are to be paid; and the Secretary of the Treasury shall pay to the State at the time or times fixed by the Secretary the amounts so certified."
- (5) striking out in paragraph (g) of section 11, "including those applicable to funds apportioned or paid pursuant to section 4 or 5 but excluding the provisions of section 7 relating to matching";
- (6) striking out in section 11(h)(1) "to extend the school lunch program under this Act to every school within the State, and (C)"; and
- (7) striking out paragraphs (4), (5), and (6) of section 12(d) and renumbering paragraph (7) as paragraph (4).

SUMMARY OF EDUCATION REVENUE SHARING BILL

The first section of the bill provides a short title—the "Education Revenue Sharing Act of 1971."

Section 2 contains the findings and purpose provisions.

Section 3(a) authorizes the appropriation, for fiscal year 1973 and thereafter, of such sums as may be necessary, to remain available until expended. Section 3(b) authorizes the appropriation of such sums as may be necessary to enable the Secretary to make payments to States during the period January 30, 1972, to assist them in planning for transition to the new system of revenue sharing.

Section 4 provides for allotment among the States of the funds appropriated and not reserved for the Secretary's use under section 11. Appropriated funds are to be used for 5 purposes: education of the disadvantaged; education of the handicapped; vocational education; assistance for schools in Federally-affected areas; and supporting materials and services. Any of the funds may be used for construction. The entire amount allotted to the State on the basis of children living on Federal property must be "passed through" to the local educational agencies in which those children live, and, except for any amount reserved by the State for education of neglected or delinquent children, the amount allotted to the State for education of the disadvantaged must also be "passed through" to local educational agencies in which those children live.

Thirty per cent of each of the amounts allotted to any State for vocational education, education of the handicapped, and supporting materials and services may be made available for other educational purposes (§ 6). The State may exceed these 30 per cent limitations if it demonstrates to the satisfaction of the Secretary that doing so would further the purposes of the Act. No more than thirty per cent of the amount allotted to a State on the basis of numbers of children whose parents work on Federal property or are in the uniformed services to the State for education of the disadvantaged must also be "passed through" in their districts (§ 5(c)).

States are required to provide equitable treatment of private school children in the activities carried out under the bill, but if they are unable to do so because of limitations of State law the Secretary is required to provide services to such children, paying the cost thereof out of the State's allotment (§ 7).

Under § 5 amounts for the disadvantaged will be "passed through" to any local educational agency only if that agency meets a "comparability" requirement—i.e., if the services provided in each of its schools with funds other than funds

under this bill are determined by the State administering agency to be comparable to the services so provided in its other schools.

The Governor of each State is required to designate a single State agency for administration (or supervision of the administration) of the program. That agency will develop a plan for the distribution of funds not "passed through" to local educational agencies, and for the expenditure of such funds. The distribution must be made on a basis which takes into account the relative needs of the local educational agencies in the State for the types of assistance for which the funds may be used, but in doing so the amount "passed through" to local educational agencies for education of the disadvantaged may not be taken into consideration. In developing the plan the agency must give an opportunity for comment thereon to interested persons, but there is no requirement of Federal review or approval of the plan (§ 8).

The Governor of each State is required to appoint an advisory council which is to advise the State agency on the preparation and administration of the plan and to evaluate activities assisted under the bill (§ 9).

Each State must provide education for Federally-connected children on a non-discriminatory basis (§ 10).

Ten per cent of the funds may be reserved by the Secretary for direct payments to States to assist them in carrying out activities under § 4 (§ 11).

Title VI of the Civil Rights Act is made applicable to the program (§ 13).

There is an advance funding provision (§ 14), a provision for an annual report by the Secretary to the President and the Congress (§ 16), and a provision permitting funds under the bill to be used to match other Federal funds available for educational purposes (§ 17).

There is also a provision permitting interstate agreements (§ 19), a provision concerning records, audits, and reports (§ 18), and a provision concerning the recovery of funds (§ 12).

Excerpts of the President's Message to Congress.

April 6, 1971

A very substantial part of what American government does is directed to the future and to the creation of a suitable legacy for generations to come. In this sense, government reflects a central purpose of the basic family unit and seeks to serve that purpose: as we move to condition the future, we move also to prepare our children to take their place in that future. In this task, all levels of government recognize the Nation's responsibility for educating its youth.

Primary responsibility, of course, rests with State and local governments, as it should. The Federal Government can help provide resources to meet rising needs, but State and local education authorities must make the hard decisions about how to apply these resources in ways that best serve the educational needs of our children. To enable State and local authorities to do this more effectively, I am proposing today a new system of special revenue sharing as a means of providing Federal financial assistance for elementary and secondary education.

This message is the last of six special revenue sharing proposals which I have put forward over the past two months. Combined with the administration's \$5 billion general revenue sharing plan and welfare reform proposals, special revenue sharing—as a new and more flexible approach to Federal aid—would fundamentally reform the fiscal roles and relationships of American federalism. The other five special revenue sharing proposals have been in the areas of urban community development, rural community development, transportation, manpower training and law enforcement assistance.

The plan I am putting forward today for Education Revenue Sharing brings together more than 30 Federal aid categories and deals with one of the Nation's most complex systems for providing public services. There are 46 million students presently enrolled in public schools in America, with more than five and a half million more in non-public schools. There are more than 117,000 schools and nearly 18,000 public school districts, each with its own unique conditions and each with its own problems.

Federal expenditures for elementary and secondary schooling over the past decade are projected to increase from \$0.9 billion in fiscal year 1961 to \$5.5 billion in fiscal year 1972. Yet there are serious problems with the way in which this aid is provided.

The Present System

Under the present piecemeal system of Federal aid, education grants are available to local schools under 38 separate authorizations for "instruction," 37 separate authorizations for low-income students, and 22 separate authorizations for reading instruction. The confusion is so great that some school districts have had to hire separate staffs charged solely with cutting through the maze of applications, guidelines, regulations and reporting requirements which are an intrinsic part of the present grant system.

There are other problems:

- The time, energy and imagination needed to bring educational reform is frequently drained off into what is an essentially non-productive effort to qualify for Government grants. Yet, at the same time, rigid qualifications for grants frequently stifle creative initiative. In the end, a system which ought to promote innovation instead discourages it. And because Federal programs are resistant to change, we see money being spent on programs which may have outlived their usefulness, or that simply are ineffective, while funds for new ideas cannot be obtained.

- Educational planning is made difficult because of the fragmentation of grants. Under the present system, a community must make a series of separate applications to a series of Federal officials. There is no assurance that every proposal will be funded, or that any proposal will be funded. Consequently, the present fragmented procedures virtually eliminate any possibility of preparing a comprehensive, coordinated program.

- There is little accountability under the present system; if a program fails it is difficult to assess responsibility. Although it is the common response to blame Washington if something does not function according to design, such an exercise is usually futile given the cumbersome nature of the Federal bureaucracy.

- There is little flexibility in the present system. Individual grants are often too narrowly defined and designed to achieve the things Washington wants, while at the same time allowing little latitude to meet individual community needs.

- There has been little useful evaluation of how Federal aid programs under the present system help children learn more effectively, or of how they provide the children with equal educational opportunities. The diversity of the country and the large number and great variety of Federal aid programs have made it impossible for those at the Federal level to measure the success or failure of their efforts, and so we resort to judging effectiveness by how much we spend rather than by how much we accomplish.

My proposal for special revenue sharing for education is designed to overcome these problems by substituting a basic new approach to providing Federal assistance. To help formulate this proposal, the Office of Education held ten regional hearings to discuss the specifications for Education Revenue Sharing, and my proposal has benefitted from the views of educators and those interested in education all across the Nation.

Education Revenue Sharing

Education Revenue Sharing would revitalize the relationship between the Federal Government and State and local governments. It would stimulate creativity and new initiatives at State and local levels. My proposal would establish a new instrument of Federal assistance which would bring together more than thirty major Office of Education programs representing approximately \$2.8 billion in grants in the 1972 budget, and provide for an increase of \$200 million in total funding in the first year.

These funds would provide support for educational activities in broad areas where there are strong national interests in strengthening school programs. The national priority areas included are compensatory education for the disadvantaged, education of children afflicted by handicapping conditions, vocational education, assistance to schools in areas affected by Federal activities, and the provision of supporting services.

This new Federal aid instrument would have the following important features:

Automatic Distribution of Funds

Funds would be distributed automatically on the basis of a statutory formula which takes account of the total school age population in each State, the number of students from low-income families, and the number of students whose parents work or live on Federal property.

No State would receive less money under Education Revenue Sharing than it receives under the present grant system. In addition, authority for advance funding would be requested to facilitate careful planning free from the vagaries of the present practice of delayed appropriations.

No Federal Approval of State Plans

States would no longer be required to submit exhaustive plans for extensive Federal review or Federal approval, but would simply develop and publish a plan in line with State and local needs so as to permit all concerned citizens to become involved with the allocation of these Federal resources. States would also appoint an advisory council broadly representative of the public and the education community, in order to further insure that all interests are heard. This new system would substitute genuine citizen participation for routine bureaucratic sign-off.

Broad Definition of Purposes

The areas of Federal assistance would be broadly defined in keeping with national interests.

- The provision of equal educational opportunities to all of our children is a key national priority. As I pointed out a year ago, the most glaring shortcoming in American education today is the lag in essential learning skills among large numbers of children of poor families. The largest Federal program in education—Title I of the Elementary and Secondary Education Act—was designed to meet the special educational needs of these children. The Education Revenue Sharing Act would provide that over one-half of the \$3.0 billion proposed for the first year be used for providing compensatory education for disadvantaged children. These funds would be passed through directly to local school districts which enroll large concentrations of these children.

- The specific needs of handicapped children are and would continue to be a matter of concern to the Federal Government. When time is so critical to the training and social development of these youngsters, any delay in the funding of their education can have irreparable consequences. Nevertheless, in the present circumstances, delay is common. I propose to change this. Funds would be allocated directly to the States and the procedures for obtaining these funds would be simplified.

- For many years, the Federal Government has provided assistance for training in industry, agriculture and the crafts in our Nation's schools. This training is vital to the Nation's economy. But the needs in these areas are constantly changing. Vocational education of tomorrow may bear little resemblance to today's form, but its task will be the same: to demonstrate to American youth the worth and dignity of work, and to help them to obtain the specific skills that other forms of education cannot supply. As with my proposal for Manpower Revenue Sharing, States and local educational authorities would be authorized to determine how best to use Federal funds for vocational education in order to meet the needs of particular communities and individual workers.

- An ongoing responsibility of local public schools is to provide education for federally connected children. The Federal Government rightly provides aid to help meet the financial burden of children who live on Federal property—hence property which provides no taxes for education. To offset the loss of local school taxes, Education Revenue Sharing would provide a direct pass-through to local school districts enrolling such children. For those students whose parents only work on Federal property, and live on locally taxable land, funds would also be provided. In this case, however, the funds would be distributed to the States which would determine the degree of financial need created by those circumstances and allocate funds accordingly.

- The Federal Government currently offers an array of programs designed to purchase specific educational materials or services. These programs range from the provision of textbooks and other library resources to the support of guidance and counseling services. Education Revenue Sharing would continue this aid but would pull together programs from at least fourteen separate statutory provisions into one flexible allocation under which States can decide how best to meet local education needs.

Greater Flexibility

Under this proposal for Education Revenue Sharing, States and local school districts would be given far greater flexibility than is presently the case in deciding how funds should be spent in serving the national priority areas. In addition to the broader definition of national purpose, States would have the authority to transfer up to thirty percent of funds—except those which are passed through directly to local schools—from one purpose to another. This would enhance flexibility in the application of funds for education, and permit the States to make substantial adjustment in their education plans as their educational needs require.

Other Features

As with my previous special revenue sharing proposals, Education Revenue Sharing would preserve all existing safeguards against infringements of civil rights by assuring that these funds would be subject to Title VI of the Civil Rights Act of 1964.

Non-public schools bear a significant share of the cost and effort of providing education for our children today. Federal aid to education should take this fully into account. This proposal would do that by considerably broadening the authority for extending aid to students in non-public schools. Non-public school students would be counted in the reckoning of population for purposes of allocation, and all forms of educational services would be available to them.

As an important precondition to the receipt of Federal funds for education of the disadvantaged, I propose a requirement for States to certify that services provided in all schools within a given school district from State and local funds must be fully comparable. This is a considerable improvement over the present law. It would assure that Federal funds for compensatory education programs would actually be spent on services beyond those provided for all children, and thus for the first time would truly guarantee that these funds would be used to help equalize learning opportunity for the disadvantaged.

The Federal Role in Education

The proposal I am putting forward today reflects what this administration considers to be the appropriate Federal role in elementary and secondary education. This Federal role is threefold: (1) the allocation of financial resources on a broad and continuing basis to help States and local school districts meet their responsibilities, (2) the provision of national leadership to help reform and renew our schools to improve performance, and (3) the concentration of resources to meet urgent national problems during the period when they are most intense.

Education Revenue Sharing would strengthen the first by providing a new and expanded system of Federal aid to our schools. It should be noted in this connection that my proposals for general revenue sharing and welfare reform would also both provide and free additional fiscal resources which States and localities could devote to the rising costs of education. At the present time, State and local governments spend forty percent of their revenues for educa-

tion. Under general revenue sharing, which would distribute a fixed portion of the Federal tax base to the States and localities to use as they determine, education would most certainly be a major beneficiary. These funds would total \$5 billion in the first full year of operation. Similarly, the administration's proposals to reform the Nation's failing welfare system would free the States of a significant portion of fast-growing welfare costs at the same time that it would provide a better and more stable home and environment for millions of children.

To strengthen the Federal leadership role in reforming and renewing our Nation's schools, I proposed a year ago the creation of a National Institute of Education to bring to education the intensity and quality of research and experimentation which the Federal Government has, for example, devoted to agricultural and medical research. The National Institute of Education would serve as a focal point for identifying educational problems, developing new ways to alleviate these problems, and helping school systems to put the results of educational research and experimentation into practice.

As an example of the concentration of Federal resources to meet urgent national problems during a period of intense need, I proposed in May 1970 an Emergency School Aid Act to provide \$1.5 billion over a two-year period to help meet the special problems of desegregating our Nation's schools. Progress in school desegregation has been accelerating. The Emergency School Aid Act would help local communities expedite and adjust to this change, while maintaining and improving the quality of education in affected schools.

Taken together, the National Institute, the Emergency School Aid Act and Education Revenue Sharing represent a bold new approach to fulfilling the Federal role in education and to meeting the educational needs of the 1970s.

Conclusion

The education of our children transcends partisan politics. No one benefits from failures in our system of education, and no one can fail to benefit from improvements in the means by which education in America is given all the assistance proper at the Federal level. The effort to provide that proper assistance, the effort to encourage reform where reform is needed, and the effort to extend to all American children the advantage of equal educational opportunity have all been a concern of this administration as, indeed, they have been of other administrations. These efforts continue.

I believe we must recognize that the Federal Government cannot substitute its good intentions for the local understanding of local problems, for local energy in attacking these problems, and for local initiatives in improving the quality of education in America. We must also recognize that State and local authorities need Federal resources if they are to meet their obligations and if they are to use the peculiar advantages of State and local knowledge, responsibility, and authority to their fullest potential. Education Revenue Sharing accommodates the Federal role in national education to both these realities, and it lays the foundation for a new and more productive Federal-State relationship in this area of vital national concern, just as the previous revenue sharing proposals have afforded similar possibilities in their areas of specific concern.

I consider each of these proposals vitally important in and of itself. But in the aggregate, the importance of revenue sharing is greater than the sum of the parts which comprise this series of legislative proposals. For we are seeking nothing less than a new definition of the relationship between Federal Government and State and local governments—one which answers the needs of the present and anticipates the needs of the future.

RICHARD NIXON

THE WHITE HOUSE,
April 6, 1971

EDUCATION REVENUE SHARING

Funding Level

First full year of operation:	\$3 billion
From existing programs:	2.8 billion
Additional funds:	200 million

Areas of Assistance

Education of the Disadvantaged: Programs and projects designed to meet the special educational needs of educationally deprived children in school attendance areas having high concentrations of children from low-income families, of migrant children, and of neglected and delinquent children for whose education the State is responsible.

Education of the Handicapped: Programs and projects at the preschool or any other educational level designed to meet the special educational needs of handicapped children.

Assistance to Schools in Areas Affected by Federal Activities: Provision of financial assistance for those local educational agencies upon which the United States has placed financial burdens by reason of the fact that (a) such agencies provide education for children residing on Federal property, or (b) such agencies provide education for children whose parents are employed on Federal property.

Vocational Education: Assistance to States for vocational education activities.

Supporting Materials and Services: Such materials and services as the purchase of school textbooks, library resources, and educational equipment; the provision of supplementary educational centers and services, of school pupil personnel services, of adult education, and of school meals; the training or retraining of teachers, teacher aides, and other school personnel; the strengthening of State or local educational agency capabilities and of educational planning at the State or local level; the support of the State advisory council; and the administration at the State level of the program carried out under the Act.

Allotment and Use of Shared Revenues

Each State would be eligible to receive a grant equal to:

1. 60% of the average per pupil expenditure in the United States multiplied by the number of pupils in average daily attendance residing with a parent on Federal property in such State; and

2. Its relative share of the total amount appropriated (after deduction of the "a" category SAFA entitlements as noted above), based on:

(a) 1.0 multiplied by the number of children aged 5 to 17, inclusive, in such State who are in low-income families;

(b) .6 multiplied by the number of children in average daily attendance in the public elementary or secondary schools of such State during such fiscal year who (i) resided on other than Federal property with a parent employed on Federal property, or (ii) had a parent on active duty in the uniformed services; and

(c) .1 multiplied by the number of children aged 5 to 17, inclusive, in the State.

Allotment and Use of Shared Revenues (continued)

That portion of a State's allotment attributable to the presence of low-income children shall be available only for programs and projects designed to meet the special educational needs of educationally disadvantaged children who reside in school attendance areas having high concentrations of low-income families, who are migratory children of migratory agricultural workers, or who are neglected or delinquent children for whose education the State is directly responsible.

That portion of a State's allotment attributable to the presence of Federally connected children shall be available for any educational activity.

One-sixth of that portion of a State's allotment based on children 5-17 in the State shall be available for education of the handicapped; one-third shall be available for vocational education; and one-half shall be available for supporting materials and services.

Distribution of Shared Revenues within Each State

Each State would pass through to local educational agencies (1) the funds attributable to the presence of pupils residing with a parent on Federal property and (2) the funds attributable to the presence of children from low-income families in such agencies (less any amount determined by the State to be necessary for programs for neglected or delinquent children for whose education the State is responsible), but only if:

- (a) such amount is at least \$10,000, and
- (b) the services provided in each of the schools of such agency with funds other than funds received under this Act have been determined to be comparable, by the State administering agency, with the services so provided in all of the other schools of such local educational agency.

The remainder of the State's funds would--

- (1) be retained at the State level for operation of State-wide programs, and
- (2) be distributed among local educational agencies according to relative needs for the types of assistance available.

Transfers among Areas of Assistance

The State would be permitted to transfer up to 30% of the funds attributable to any one area of use to any other such area, except that no transfers of funds from the area of the disadvantaged would be allowed.

Additional transfers above the statutory limit would be permitted if the State demonstrates to the satisfaction of the Secretary that such action will achieve more effectively the purposes of the Act.

Operation of the Program

The chief executive officer of each State which desires to participate under the Act shall designate a State agency to administer the program.

The designated agency shall, for each fiscal year, develop and publish a plan for the distribution and expenditure of funds under the Act. Such plan shall be developed in consultation with the State advisory council, shall not be finally adopted until a reasonable opportunity has been given to interested persons for comment thereon, and shall be made available to the Secretary.

The chief executive officer of each State would also appoint a State advisory council broadly representative of the education community in the State and of the public, including representatives of public and nonprofit private schools, representatives of the populations in the State affected by activities under the Act; persons with special competence in the planning, evaluation, and assessment of education programs; and persons with special competence in the education of the disadvantaged, the handicapped, and vocational education.

Special Payments

From the sums appropriated, the Secretary may reserve up to 10% for making payments to any State to assist it in carrying out activities under the Act which are designed to further achievement of national policy objectives in education.

Participation of Nonpublic School Children

Except where prohibited by State law, equitable participation of children enrolled in nonpublic elementary and secondary schools would be provided in the disadvantaged, handicapped, vocational, and support services areas. Where State law prevents such participation, the Secretary may permit the State to participate, but he shall arrange for such children to receive similar services on an equitable basis and shall pay the cost thereof out of the State's allotment.

In addition, a State would provide that title to and control of funds received under this Act and other property derived therefrom will remain in one or more public agencies.

Civil Rights

Revenues shared under this Act shall be considered as Federal financial assistance within the meaning of Title VI of the Civil Rights Act of 1964.

Transition from Existing Programs

The Act authorizes the appropriation of such sums as may be necessary to enable the Secretary to make, for the period January 1 -- June 30, 1972, payments to States to assist them in planning for the transition from the system of categorical grants authorized by statutes repealed by this Act to the system of revenue sharing for education authorized by this Act.

Effect on Existing Programs

Repealed (effective with respect to appropriations for FY ~~beginning~~ after 6/30/72)

Elementary and Secondary Education Act of 1965

- Title I -- Education of the Disadvantaged
- Title II -- School Library Resources, Textbooks, and other Instructional Materials
- Title III -- Supplementary Educational Centers and Services; Guidance, Counseling, and Testing
- Title V -- Strengthening State and Local Educational Agencies

Education of the Handicapped Act

- Part B -- Assistance to States for Education of Handicapped Children

The Smith Hughes Act (Vocational Education Act of 1917)

Public Law 81-874

- Section 3(a) -- Children of persons who reside and work on Federal property
- Section 3(b) -- Children of persons who reside or work on Federal property
- Section 4 -- Sudden and substantial increases in attendance

National Defense Education Act of 1958

- Title III -- Financial Assistance for Strengthening Instruction in Science, Mathematics, Modern Foreign Languages, and other Critical Subjects

Education Professions Development Act

- Part B-2 -- Attracting and Qualifying Teachers to Meet Critical Teacher Shortages

Vocational Education Act of 1963

- Part A -- General provisions
- Part B -- State vocational education programs
- Part C -- Research and training in vocational education
- Part D -- Exemplary programs and projects
- Part E -- Residential vocational education
- Part F -- Consumer and homemaking education
- Part G -- Cooperative vocational education programs
- Part H -- Work-study programs for vocational education students
- Part I -- Curriculum development in vocational and technical education

Effect on Existing Programs -- Repealed (continued)

Adult Education Act (except for Sec. 309: Special Experimental Demonstration Projects and Teacher Training)

Public Law 81-815 (except for sections 9, 10, 14, and 16)

Child Nutrition Act of 1966

Section 5 -- Nonfood Assistance Program

Section 7 -- State Administrative Expenses

National School Lunch Act

Section 4 -- Apportionments to States

Section 5 -- Nonfood Assistance

Section 7 -- Payments to States

Section 8 -- State Disbursement to Schools

Section 10 -- Nonprofit Private Schools

Not Affected

Elementary and Secondary Education Act

Title VII -- Bilingual Education Programs

Title VIII -- General Provisions (including the dropout prevention program)

Education of the Handicapped Act

Part C -- Centers and Services to Meet Special Needs of the Handicapped

Part D -- Training Personnel for the Education of the Handicapped

Part E -- Research in the Education of the Handicapped

Part F -- Instructional Media for the Handicapped

Part G -- Special Programs for Children with Specific Learning Disabilities

Head Start and Follow Through

Emergency School Aid Act (proposed)

National Institute of Education (proposed)

Cooperative Research Act

all higher education legislation (except part B-2 of title V of the Higher Education Act of 1965)

all library and educational communications legislation

5/3/71

EDUCATION REVENUE SHARING

(Dollars in Thousands)

<u>State</u>	<u>Hold Harmless Base Line</u>	<u>E.R.S. Allocation</u>
Alabama	\$ 72,479	\$ 72,479
Alaska	23,282	23,282
Arizona	31,757	31,757
Arkansas	41,601	41,601
California	261,576	263,136
Colorado	33,816	33,816
Connecticut	29,178	29,178
Delaware	6,787	6,787
District of Columbia	16,544	16,544
Florida	84,530	84,530
Georgia	83,511	83,511
Hawaii	18,757	18,757
Idaho	11,594	11,594
Illinois	114,015	114,060
Indiana	46,331	46,331
Iowa	33,171	33,171
Kansas	31,764	31,764
Kentucky	61,795	61,795
Louisiana	66,038	66,038
Maine	15,759	15,759
Maryland	62,304	62,304
Massachusetts	63,600	63,600
Michigan	91,163	91,163
Minnesota	46,108	46,108
Mississippi	63,485	63,485
Missouri	58,925	58,925
Montana	13,841	13,841
Nebraska	21,531	21,531
Nevada	7,397	7,397
New Hampshire	8,416	8,416
New Jersey	83,906	83,906
New Mexico	30,894	30,894
New York	289,356	289,356
North Carolina	99,361	99,361
North Dakota	13,846	13,846
Ohio	101,054	101,819
Oklahoma	45,574	45,574
Oregon	24,331	24,331
Pennsylvania	125,139	125,139
Rhode Island	13,533	13,533
South Carolina	62,136	62,136
South Dakota	15,836	15,836
Tennessee	68,249	68,249
Texas	171,485	171,485
Utah	18,566	18,566
Vermont	5,648	5,648
Virginia	95,162	95,162
Washington	44,049	44,049
West Virginia	33,105	33,105
Wisconsin	40,929	40,929
Wyoming	6,770	6,770
Other Areas	67,577	67,577
Total Allocated	\$2,977,561	\$2,979,931
Unallocated Discretionary Amounts	---	20,069
Total	\$2,977,561	\$3,000,000

Secretary RICHARDSON. This, Mr. Chairman, is the first Congressional hearing on S. 1669, a measure which is of major importance to elementary and secondary education, and of central concern to President Nixon in his efforts to reform and revitalize the structure of government in the United States.

In his State of the Union Message last January 22, the President declared:

The time has now come in America to reverse the flow of power and resources from the States and communities to Washington, and start power and resources flowing back from Washington to the States and communities, and, more important, to the people all across America.

The time has come for a new partnership between the Federal Government and the States and localities—a partnership in which we entrust the States and localities with a larger share of the nation's responsibilities, and in which we share our Federal revenues with them so that they can meet these responsibilities.

The concept of the revenue sharing is not new: it was advocated by both presidential candidates in 1964 and in both major party platforms in 1968. What is new and revolutionary is that this administration has enunciated an overall strategy—embracing general return of tax revenues to the States and special revenue sharing in six areas of special national concern. In each of these proposals, we evoke the spirit and the substance of self-determination—to preserve it where it exists, to strengthen it where it is weak, and to create the conditions for its reemergence where it has disappeared.

Self-determination is the hallmark of revenue sharing. The President has proposed general revenue sharing to correct the increasingly severe fiscal mismatch between States and localities, faced with demands for services which are rapidly outpacing revenues, and the Federal Government, equipped with a faster-growing tax base.

Recipients State and local governments would be free to apportion shared revenues among the uses they deemed to be of the highest priority for their citizens. They would no longer be caught in the Federal straitjacket which assumes that what's good for one State is equally beneficial to another.

Since approximately 40 percent of local and State revenues are now devoted to education, it is reasonable to expect that education will receive a substantial portion of general revenue income.

In addition to the general revenue sharing bill, the President has proposed six special revenue sharing bills, designed to correct the complex and often inefficient way Federal assistance is provided. These bills taken together would consolidate more than 100 existing categorical programs in all areas of government into six broad systems for sharing Federal revenues with States and localities: in education, urban and rural development, manpower, transportation, and law enforcement.

But the goal is not the mere simplification of Federal organization charts. The goal is twofold. First, consolidation is critically needed to free the States and localities from strangulation by the bureaucratic redtape required by the scores of individual programs. In spite of similarities among related programs in goals, grantees and ultimate beneficiaries, each program has its own regulations, application forms, reporting requirements, and in many cases its own State plan.

Second, special revenue sharing will give the States and localities greater freedom than they now have, to determine their own priorities

within broad program areas and to decide how best to meet those priorities. In this respect, special revenue sharing will accomplish a dramatic reversal of the long-term trend toward an ever greater concentration of decisionmaking power in Washington.

Although most of the national debate so far has focused primarily on general revenue sharing, I believe that special revenue sharing will have an equally significant long-range impact on the Nation. While general revenue sharing offers the prospect of substantially reducing pressures on State and local tax bases, special revenue sharing offers a new mechanism for Federal-State collaboration in matters of mutual concern.

Reform and revitalization of the Federal system will not be accomplished by money alone; the funds must also be accompanied by reform of the decisionmaking process to restore the authority of State and local governments—and this is precisely what special revenue sharing is designed to accomplish.

S. 1669, the education revenue sharing bill before the subcommittee today, exemplifies this strategy of governmental reform. It would redefine the Federal role in elementary and secondary education, a redefinition which has become more necessary with the passage of each new categorical program. By delineating broad areas of Federal concern, education revenue sharing would assure that national priorities continue to be met.

TREND TOWARD CATEGORIZATION

Over the past half century there has been a growing trend toward ever-narrower categories of Federal assistance to elementary and secondary education.

The categorical approach dates back to 1917 and the Smith-Hughes Act, the first vocational education legislation. In 1958 the National Defense Education Act continued and expanded this pattern for Federal aid.

In response to national concern for strengthened curriculums in science, mathematics, and foreign languages, the NDEA established a series of programs designed to encourage more young people to pursue studies and acquire skills in fields considered vital to the national defense.

In subsequent years, a broader range of national educational needs was identified, and Congress passed in rapid succession a series of laws providing special help for the disadvantaged, for the handicapped, to train more teachers, to modernize vocational and technical education, and to provide more books, equipment and technology.

Clearly, these programs have had a profound impact on America's educational system. But there is a serious question as to how many more categories can be added to the existing structure without swamping it completely. The Office of Education now administers more than 100 categorical programs. To complicate the picture even further, at least 26 Federal agencies also administer significant categorical programs affecting schools and colleges.

Seen from ground level, the jungle of Federal guidelines, regulations, application forms, and evaluation requirements is almost impenetrable. In order to mount a comprehensive program for disadvantaged children, for example, a local school superintendent finds

himself facing the necessity of simultaneously seeking program funds under title I of the Elementary and Secondary Education Act, books under title II, and counseling under title III.

In addition, he may seek assistance through special programs under the Education for the Handicapped Act, or purchase equipment under title III of NDEA, or recruit staffing under part B-2 of the Education Professions Development Act. Programs under the Vocational Education Act or an adult education program may complicate the picture still further.

In theory these laws offer the potential for significant support of the local superintendent's program. Unfortunately, however, each categorical program requires a separate application, often to separate divisions of the State educational agency. Some programs require matching funds; others do not. Some require only an acceptable project proposal; others fund projects on a highly competitive basis. And each categorical program has its own complicated set of regulations, guidelines, and reporting requirements.

These requirements make it difficult for even the most affluent and best-staffed school district to put together a coherent package of Federal assistance. For smaller, poorer systems, the task is simply impossible. Just keeping informed of the array of programs available and how, when, and where to apply for them has become a nearly impossible undertaking for any local school superintendent, unless he can afford professional assistance.

GRANTSMANSHIP HELPS WEALTHIER DISTRICTS

The demands of grantmanship often tend to benefit the wealthier school districts and States by creating a regressive situation in which needy districts less readily apply for or receive aid. All districts are affected by the uncertainty, multiplied by the number of different grant applications each has filed, as to whether they will receive the funds requested. All are affected by having to rely for funding of individual grants on the level of appropriations for various particular categorical programs.

Problems with the categorical approach to Federal aid are also increasingly apparent at the State level, where the paperwork required is staggering. A typical State plan for a single formula grant program is dozens of pages long and takes thousands of man-hours to prepare.

States often establish separate units to do this work for programs and projects that are federally funded, because of requirements for individual auditing and reporting. These units and their personnel are counterparts—reproductions on a smaller scale—of the units that administer the programs in the Office of Education itself.

State education officials frequently work more closely with various units of OE than with their own agencies, often managing their Federal funds in isolation from State resources available for the same purposes, and isolated, too, from other federally assisted State programs.

Obviously, this fragmentation severely diminishes the possibility of comprehensive, coordinated educational planning at the State level; to the contrary, it insures that what is developed is not a plan which can be meaningful to the State.

Some of the other problems resulting from the proliferation of categorical programs may seem ludicrous, but they are very real to State and local officials. An employee of a State department of education may receive several small checks each payday, because his time is apportioned among different federally funded programs. The monitoring procedures necessary to assure that personnel and equipment charged to one program are not used for other purposes may also have ridiculous results.

A secretary working for one program does not use a typewriter purchased for another; a bookkeeping machine purchased with categorical funds may remain idle while non-Federal units of the same office are using hand ledgers. These results may not be legally required, but the categorical mentality all too often produces them.

At both the State and local levels, the paperwork involved in project grant applications sometimes results in administrative costs that may almost match the amount of the eventual grant—if, indeed, one is received at all.

CATEGORIZATION RESULTS IN WASTE

The present proliferation of categorical programs produces a correspondingly wasteful impact on the Office of Education itself. The paperwork generated at the State and local levels flows into the Office of Education, where several hundred men and women are assigned to reviewing reports, records, and plans—an expenditure of man-hours which, for a number of reasons, is largely wasted.

First, most of this work is essentially sterile—a matter of checking to see that all is in order. The laws insist upon this bureaucratic process, although it adds nothing to the content of the paper, much less to the benefit of the students, teachers, and administrators the program is intended to aid. The process serves only to move the application from desk to desk and to contribute to a cumulative delay in processing.

Second, the information contained in these documents is often of little actual value. Instead of supplying data which can be used to evaluate and improve a State's performance, it too frequently amounts to no more than a pedestrian collection of routine program descriptions, assurances that Federal requirements are being met, and voluminous statistics of doubtful worth.

Third, the time required to shuffle these documents reduces the amount of time and manpower which the Office of Education might otherwise devote to worthwhile technical assistance to States and local educational agencies, just as the time spent preparing them reduces the capacity of State officials to contribute to statewide planning efforts or to work productively with local school authorities to improve educational programs.

It is remarkable that, despite these handicaps, most of the existing categorical programs have had some notable successes in achieving their original purpose, the stimulation of new efforts to meet special educational needs. And I believe that there will always be a need for some categorical programs to meet emerging new areas of need which require special stimulation.

However, categorical programs simply cannot be permitted to grow indefinitely. Once special needs have been recognized at the State and local level and efforts to meet them are under way, it makes little sense for either the Congress or the Office of Education to continue to sit as a

national school board, telling States and communities in great detail what they should spend and how.

Such programs should be replaced by broader forms of Federal aid. Once areas of particular national interest have been identified, and broad objectives established in the law, the States and localities should be encouraged to find their own means of achieving the stated national objectives. They should not be circumscribed by detailed guidelines and regulations which assume that Washington knows best how to deal with problems which differ in degree and intensity from State to State, from district to district, and even from school to school.

If categorical Federal aid continues to proliferate, it will become more and more difficult for the 50 States to plan and operate effective programs tailored to their own educational needs and problems. There is no doubt that the States need Federal help. There is no doubt that the States must work together to achieve certain broad national educational objectives.

But there is increasing evidence that the present structure of Federal aid cannot provide the kind of assistance that the States can use most profitably. The distortion of State educational priorities and the shortchanging of other promising programs in order to qualify for the available Federal funds, particularly in the case of those programs which require matching funds, is another very major problem that exists under the current maze of Federal categorical programs.

EXPLANATION OF ADMINISTRATION PROPOSAL

In order to provide better delivery of funds, the education revenue sharing bill would replace 33 existing Federal formula grant programs in the elementary and secondary field with a single program which would automatically distribute funds to the States by formula.

The funds would be used for five broad areas of national concern: education of the disadvantaged, education of the handicapped, vocational education, assistance for schools in federally affected areas, and supporting educational materials and services.

In the case of disadvantaged and of pupils whose parents live and work on Federal property, funds would pass through directly to the local educational agencies as a matter of right. The rest of the money would go to the States for distribution in accordance with a State master plan.

The education revenue sharing bill would allow a State flexibility and responsiveness in the use of the Federal funds within its borders. Up to 30 percent of the funds for vocational education, education for the handicapped, and supporting materials and services could be shifted to any other of the national purpose areas which the State determined to be of higher priority in that State. Similarly, 30 percent of the funds for federally connected children living off Federal property could be transferred to school districts not having any such children.

Such determinations would be made in the process of creating a comprehensive State plan for the use of Federal education funds. The plan would be a comprehensive plan, not one designed to satisfy the conditions of a narrow categorical grant. The plan would involve real planning by State and local people who could make a genuine

effort to decide objectives, establish priorities, identify resources and establish valid yardsticks for the measurement of success.

The comprehensive plan would be developed as the result of broad public debate within the State and with the assistance of an advisory council representative of the persons served by Federal education programs. However, the plan would be entirely the work of the people of the State. There would be no requirement for submission of the plan to the Federal Government for approval.

Similarly, the way funds would be used within each of the five national purpose areas would be a matter for determination within the State, subject to necessary Federal requirements. State and local administrative costs would be reduced since most of the tedious and expensive grant application process would be eliminated.

In my view, one of the most significant aspects of the education revenue sharing concept is the new Federal role which will emerge as the result of this legislation and through enactment of the President's proposal for a National Institute of Education.

Our reexamination of the Federal role has focused on how we can encourage responsible people at the State and local level to respond to matters of direct national interest or concern. In view of the increasingly evident bankruptcy of the categorical grant-in-aid device, we have concluded that the Federal role should be to stimulate the development of knowledge and the identification of significant opportunities for innovation.

The Federal role should also be to communicate what we have learned to State and local school officials and to provide assistance for putting this knowledge into effect.

This means, then, that we need first of all to strengthen the capacity of the Federal Government to stimulate the development of new knowledge. And this objective, of course, underlies the proposal to establish the National Institute of Education, which, as you know, is in the higher education bill both as it was passed by the Senate and as it is coming to the floor of the other body this week.

Secondly, we need to develop more vigorous techniques for assessing the potential value of what has been discovered through research, development, testing, pilot programs, and so on.

I think it is fair to say, speaking not only of research programs in the Office of Education, but a majority of the R. & D. efforts within HEW, that there has been a major shortfall between the performance of research and its translation into practice. We have simply not had in place the machinery that forced a rigorous assessment of the value of an R. & D. product.

Until such machinery is in place, we have no way of deciding what results are important enough to disseminate to those in a position to put them into effect. The creation of this dissemination machinery for educational innovation is a necessary second step to follow up the work of the NIE.

The third major step, apart from communication of opportunities to strengthen and improve the quality of education, is the need for technical assistance in bringing these things into realization. We have a number of thoughts about this problem, and Commissioner Marland and his colleagues are currently giving consideration to it. This will require the availability to State departments of education and local school systems, of Office of Education personnel who can assist in the

development of the comprehensive State plans which I discussed earlier.

Education revenues sharing would enable personnel in the Office of Education who have heretofore been absorbed in the endless and repetitious processing of applications, to work with State and local school systems to help them achieve the results which the State and local officials want to achieve.

In other words, we believe the Office of Education should be staffed with personnel who can perform a role something like that of a pharmaceutical house detail man or an agricultural extension agent; people who know the resources of the Office of Education; who know the results of innovative work that has been carried out through the research and development process; who are sensitive to the needs, views and attitudes of the administrators with whom they are dealing; and who are effective in helping them to adapt the results of new learning and new experience to the particular community with which they are concerned.

The President's proposal for education revenue sharing needs to be understood in terms of how it will enable us to do our job better, as well as in terms of what it means to the State and local school districts.

Let me now be more explicit as to how the legislation would work.

First, under the heading of "Allotment and Use of Shared Revenues."

From the amount appropriated, an amount attributable to the presence within the school district of pupils whose parents reside on Federal property—similar to the present "a" category pupil under Public Law 874—would be passed through directly to the district enrolling the student. These funds would be available for any educational activity, just as they are under the existing Impact Aid program.

Once this amount had been subtracted from the total, the remainder would be allotted among the States based on their relative populations of children from low-income families, of children whose parents work on Federal property, and of children aged 5-17 as a whole.

That portion of a State's allotment attributable to the presence of low-income children would be passed through directly to the district enrolling such children, and would be available only for programs and projects designed to meet the special educational needs of educationally disadvantaged children who reside in school attendance areas having high concentrations of low-income families. These funds could also be used for special programs for migrant children and for neglected or delinquent children for whose education the State is directly responsible.

Funds based on the presence of "b" category Impact Act children could be used for any educational purpose, as under current law. Of handicapped, one-third for vocational education, and one-half for the remainder, one-sixth would be available for education of the supporting materials and services. These funds could be retained at the State level for operation of statewide programs, or distributed among local educational agencies according to relative needs for the types of assistance available.

It should be noted here that the Federal commitment to the disadvantaged is maintained and even strengthened through revenue sharing. The bill provides (1) that no funds may be transferred away from this purpose; (2) that all funds for the disadvantaged will pass through

directly to the local school district; (3) that full comparability on basic expenditures among schools in a local district must be achieved as a precondition to the receipt of any of these funds; and (4) that the definition of "low-income family" will be sufficiently responsive to local conditions to assure that funds flow to districts most in need of them.

The State would be permitted to transfer up to 30 percent of the funds available for any one purpose to any other purpose, except that, as noted earlier, the bill would prohibit the transfer of funds allocated for the disadvantaged.

Additional transfers above the 30-percent limit would be permitted if the State demonstrated to the satisfaction of the Secretary that such action would more effectively achieve the purposes of the act.

The chief executive officer of each State which desired to participate under the act would be required to designate a State agency to administer the program. The chief executive officer would also be required to appoint a State advisory council broadly representative of the education community in the State and of the public, including representatives of public and nonprofit private schools; representatives of the populations in the State affected by activities under the act; persons with special competence in the planning, evaluation, and assessment of education programs; and persons with special competence in the education of the disadvantaged, the handicapped, and vocational education.

The designated agency would, for each fiscal year, develop and publish a plan for the distribution and expenditure of funds under the act. The plan would be developed in consultation with the State advisory council, would not be adopted finally until a reasonable opportunity had been given to interested persons for comment.

From the sums appropriated under the act, the Secretary could reserve up to 10 percent for making payments to any State to assist it in carrying out activities under the act which are designed to further achievement of national policy objectives in education.

The bill also provides that, except where prohibited by State law, the equitable participation of children enrolled in nonpublic elementary and secondary schools would be provided in the disadvantaged, handicapped, vocational, and support services areas.

Where existing State law prevents the participation of nonpublic school children the Secretary shall arrange for those children to receive similar services and shall pay for the services from the State's allotment.

Of course, title to and control of funds received and of equipment purchased under this act will remain with the State or local education agency.

In the civil rights area, the bill provides that revenues shared with States and local districts under this act shall be considered as Federal financial assistance within the meaning of title VI of the Civil Rights Act of 1964.

Finally, the act authorizes the appropriation of such sums as may be necessary to enable the Secretary to make payments to States to assist them in planning for the transition from the existing system of categorical grants repealed by this act to the new system of revenue sharing for education.

REACTION TO PROPOSAL

Quite gratifyingly to me, our revenue-sharing bill has received considerable favorable attention within the education community. Although some individuals and organizations have criticized various specifics in our proposal, the majority of those concerned—including our critics—have long endorsed the concepts of grant consolidation and program simplification embodied in this legislation. We are also encouraged by the response to our emphasis on the shift of greater decisionmaking responsibility to the State and local levels.

Criticisms of the bill have so far clustered around three points: the adequacy of the level of funding, particularly as compared with so-called "full-funding" of existing categorical programs; the capacity of the States to administer the revenues shared; and the adequacy of the civil rights safeguards in the bill.

As to the level of funding, some critics have argued that "there isn't enough money in education revenue sharing." To me this indicates a misunderstanding of our proposal. It is not intended to be a general aid to education bill, and indeed, I might interpolate that a general aid to education bill would not be a substitute for this bill.

The bill specifies no authorization ceiling, only "such sums as may be necessary." As is normally the case with authorizing legislation, the level of funding available under this act will be a function of the annual appropriations process.

The President's budget for 1972 contained only an illustrative breakdown of the amounts that would otherwise be allocated to the 33 existing formula grant programs consolidated by the education revenue-sharing proposal. What we attempted to do was to show how the amounts of money presently budgeted under existing authorities would be reallocated to the five broad national purpose areas. An additional \$200 million was added so that we could insure that no State would receive less than it did in fiscal year 1971.

Misunderstanding of this funding level question, since the bill authorizes no specific amount, obscures the real merits and the real aims of this proposal.

Related to this is the reaction that "present programs would be more effective if they were fully funded; then there would be no need for educational revenue sharing." At first glance this argument appears to have some appeal, but its appeal rests on a continuation of the present proliferated and unwieldy grant-in-aid structure.

It ignores the obvious complexities and difficulties which Federal categorical programs already pose for school administrators. In fact, full funding of the present programs would not eliminate the need for education revenue sharing: it would become even more urgent than it already is if we are to reduce the burdens brought about to elementary and secondary education systems from strangulation by Federal redtape.

Another reaction to our proposal is the question: "Are the States capable of spending the shared funds responsibly?" This is an odd question on the face of it since States and local school districts are currently spending 93 percent of all funds expended for public elementary and secondary education. It seems anomalous to argue that

they are somehow unfit to manage the 7 percent contributed by the Federal Government.

If we acknowledge that some States will spend the money more wisely than others, we must also ask how any States can be expected to be fully responsible, as long as Federal programs deny them full responsibility. I would make this point even more strongly: unless we establish the conditions under which States and localities accept responsibility, we will never consider them capable of the tasks at hand.

If we do not make it absolutely explicit that State and local failures cannot be blamed on the National Government and that incompetence cannot be tied by a long string of excuses to Washington, then local and State agencies will never be held accountable for their actions.

This Nation has operated too long under the self-fulfilling prophecy that State and local governments are too weak to carry public burdens; to make sure the prophecy came true, State and local governments have been continually weakened. It is time for a different prophecy.

As I have noted above, we have provided in section 13 that the non-discrimination provisions of title VI of the Civil Rights Act of 1964 will apply to programs and activities receiving funds under the bill. We believe that this is adequate and would provide full protection.

Some criticism has been made that shared revenues would be intermingled with State and local funds so that the civil rights guarantees will not be enforceable. This is untrue: funds under this bill would be no less traceable for civil rights purposes than they are under existing categorical programs, which of course now fund virtually the same grantee agencies as would be funded under the bill.

Moreover, in order to make this absolutely clear, section 18 requires strict accounting to the Secretary of Health, Education, and Welfare by the States for the use of the shared funds, including full reporting and disclosure to the Secretary.

Just as at present, the Federal Government will have full power to enforce the civil rights guarantees that must go along with the funds collected from all Federal taxpayers. As the President stated in his state of the Union message in describing this aspect of all his revenue-sharing proposals:

Neither the President nor the Congress nor the conscience of the nation can permit money which comes from all the people to be used in a way which discriminates against some of the people.

In concluding, Mr. Chairman, let me reemphasize, particularly as one who played a role in the development and implementation of the National Defense Education Act, what I have said earlier: categorical programs in education, as elsewhere, have served a useful purpose. As a process of conditioning the public to the need for Federal support of education, it was most appropriate to pick out the particular areas of greatest need and to concentrate specific Federal programs on them.

We have, however, now reached a position in history where the Federal funds devoted to education are substantial, where the Nation accepts this as necessary, and where it is necessary and appropriate to broaden the authority given the States and localities. There can always be too much of a good thing, and I believe that is what has happened with categorical programs. Through the education revenue-sharing bill we propose to redress the balance and to provide an

appropriate needed in the 1970's and beyond, rather than continue an approach appropriate only to the 1950's and 1960's.

That is the essence of the new American revolution which the President called for in his state of the Union message last January: "A peaceful revolution in which power (is) turned back to the people—in which government at all levels (is) refreshed and renewed, and made truly responsive."

We look forward, Mr. Chairman, to working with the committee in its consideration of an important first step in achieving this basic national goal.

Senator PELL. Thank you very much, Mr. Secretary. I think Commissioner Marland has a short statement, too.

Mr. MARLAND. I do have a short statement, Senator Pell. Can I be heard comfortably from here, if I speak up, without the microphone?

Senator PELL. Yes.

Mr. MARLAND. I would like to demonstrate to the committee some of the illustrative facts upon which the Secretary has been dwelling as he describes the inordinate amount of paper shuffling needed to carry out the intent of these laws and authorities.

Here are only three State plans from the State of Rhode Island, as we picked by happenstance.

Senator PELL. Thank you. [Laughter.]

Mr. MARLAND. Another State, the State of New York, one vocational education, one title II of ESST, and one NDEA, title III.

Here are the materials in the office of education simply to generate these products and respond to them. You multiply these by 33 different programs.

Senator SCHWEIKER. You mean 33 different categorical programs that you folks operate?

Mr. MARLAND. Precisely. And each requiring a State plan, such as those from New York and Rhode Island.

Here you have title III, a simple straightforward piece of legislation authorizing local and State institutions to carry out reform in education. Each State develops an elaborate plan, scrutinized, justified, rationalized, studied, regurgitated and returned back and forth in correspondence between the field and the Office of Education, tying up literally thousands of man-days in so doing.

This is the amount of material just in the Office of Education, each separate one of these for each State. Multiply this whole pile by 33 and you have an idea of the volume of material necessary to carry out the intentions of these proliferated laws which in their time we applauded and supported.

As a practicing school administrator, Mr. Chairman, I have been aware of the condition underlying the need for revenue sharing in education for a long time. Upon my joining the Office of Education, it became even more clear that we had reached the point in the increasing Federal role in elementary and secondary education in this Nation where major reform in grant management was necessary.

I would say we referred to this concept as a process; this is a new design for the delivery of the will of Congress. It is not a money bill. It has been widely misunderstood as having a principal shortcoming in that it failed to increase money. This bill simplifies whatever money Congress chooses to appropriate in behalf of these many programs. It is not a money bill. It is a process bill.

As the Secretary has so forcefully emphasized, the categorical elementary and secondary education laws and programs have proliferated to the point where especially at the local and State level thousands of man-days are required simply to manage the paperwork.

In the main, these laws in their time were right and good. Many remain so today, supporting essential Federal priorities in the elementary and secondary schools. In education revenue sharing, it is intended that we sustain the purposes and priorities implicit in the original legislation of the 33 programs, built upon law, but at the same time we greatly simplify the delivery system.

It is our belief that Congress meant to make these funds available quickly and in uncluttered fashion to the eligible local education agencies and to the teachers. I know that I speak for virtually all school superintendents in the United States when I say that we sometimes wonder whether the game is worth the candle and whether the multiplicity of Federal regulations, guidelines, reports, forms, correspondence, State plans, local plans, overlapping evaluations, et cetera, is justified in terms of the funds received.

Of course, there is no doubt that the funds are desperately needed. However, many hundreds, if not thousands, of creative and talented people, both in the Office of Education and in the State and local systems, could be freed from unnecessary paperwork.

Under this proposed law they would be able to turn their talents to the real teaching and learning opportunities within their profession.

We believe that, at least in part, special revenue sharing concepts originated in the office of education and became a part of the administration's legislative program in a wider context affecting many other agencies. It is not something that was imposed upon us. I can speak with enthusiasm for the appropriateness of education revenue sharing at this time, as a practicing school administrator.

I can assure you that this bill preserves the priorities implicit in the laws which it brings together. And I can assure you that administratively those priorities can be sustained at the local level in a simple and straightforward delivery system which my office will manage. I can further assure you that it will be a great boon to the thousands of professional people throughout the land who are charged with the stewardship of public funds and who want very much to see this bill enacted. They have so resolved.

Finally and most importantly, I can assure you that they possess, in the field, in the States and local districts, the competence and integrity to administer this law as Congress intends it and in so doing greatly to increase their efficiency.

Thank you, Mr. Chairman.

Senator PELL. Thank you very much, Dr. Marland. I think we all share a desire to see a reduction in paperwork. I was talking with a teacher in my own State last week, who told me that for a mini grant of about \$800, she had to put in an inordinate amount of time.

The objective, we share. The question is how we do it. I remember the arbitrary way Admiral King accomplished that goal during World War II, he set a requirement that there be no more than two typewriters in each destroyer, and that lowered the paperwork. I am not sure you could use that approach. Nor would I wish to see that occur, a simple cutback of staff does not achieve economy or quality in HEW.

The question of revenue sharing has been discussed between the

executive and the Congress for many, many months. We are trying to comprehend and understand it. I must say when you reduce it to tables, it doesn't come out as favorably as one would like.

For instance, under general revenue sharing and its effect upon my own State of Rhode Island; for each \$20 million we would receive out of it, \$22 million would have to be paid in general tax revenue, a fact which makes our enthusiasm somewhat muted.

Other States would fare better. I would like to see a count down on the individual States. Could you submit such a table to us? That might also be a factor in the views of the Congress.

We, too, are doing our best to consolidate programs. In the ESEA bill of a couple of years ago we consolidated certain programs. In the higher education bill the Senate passed earlier this year, we consolidated six programs into two.

The reason for each of the present categorical programs is to meet a need that was not otherwise met, and what we must be careful of here, to use the old over simple phrase, is "Not throwing out the baby with the bath water" for the sake of simplification.

I have a good many detailed questions, but I will defer to my colleagues at this time.

Senator Schweiker?

VOLUME OF PAPERWORK

Senator SCHWEIKER. Thank you, Mr. Chairman.

I wonder, Mr. Secretary, if you or the Commissioner have any figures at all on the paperwork problem. You have given us a dramatic illustration here that ought to make us all look hard at what we have been legislating and administering, and our chairman here mentioned an illustration of an \$800 grant, using up that much of the applicant's time just to apply for it.

Do you have any statistics at all, even though they may be "guesstimates" as to the number of man-hours in, say, one or two of those reports, to give us a little statistical backup—not just the paperwork, but also the time consumed in generating it. I think particularly of the State and local agencies where that kind of thing is rather critical.

Mr. MARLAND. I will try to respond, Senator Schweiker. We have made broad estimates of the numbers of people in the field engaged in this kind of paper development, all of which is done consistent with the law as is the work performed in the Office of Education.

It is not that we are in any way attempting to elaborate upon the numbers of man-hours. They are quite real.

For example, under the programs concerned with impacted aid, in the Office of Education alone, not counting the field, there are 67 man-years engaged in administering that program, and most of those people are overworked.

Senator SCHWEIKER. Man-years?

Mr. MARLAND. Sixty-seven people per year to administer the program. I will run down the list quickly and submit this for the record if you wish.

Title I, 103 people, 103 man-years are involved in processing paper on the very fundamental delivery of a formula. In terms of the legislative requirement, these people are working nights, holidays, and week-

ends to keep up with the volume and flow of material. We are not in any way luxurious in our accounts on these programs.

The book title, title II, 20 man-years; ESEA title III, the development program illustrated by the materials we have placed before you, 35 man-years; title V, 43 man-years; title VI, 27 man-years; vocational education, 119 man-years to administer the program described here, for example, in the Rhode Island State plan. Adult basic, 11 man-years; EPDA 3; NDEA, title III, 7; and so on.

Overall management planning and coordination on top of these allocations of individual personnel to the contract work, the management of dollars as distinct from program, et cetera, 209 man-years, for a total of 725 man-years in the Office of Education alone, just to handle these formula grants and categorical programs.

Now, that gives you some idea of the scale of it at the Federal level. On the State and local levels, we would give you firm estimates and submit them for the record. Our figures go to literally thousands and thousands of man-years throughout the United States devoted to this paperwork.

REDUCTION IN WORKLOAD

Senator SCHWEIKER. Do you have any estimates, and I realize they are estimates, of what percentage of this workload on your part could be reduced if we passed the education revenue sharing bill? In other words, what reduction of Federal man-hours or man-years could we expect if you were to shift to exactly the program that you are advocating?

Mr. MARLAND. Recalling the Secretary's testimony, it would not be so much a reduction as a redirection of manpower to more useful ends. The Secretary described in his testimony the new thrust we are trying to mount in the Office of Education, where we have found over the years that change does not occur very rapidly in education. Certainly the expectations of Congress placed upon my office to bring about change and reform and deliver the products of research and renewal has been a very slow and barely discernible process.

We now intend to turn around these good people and free them from the paperwork, not necessarily by reducing their numbers, but by making them available to go to the States and localities upon call, and indeed the call is there, to assist them in facilitating and hastening the progress of educational reform throughout the United States, on a people-to-people basis. This concept would allow trusted experts from the Office of Education to move where they are needed, as distinct from trying to deliver reform with bulletins and brochures from Washington.

Senator SCHWEIKER. Now, my next question is related to what could be done to reduce the paperwork aside from the revenue sharing plan. In other words, I realize that we help generate it in Congress by the number of programs that we passed. We generate it by the specifics we write into the law. That is our share of the paperwork we generate.

I am sure you folks generate a share of the paperwork by the guidelines you outline, by the requirements which you make. I just wonder whether any possibility exists for reducing this paperwork, either through simpler legislation on our part, such as consolidation, or simplifying guidelines on your part. What possibility exists to reduce some of this paperwork short of revenue sharing?

Mr. MARLAND. I think there is some administrative elbow room to do some consolidating, and eliminate some of this paperwork. I would say the order of magnitude is not greater than 10 percent. The boundaries implicit in our mandates give us very little elbow room beyond what we have described at maybe the 10-percent level of reductions if we could arbitrarily say, "Now, we can consolidate this much."

I think we do need the liberalization implicit in this proposed legislation to make any substantial differences. We have tried, and as Senator Pell has noted, there has been a small start in consolidation in higher education.

But under the laws we have very little freedom for that. As for the guidelines, I would have to say, sir, that the guidelines indeed are the product of the Office of Education as we translate the law into practice. They are not intended in any way, nor do they elaborate unnecessarily upon the broad mandates that Congress has given us.

Secretary RICHARDSON. To interject, Senator Schweiker, we have had under way in the Department of HEW since Secretary Finch headed the Department, an activity which is focused on the reduction of paperwork. This effort has been headed by a group called the FAST Task Force. It has scrutinized—

Senator SCHWEIKER. Do the initials mean something?

Secretary RICHARDSON. Yes.

Senator SCHWEIKER. I get the idea from the initials. It is all right.

Secretary RICHARDSON. This group has scrutinized a considerable number of the departmental grant-in-aid programs, and each year takes on a new group with the idea of eliminating unnecessary steps, simplifying forms, reducing reporting requirements, clarifying regulations, and so on.

This is a healthy and worthwhile activity as far as it goes, but it doesn't, of course, accomplish the purpose of eliminating paper requirements in the first place, insofar as these are dependent, as you pointed out, on statutory requirements.

Senator SCHWEIKER. Getting back to your point, Commissioner Marland, you estimated that with efficiency we might clear up 10 percent of some of this paperwork.

Mr. MARLAND. I don't necessarily mean efficiencies. We have tried to include all of them we could, but by actually departing from existing processes as they have grown up over the years, we might achieve some minor consolidation within the law.

Senator SCHWEIKER. I shouldn't use the word "efficiency." We should change the approach.

I am still asking if you can give me a comparable figure on what we could expect to save if we went into revenue sharing. I understand you would not free the jobs up so much as you would redirect the efforts, but would you have a comparable figure that would tell us a little story compared to the 10 percent, what percent of man hours, or man years time we would free up which could then go to the field and redirect there.

Mr. MARLAND. Very good. Using my 725 man-year figure that is now engaged in this process, I would say that of those 725 individuals, professional people in the Office of Education, at least two-thirds of them could be made free for what I call technical assistance and national leadership, leaving one-third to do the simpler monitoring aspects of the single law that we are recommending.

Senator SCHWEIKER. So then we are talking about a difference, as I understand what you are saying, between something that we might struggle with and come up with a 10 percent change, or reduction, and revenue sharing, which would reduce paperwork by something approaching two-thirds.

Mr. MARLAND. That is correct, sir, under this law. At least two-thirds could be redirected, and very likely more.

FORMULA FOR ALLOCATION OF FUNDS

Senator SCHWEIKER. Mr. Secretary, what are some of your thoughts on the formulas themselves? I think as you put your finger in the testimony, probably this would be a bone of contention, for just the reason that our chairman mentioned here, that many States will go down over the list, New York, Pennsylvania, Rhode Island, and compare what they got previously versus what they got under the present program.

How much flexibility is there here to work out some of these obvious differences to get perhaps a little more enthusiasm? What are some of your further thoughts on this problem? Frankly, this will be a bone of contention here, and it is true of any new program, whenever you change the rules of performance.

Secretary RICHARDSON. There is flexibility from our point of view, Senator Schweiker. We recognize that the formula presently in the bill does create problems in certain States, and we certainly stand ready to work with the committee on the revision of the formula in whatever way would seem to the committee more adequate and more fair.

The fundamental concept we are pursuing here is that of establishing the awareness of the process the Commissioner described. We are not talking about a vehicle which is designed simply to channel more money into the equivalent of existing categorical programs.

Then the question becomes how most fairly to allocate the money on a basis which reflects the past history of State shares under the categorical programs and which prevents any State from losing relatively under the formula that is contained in this bill.

Senator SCHWEIKER. That is all the questions I have, Mr. Chairman.

Senator PELL. Thank you very much, Senator Schweiker.

From a philosophical viewpoint, one of the concerns that we have is that there sometimes is a conflict in views and interests between the States and cities. The populations, in the cities, tend to go out into suburbia, or exurbia, and they vote at a higher percentage than do the inhabitants of the inner areas, the ghetto areas, and one knows that more prosperous districts spend more money on education because of the increased tax base.

How do you handle this question of the States bypassing the interests of the cities?

Secretary RICHARDSON. We provide in the bill, Mr. Chairman, for a direct allocation to the school system in the critical cases. Of course, in most cities, the responsibility for education rests in different agencies than the municipal government itself.

In any event, the money for the education of the disadvantaged would go directly to the school system of the inner city, and it would be allocated in a proportion comparable to the allocation of funds in the Elementary and Secondary Education Act now. It would do

so on the basis of incorporating the requirements of comparability that have recently been written into the title I regulations, that is, that the money for the education of the disadvantaged must be money over and above the amounts that those children would otherwise receive in a comparable share of the system's educational budget.

Senator PELL. But haven't you really put your finger on the greatest weakness of this proposal, which is that the controls which can assure that comparability is attained are vitiated or weakened under this plan?

Secretary RICHARDSON. No. The bill provides for the retention of those controls. What we seek to do, in essence, in the bill, is to keep the controls it seems important to keep, while doing away with those that have no apparent function.

May I add a word or two here, Mr. Chairman, that bear on the futility of categorical grant-in-aid devices in general?

It is one thing if you start out with a clean slate, having virtually no Federal support of State and local educational activities. Let us assume, as in 1958, that it is important to strengthen education in mathematics, science and foreign languages.

At that point, you have really nothing on the books except the Smith-Hughes Act and subsequent vocational educational education legislation and the aid to impacted areas program.

In that context, it was possible to evoke a greater State and local response to the needs of education in mathematics than would otherwise have come about in the same period of time through the use of the stimulatory grant-in-aid device we are discussing here.

But when you pile categorical programs, one on top of the other, year after year, you reduce progressively year by year the stimulatory impact of any one of them. From the point of view of the local school system, it now seeks funds under 33 different programs, all in effect saying, "We want you to do this, we want you to plan for that, fill out this form, and it will get you x Federal dollars if you do it."

Now, a savvy school superintendent is not affected at all today in what he does in terms of his educational program by this proliferated monster that we have generated over the years and which is now operated really by and for its own sake. The tending of grant-in-aid machinery has become a profession, engaged in by people who tend not to pay any attention at all to what is happening out there in the school systems where problems are required to be met.

Senator PELL. Isn't this your responsibility as Secretary to make sure that this spirit doesn't permeate the bureaucracy that reports to you?

Secretary RICHARDSON. The problem cannot be changed unless we can make people available who, instead of engaging in this sterile and repetitious exercise can work with school systems in dealing with real problems. This is what this bill is about.

It needs to be seen in these terms. It is not a matter of engaging in an exercise in symmetry, or even in the reduction of paper work, although both are important.

What it is about is essentially a redefinition of the Federal role which says that since the grant-in-aid device cannot effectively produce change, at least where it is multiplied beyond a given minimal effective number, the only effective change agent is the process of developing new knowledge, dissemination of new knowledge and the

assistance by qualified sympathetic understanding experts in the Office of Education to school systems in carrying out change along lines consistent with their own plans.

These piles of papers that you see here that you called "plans" in order to meet statutory requirements aren't plans at all, as any casual inspection makes clear, they are scarcely more than descriptive boilerplate as to what the State would be doing anyway.

But what we seek through this program is to stimulate real planning by people who begin to think in terms of where they want their educational system to go, what its objectives are, what are the priorities among these objectives, what are the tradeoffs that have to be made between emphasis in one area and another.

We concede the future role of the Office of Education as being one of providing assistance to school systems that seriously undertake that process, but they cannot do it, and indeed the school systems on the one hand and the Office of Education on the other cannot do this without vast and substantial increases of extra people as long as their time is absorbed in what has become a virtually futile and wasteful exercise.

Senator PELL. That is a very eloquent statement of support for the proposal, but what happens in the districts where the school committee doesn't measure up and the Federal Government loses its controls?

The only people who would suffer would be the children; would they not?

Secretary RICHARDSON. You must examine what you mean, Mr. Chairman, by controls. We say it is important, certainly, to make sure that there cannot be discrimination among children on account of race, and so we incorporate into the bill the civil rights protections of title VI of the Civil Rights Act of 1964.

We say that it is important that funds for the education of the disadvantaged should go to the disadvantaged, because there has already been, as history to this date makes clear, altogether too much diversion of title I funds.

So we have had to tighten our regulations and indeed in some cases to demand the return of funds from States who have diverted these funds to improper uses. And we incorporate those restrictions.

If, in other words, there exists what we are convinced is a necessary safeguard against the abuse of funds. It is incorporated in the bill and, by definition, what is left out we do not think adequately contributes to any significant national objective.

Senator PELL. But if, as you mentioned earlier, vocational education plans use descriptive boilerplate of what they would do anyway, isn't the responsibility yours for having approved such boilerplate? We don't want this to be descriptive boilerplate of what they would do anyway, and I come back to the fact that the intent of Congress is that you execute the program and approve these plans with imagination.

Secretary RICHARDSON. The problem, Mr. Chairman, is that, as I said earlier, if you have a single set of categorical grant-in-aid requirements, proposed programs, as in the early days of the National Defense Education Act, you can do this, but when you have 33 plans, the result is a process that doesn't correspond with needed comprehensive planning capable of looking at the educational needs and requirements of the system or the State as a whole.

You simply would not, if you were beginning at the beginning with a serious concern for getting the planning done, direct States and local

school systems to subdivide the process in this kind of way and submit to the Federal Government a whole series of separate documents. The result of this is that neither the people who review the plans nor the people who prepare them are in a position to carry out the kind of activity that we believe it is important for the States to do.

Senator PELL. I guess in a much smaller way I am responsible for a couple of new programs: the Arts and Humanities Act, with the help of Senator Javits, and also the Sea Grant College Act. In those two laws, we encourage the agency to reject plans if they are not good, and exercise imagination, not just approve, as apparently is your custom, descriptive boilerplate, of what they would do anyway.

I think what has perhaps happened here, and it is not your fault as an individual, is that over the years there has been an acceptance of these forms by nameless, faceless bureaucrats. I would have thought one of the approaches to the problem would be to stir up the bureaucracy not to approve descriptive boilerplate of what they would do anyway. The Arts and Humanities Endowments and the Sea Grant Program are administered with great imagination, and the result has been increasing originality and excellence of applications.

Secretary RICHARDSON. In the area of the arts, you have a very limited, if not unique, source of Federal support, and you are in a relatively early stage of development in which whatever is developed is essentially new.

It is important to keep in view, I think, the situation that has arisen as a result of proliferation of grant-in-aid programs.

I have long felt, and I would urge again, the development of a situation in which we have a reclassification of all programs into broader categories, and the oldest of the broad categories into block grants, and the transmission of that money into general revenue sharing so that you have a manageable number of categorical grant programs in operation at a given time. This would make perfectly good sense.

But there is a difference, not just in degree but in kind, between seeking significant planning on the part of the State in response to two or three or four or five categorical grant programs and seeking it in response to 33.

Mr. MARLAND. Might I add to the Secretary's testimony in response to that, please, Mr. Chairman?

I think we should draw the very clear distinction between what we have described as formula grants embraced under revenue sharing and the discretionary program grants made in response to specific proposals. They are quite different. We do not include under Education Revenue Sharing any of the type of funding and authority implicit in the arts and humanities activity which you mentioned.

There, we are very competitive. There, we do stimulate creative ideas. There we do bring forth exemplary activities under a fully different set of criteria.

Senator PELL. But that actually seeks what title II is supposed to be.

Mr. MARLAND. All right. Getting back to title III. The Secretary says it has become mundane. Why? It has now been in place for 7 years, and the same kinds of programs which worked and created excitement in the first years have now become repetitious.

I don't wish to have our testimony show that there have not been alert people trying to make better programs such as in title III, but we can go just so far in using new words to define old ideas, particularly since many of these programs at the State level and at the local level have become built in. They are important activities, and they are continuing, but it is a little difficult to make an exciting new proposal out of refunding very important activities that have been in place for 2 or 3 years.

Senator PELL. We will discontinue this adversary conversation. I do wish to make the point that part of this responsibility rests on your shoulders by approving descriptive boilerplate. Perhaps a turnover in some of your people might bring back the excitement of 7 years ago when they considered it for the first time.

But I do think that some of your objectives can be met, consolidation may be necessary in many programs, and in the Congress we agree with you on that. We have tried to move in that direction, though not as fast as you would like. As far as the stimulation of the new ideas and new thinking, this is where we depend on the excellence of administrators, and we couldn't have more excellent officials than you who are here.

Senator Stafford has not had an opportunity.

Senator STAFFORD. Thank you, Mr. Chairman.

I have been very much impressed as a new member of this subcommittee and the full committee with the statements the Secretary and Dr. Marland have made this morning. I can say after listening to Dr. Marland that I am sure he wouldn't make a statement similar to one of the statements one of his predecessors made as quoted in a national magazine. He said that one of his delights was to go to New Hampshire in the fall and help participate in harvesting the maple sirup crop. Since the rest of the country harvests the crop in the spring, that may explain the quality of New Hampshire sirup or something else.

Mr. MARLAND. As compared to Vermont's.

FUNDS IN CATEGORICAL PROGRAMS

Senator STAFFORD. I have just one question to direct to any of you. As I understand the testimony this morning, 33 existing categorical grants are being folded into five, and I am wondering how much money is involved this year in the 33 categorical grants, and what are the projections if we go to five over the next few fiscal years, if you have that information.

Secretary RICHARDSON. The total, Senator Stafford, was about two billion seven hundred-plus million dollars. We added to this for illustrative purposes, as I said in my statement, to indicate how the money would be allocated both among the States and among the five general areas of national concern, another \$200 million to prevent any State from receiving less than it had been receiving under existing authority.

This brought the total amount allocated to just under \$3 billion.

Senator STAFFORD. That is for the current fiscal year?

Secretary RICHARDSON. Those were the figures based on the fiscal 1972 requests under existing categorical authorities. Of course, we don't yet have 1973 figures.

The appropriations, by the way, of the Congress, as you know, were higher than the administration's requests, so that in order to bring the States out even, or better, the total amount of money allocated would be higher than what appears in our literature tables.

But I do want to stress again the point that the validity or value of the approach reflected in this bill is not a function of the amounts involved, because these can be whatever the Congress ultimately sees fit to appropriate.

Senator STAFFORD. Thank you.

Thank you, Mr. Chairman.

Senator PELL. Thank you. I would like to say how glad we are that Senator Stafford is on this subcommittee. He has had great experience, as a Governor, and as a Congressman, and I know how much he will contribute to the committee. He shares with me a sense of loss, Senator Prouty contributed a great deal to the higher education bill and the ESEA. He made a contribution to education far beyond the decibels in his voice—a huge contribution.

Secretary Richardson, what would prevent the money under the revenue-sharing proposal from being used for institutional interests rather than the needs of children? As you know, one of our purposes in the Congress has been to try to get as much of this money directly to the children; and I can see, if once you let them handle it this way, there might be a problem. The local establishments would decide how the money would be spent, and it may be diverted from the children.

How would you handle that?

Secretary RICHARDSON. I think our main reliance would simply be upon the responsibility of the school systems to educate, to meet the broader areas of national concern as set forth in the bill. I am not aware that the Commissioner would be better able to give you a full answer that there is any effective way now whereby we can assure that there is no excessive overhead, for example, in the administration of the program today. When we talk about children, after all, we are talking about services to children that are performed by professionals in the system.

Mr. MARLAND. I would like to amplify that, if I may, Mr. Chairman. I think we have to recall the Secretary's testimony of a few moments ago, in which it was clear that 93 percent of the moneys for education are already administered by the elected or appointed boards of education, who are presumably responsible people; and that the addition of 7 or 8 percent of the dollars from Federal sources should not suggest that some kind of diversion of their concerns and attention from the needs of children.

I would add that the categorical implications in the five parts of our bill tend again to preserve the intention that these funds go to the children where they are needed, such as disadvantaged, vocational education, handicapped, et cetera.

One of these categories, aid to impacted areas, is without any restraints, and there the board of education could use that money, as you suggested, for recreation of teachers.

But apart from impacted aid which is, as Congress has established it, without any strings, those other programs under revenue sharing would be designated for broad purposes, giving the board of education locally the determining power in the use of those funds, provided they are for disadvantaged, vocational education, et cetera.

Senator PELL. I think as title I was written, there is a provision for recapture of misused funds. Is there provision for that in the legislation proposed?

Secretary RICHARDSON. Yes; there is. I call your attention to section 12, Mr. Chairman, which is headed "Recovery of Funds" and reads, "If the Secretary determines that States fail to comply substantially with the provisions of this act, he shall refer the matter to the Attorney General," and so on. It also provides further down for civil action for such relief as may be appropriate, and for a reduction in amounts in effect that would be offset against future years.

There is also a provision in section 18 of the act for the adult by the Department of the funds allocated to each State in order to assure that the funds were in fact used for the purposes provided for in the bill.

Senator PELL. But do you feel those provisions are as firm as the present ones, the provisions for recapture?

Mr. MARLAND. They are virtually the same, Mr. Chairman, under which we are now recapturing some funds which were misdirected under the terms of the law.

Senator PELL. In connection with the earlier point I mentioned with respect to the mini grants and the work attached to them, as I understand it, since they don't fall within the 30 grant programs that would be consolidated, there would be no change in their paperwork. Would that be correct?

Mr. MARLAND. That is a wholly separate part of our legislative and in-house planning, Mr. Chairman. It is true they would not be included under these broad formula grants, but we are trying also to reconcile and to simplify the processes of such grants as you describe and to administer them much more straightforwardly and simply.

Senator PELL. I appreciate your being here. The subcommittee is here to learn and explore your philosophy and the views. We are just as interested as you are, I think, in saving the paperwork.

The question is, Do we lose some of the purposes that Congress has intended by saving the paperwork?

Secretary RICHARDSON. Thank you, Mr. Chairman. We are genuinely grateful to you for initiating these hearings, and creating an opportunity for the presentation of our views on education revenue sharing.

Senator PELL. At least we were glad to call the hearing, too.

Secretary RICHARDSON. Thank you, Mr. Chairman.

Senator PELL. Thank you very much.

(The information referred to and subsequently supplied follows:)

FOR RELEASE UPON DELIVERY

STATEMENT BY
HONORABLE ELLIOT L. RICHARDSON
SECRETARY OF HEALTH, EDUCATION, AND WELFARE
Before the
SUBCOMMITTEE ON EDUCATION
COMMITTEE ON LABOR AND PUBLIC WELFARE
UNITED STATES SENATE
Wednesday, October 27, 1971
10:00 AM. EDT

Secretary Richardson will be accompanied by:

Dr. Sidney P. Marland, Jr., U.S. Commissioner of Education

Mr. Stephen Kurzman, Assistant Secretary for Legislation

Mr. Christopher Cross, Deputy Assistant Secretary for
Legislation (Education)

Mr. Chairman and Members of the Committee:

I am pleased to be here today to testify on S. 1669, the Education Revenue Sharing Act. This is the first Congressional hearing on this bill, a measure which is of major importance to elementary and secondary education, and of central concern to President Nixon in his efforts to reform and revitalize the structure of government in the United States.

The Philosophy of Revenue Sharing

In his State of the Union Message last January 22, the President declared:

"The time has now come in America to reverse the flow of power and resources from the States and communities to Washington, and start power and resources flowing back from Washington to the States and communities and, more important, to the people all across America."

"The time has come for a new partnership between the Federal Government and the States and localities--a partnership in which we entrust the States and localities with a larger share of the Nation's responsibilities, and in which we share our Federal revenues with them so that they can meet those responsibilities."

The concept of the revenue sharing is not new: it was advocated by both Presidential candidates in 1964 and in both major party platforms in 1968. What is new and revolutionary is that this Administration has enunciated an overall strategy--embracing general return of tax revenues to the States and special revenue sharing in six areas of special national concern. In each of these proposals, we evoke the spirit and the substance of self-determination--to preserve it where it exists, to strengthen it where it is weak, and to create the conditions for its reemergence where it has disappeared.

Self-determination is the hallmark of revenue sharing. The President has proposed general revenue sharing to correct the increasingly severe fiscal mismatch between States and localities, faced with demands for services which

are rapidly outpacing revenues, and the Federal Government, equipped with a faster-growing tax base. Recipient State and local governments would be free to apportion shared revenues among the uses they deemed to be of the highest priority for their citizens. They would no longer be caught in the Federal straightjacket which assumes that what's good for one State is equally beneficial to another.

Since approximately 40 percent of local and State revenues are now devoted to education, it is reasonable to expect that education will receive a substantial portion of general revenue income.

Special Revenue Sharing

In addition to the general revenue sharing bill, the President has proposed six special revenue sharing bills, designed to correct the complex and often inefficient way Federal assistance is provided. These bills taken together would consolidate more than one hundred existing categorical programs in all areas of government into six broad systems for sharing Federal revenues with States and localities: in education, urban and rural development, manpower, transportation, and law enforcement.

But the goal is not the mere simplification of Federal organization charts. The goal is twofold. First, consolidation is critically needed to free the States and localities from strangulation by the bureaucratic red tape required by the scores of individual programs. In spite of similarities among related programs in goals, grantees and ultimate beneficiaries, each program has its own regulations, application forms, reporting requirements, and in many cases its own State plan. Second, special revenue sharing will give the States and localities greater freedom than they now have, to determine their own priorities

within broad program areas and to decide how best to meet those priorities. In this respect, special revenue sharing will accomplish a dramatic reversal of the long-term trend toward an ever greater concentration of decision-making power in Washington.

Although most of the national debate so far has focused primarily on general revenue sharing, I believe that special revenue sharing will have an equally significant long-range impact on the Nation. While general revenue sharing offers the prospect of substantially reducing pressures on State and local tax bases, special revenue sharing offers a new mechanism for Federal-State collaboration in matters of mutual concern. Reform and revitalization of the federal system will not be accomplished by money alone; the funds must also be accompanied by reform of the decision-making process to restore the authority of State and local governments--and this is precisely what special revenue sharing is designed to accomplish.

Education Revenue Sharing

S. 1669, the Education Revenue Sharing bill before the Subcommittee today, exemplifies this strategy of governmental reform. It would redefine the Federal role in elementary and secondary education, a redefinition which has become more necessary with the passage of each new categorical program. By delineating broad areas of Federal concern, education revenue sharing would assure that national priorities continue to be met.

1. Extraordinary Growth of Categorical Programs

Over the past half century there has been a growing trend toward ever-narrower categories of Federal assistance to elementary and secondary education.

The categorical approach dates back to 1917 and the Smith-Hughes Act, the first vocational education legislation. In 1958 the National Defense Education Act continued and expanded this pattern for Federal aid. In response to national concern for strengthened curricula in science, mathematics, and foreign languages, the NDEA established a series of programs designed to encourage more young people to pursue studies and acquire skills in fields considered vital to the national defense. In subsequent years, a broader range of national educational needs was identified, and Congress passed in rapid succession a series of laws providing special help for the disadvantaged, for the handicapped, to train more teachers, to modernize vocational and technical education, and to provide more books, equipment, and technology.

Clearly, these programs have had a profound impact on America's educational system. But there is a serious question as to how many more categories can be added to the existing structure without swamping it completely. The Office of Education now administers more than 100 categorical programs. To complicate the picture even further, at least 26 Federal agencies also administer significant categorical programs affecting schools and colleges.

2. State and Local Governments' Problems Under the Categorical Maze

Seen from ground level, the jungle of Federal guidelines, regulations, application forms, and evaluation requirements is almost impenetrable. In order to mount a comprehensive program for disadvantaged children, for example, a local school superintendent finds himself facing the necessity of simultaneously seeking program funds under title I of the Elementary and Secondary Education Act, books under title II, and counseling under title III. In addition, he may seek assistance through special programs under the Education for the Handicapped Act, or purchase equipment under title III of NDEA,

or recruit staff under Part B-2 of the Education Professions Development Act. Programs under the Vocational Education Act or an Adult Education program may complicate the picture still further.

In theory these laws offer the potential for significant support of the local superintendent's program. Unfortunately, however, each categorical program requires a separate application, often to separate divisions of the State educational agency. Some programs require matching funds; others do not. Some only require an acceptable project proposal; others fund projects on a highly competitive basis. And each categorical program has its own complicated set of regulations, guidelines, and reporting requirements.

These requirements make it difficult for even the most affluent and best-staffed school district to put together a coherent package of Federal assistance. For smaller, poorer systems, the task is simply impossible. Just keeping informed of the array of programs available and how, when and where to apply for them has become a nearly impossible undertaking for any local school superintendent, unless he can afford professional assistance.

The demands of grantsmanship often tend to benefit the wealthier school districts and States by creating a regressive situation in which needy districts less readily apply for or receive aid. All districts are affected by the uncertainty, multiplied by the number of different grant applications each has filed, as to whether they will receive the funds requested. All are affected by having to rely for funding of individual grants on the level of appropriations for various particular categorical programs.

Problems with the categorical approach to Federal aid are also increasingly apparent at the State level, where the paperwork required is staggering. A typical State plan for a single formula grant program is dozens of pages

long and takes thousands of man-hours to prepare. States often establish separate units to do this work for programs and projects that are federally funded, because of requirements for individual auditing and reporting. These units and their personnel are counterparts--reproductions on a smaller scale--of the units that administer the programs in the Office of Education. State education officials frequently work more closely with various units of OE than with their own agencies, often managing their Federal funds in isolation from State resources available for the same purposes, and isolated, too, from other federally-assisted State programs. Obviously this fragmentation severely diminishes the possibility of comprehensive, coordinated educational planning at the State level; to the contrary, it insures that what is developed is not a plan which can be meaningful to the State.

Some of the other problems resulting from the proliferation of categorical programs may seem ludicrous, but they are very real to State and local officials. An employee of a State department of education may receive several small checks each payday, because his time is apportioned among different federally-funded programs. The monitoring procedures necessary to assure that personnel and equipment charged to one program are not used for other purposes may also have ridiculous results. A secretary working for one program does not use a typewriter purchased for another; a bookkeeping machine purchased with categorical funds may remain idle while non-Federal units of the same office are using hand ledgers. These results may not be legally required but the categorical mentality all too often produces them.

At both the State and local levels, the paperwork involved in project grant applications sometimes results in administrative costs that may almost match the amount of the eventual grant--if, indeed, one is received at all.

3. Federal Level Problems Under Categorical Programs

The present proliferation of categorical programs produces a correspondingly wasteful impact on the Office of Education itself. The paperwork generated at the State and local levels flows into the Office of Education, where several hundred men and women are assigned to reviewing reports, records, and plans--an expenditure of man-hours which, for a number of reasons, is largely wasted. First, most of this work is essentially sterile--a matter of checking to see that all is in order. The laws insist upon this bureaucratic process, although it adds nothing to the content of the paper--much less to the benefit of the students, teachers and administrators the program is intended to aid. The process serves only to move the application from desk to desk and to contribute to a cumulative delay in processing. Second, the information contained in these documents is often of little actual value. Instead of supplying data which can be used to evaluate and improve a State's performance, it too frequently amounts to no more than a pedestrian collection of routine program descriptions, assurances that Federal requirements are being met, and voluminous statistics of doubtful worth. Third, the time required to shuffle these documents reduces the amount of time and manpower which the Office of Education might otherwise devote to worthwhile technical assistance to States and local educational agencies--just as the time spent

preparing them reduces the capacity of State officials to contribute to State-wide planning efforts or to work productively with local school authorities to improve educational programs.

4. Other Consequences of Categorical Programs

It is remarkable that, despite these handicaps, most of the existing categorical programs have had some notable successes in achieving their original purpose, the stimulation of new efforts to meet special educational needs. And I believe that there will always be a need for some categorical programs to meet emerging new areas of need which require special stimulation.

However, categorical programs simply cannot be permitted to grow indefinitely. Once special needs have been recognized at the State and local level and efforts to meet them are underway, it makes little sense for either the Congress or the Office of Education to continue to sit as a national school board, telling States and communities in great detail what they should spend and how. Such programs should be replaced by broader forms of Federal aid. Once areas of particular national interest have been identified and broad objectives established in the law, the States and localities should be encouraged to find their own means of achieving the stated national objectives. They should not be circumscribed by detailed guidelines and regulations which assume that Washington knows best how to deal with problems which differ in degree and intensity from State to State, from district to district, and even from school to school.

If categorical Federal aid continues to proliferate, it will become more and more difficult for the fifty States to plan and operate effective programs tailored to their own educational needs and problems. There is

no doubt that the States need Federal help. There is no doubt that the States must work together to achieve certain broad national educational objectives. But there is increasing evidence that the present structure of Federal aid cannot provide the kind of assistance that the States can use most profitably. The distortion of State educational priorities and the shortchanging of other promising programs in order to qualify for the available Federal funds, particularly in the case of those programs which require matching funds, is another very major problem that exists under the current maze of Federal categorical programs.

How Education Revenue Sharing Would Work

In order to provide better delivery of funds, the Education Revenue Sharing bill would replace 33 existing Federal formula grant programs in the elementary and secondary field with a single program which would automatically distribute funds to the States by formula. The funds would be used for five broad areas of national concern: education of the disadvantaged, education of the handicapped, vocational education, assistance for schools in federally--affected areas, and supporting educational materials and services.

In the case of the disadvantaged and of pupils whose parents live and work on Federal property, funds would pass through directly to the local educational agencies as a matter of right. The rest of the money would go to the States for distribution in accordance with a State Master Plan.

The Education Revenue Sharing bill would allow a State flexibility and responsiveness in the use of the Federal funds within its borders. Up to 30 percent of the funds for vocational education, education for the

handicapped, and supporting materials and services could be shifted to any other of the national purpose areas which the State determined to be of higher priority in that State. Similarly, 30 percent of the funds for federally-connected children living off Federal property could be transferred to school districts not having any such children.

Such determinations would be made in the process of creating a comprehensive State plan for the use of Federal education funds. The plan would be a comprehensive plan, not one designed to satisfy the conditions of a narrow categorical grant. The plan would be comprehensive and involve real planning by State and local people who could make a genuine effort to decide objectives, establish priorities, identify resources and establish valid yardsticks for the measurement of success. The comprehensive plan would be developed as the result of broad public debate within the State and with the assistance of an advisory council representative of the persons served by Federal education programs. However, the plan would be entirely the work of the people of the State. There would be no requirement for submission of the plan to the Federal Government for approval. Similarly, the way funds would be used within each of the five national purpose areas would be a matter for determination within the State, subject to necessary Federal requirements. State and local administrative costs would be reduced since most of the tedious and expensive grant application process would be eliminated.

The New Federal Role Under Revenue Sharing

In my view, one of the most significant aspects of the education revenue sharing concept is the new Federal role which will emerge as the result of this legislation and through enactment of the President's proposal for a

National Institute of Education.

Our re-examination of the Federal role has focused on how we can encourage responsible people at the State and local level to respond to matters of direct national interest or concern. In view of the increasingly evident bankruptcy of the categorical grant-in-aid device, we have concluded that the Federal role should be to stimulate the development of knowledge and the identification of significant opportunities for innovation. The Federal role should also be to communicate what we have learned to State and local school officials and to provide assistance for putting into effect what we have learned.

This means, then, that we need first of all to strengthen the capacity of the Federal Government to stimulate the development of new knowledge. And this objective, of course, underlies the proposal to establish the National Institute of Education, which, as you know, is in the Higher Education bill both as it was passed by the Senate and as it is coming to the floor of the other body this week.

Secondly we need to develop much more vigorous techniques for assessing the potential value of what has been discovered through research, development, testing, pilot programs, and so on.

I think it is fair to say, speaking not only of research programs in the Office of Education but of a majority of the R&D efforts within HEW, that there has been a major short-fall between the performance of research and its translation into practice. We have simply not had in place the

machinery that forced a rigorous assessment of the value of an R&D product. Until such machinery is in place, we have no way of deciding what results are important enough to disseminate to those in a position to put them into effect. The creation of this dissemination machinery for educational innovation is a necessary second step to follow up the work of the NIE.

The third major step, apart from communication of opportunities to strengthen and improve the quality of education, is the need for technical assistance in bringing these things into realization. We have a number of thoughts about this problem, and Commissioner Marland and his colleagues are currently giving consideration to it. This will require the availability, to State Departments of Education and local school systems, of OE personnel who can assist in the development of the comprehensive State plans which I discussed earlier. Education revenues sharing would enable personnel in the Office of Education who have heretofore been absorbed in the endless and repetitious processing of applications, to work with State and local school systems to help them achieve the results which the State and local officials want to achieve.

In other words, we believe the Office of Education should be staffed with personnel who can perform a role something like that of a pharmaceutical house detail man or an agricultural extension agent; people who know the resources of the Office of Education; who know the results of innovative work that has been carried out through the research and development process; who are sensitive to the needs, views and attitudes of the administrators with whom they are dealing; and who are effective in helping them to adapt the results of new learning and new experience

to the particular community with which they are concerned. The President's proposal for education revenue sharing needs to be understood in terms of how it will enable us to do our job better, as well as in terms of what it means to the State and local school districts.

Let me now be more explicit as to how the legislation would work.

1. Allotment and Use of Shared Revenues

From the amount appropriated, an amount attributable to the presence within the school district of pupils whose parent resides on Federal property--similar to the present "a" category pupil under P.L. 874--would be passed through directly to the district enrolling the student. These funds would be available for any educational activity, just as they are under the existing Impact Aid program.

Once this amount had been subtracted from the total, the remainder would be allotted among the States based on their relative populations of children from low-income families, of children whose parents work on Federal property, and of children aged 5-17 as a whole. That portion of a State's allotment attributable to the presence of low-income children would be passed through directly to the district enrolling such children, and would be available only for programs and projects designed to meet the special educational needs of educationally disadvantaged children who reside in school attendance areas having high concentrations of low-income families. These funds could also be used for special programs for migrant children and for neglected or delinquent children for whose education the State is directly responsible.

Funds based on the presence of "b" category Impact Aid children could

be used for any educational purpose, as under current law. Of the remainder, one-sixth would be available for education of the handicapped, one-third for vocational education, and one-half for supporting materials and services. These funds could be retained at the State level for operation of State-wide programs or distributed among local educational agencies according to relative needs for the types of assistance available.

It should be noted here that the Federal commitment to the disadvantaged is maintained and even strengthened through revenue sharing. The bill provides (1) that no funds may be transferred away from this purpose; (2) that all funds for the disadvantaged will pass through directly to the local school district; (3) that full comparability on basic expenditures among schools in a local district must be achieved as a precondition to the receipt of any of these funds; and (4) that the definition of "low-income family" will be sufficiently responsive to local conditions to assure that funds flow to districts most in need of them.

2. Transfers Among Purpose of Assistance

The State would be permitted to transfer up to 30 percent of the funds available for any one purpose to any other purpose, except that, as noted earlier, the bill would prohibit the transfer of funds allocated for the disadvantaged.

Additional transfers above the 30 percent limit would be permitted if the State demonstrated to the satisfaction of the Secretary that such action would more effectively achieve the purposes of the Act.

3. Operation of the Program

The chief executive officer of each State which desired to participate under the Act would be required to designate a State agency to administer the program. The chief executive officer would also be required to appoint a State advisory council broadly representative of the education community in the State and of the public, including representatives of public and nonprofit private schools; representatives of the populations in the State affected by activities under the Act; persons with special competence in the planning, evaluation, and assessment of education programs; and persons with special competence in the education of the disadvantaged, the handicapped, and vocational education.

The designated agency would, for each fiscal year, develop and publish a plan for the distribution and expenditure of funds under the Act. The plan would be developed in consultation with the State advisory council, would not be adopted finally until a reasonable opportunity had been given to interested persons for comment.

4. Special Payments

From the sums appropriated under the Act, the Secretary could reserve up to 10 percent for making payments to any State to assist it in carrying out activities under the Act which are designed to further achievement of national policy objectives in education.

5. Participation of Nonpublic School Children

The bill also provides that, except where prohibited by State law,

the equitable participation of children enrolled in nonpublic elementary and secondary schools would be provided in the disadvantaged, handicapped, vocational, and support services areas. Where existing State law prevents the participation of nonpublic school children the Secretary shall arrange for those children to receive similar services and shall pay for the services from the State's allotment.

Of course, title to and control of funds received and of equipment purchased under this Act will remain with the State or local education agency.

6. Civil Rights

In the civil rights area, the bill provides that revenues shared with States and local districts under this Act shall be considered as Federal financial assistance within the meaning of Title VI of the Civil Rights Act of 1964.

7. Transition from Existing Programs

Finally, the Act authorizes the appropriation of such sums as may be necessary to enable the Secretary to make payments to States to assist them in planning for the transition from the existing system of categorical grants repealed by this Act to the new system of revenue sharing for education.

Reactions to the Bill

Quite gratifyingly to me, our revenue sharing bill has received considerable favorable attention within the education community. Although some individuals and organizations have criticized various specifics in

our proposal, the majority of those concerned--including our critics--have long endorsed the concepts of grant consolidation and program simplification embodied in this legislation. We are also encouraged by the response to our emphasis on the shift of greater decision-making responsibility to the State and local levels.

Criticisms of the bill have so far clustered around three points: the adequacy of the level of funding, particularly as compared with so-called "full-funding" of existing categorical programs; the capacity of the States to administer the revenues shared; and the adequacy of the civil rights safeguards in the bill.

1. Level of Funding

Some critics have argued that "there isn't enough money in education revenue sharing." To me this indicates a misunderstanding of our proposal. It is not intended to be a general aid to education bill. The bill specifies no authorization ceiling, only "such sums as may be necessary." As is normally the case with authorizing legislation, the level of funding available under this Act will be a function of the annual appropriations process.

The President's budget for 1972 contained only an illustrative breakdown of the amounts that would otherwise be allocated to the 33 existing formula grant programs consolidated by the education revenue sharing proposal. What we attempted to do was to show how the amounts of money presently budgeted under existing authorities would be reallocated to the five broad national purpose areas. An additional \$200 million was added so that we could insure that no State would receive less than it did in Fiscal Year 1971.

Misunderstanding of this funding level question, since the bill authorizes no specific amount, obscures the real merits of the proposal.

Related to this is the reaction that "present programs would be more effective if they were fully funded; then there would be no need for education revenue sharing." At first glance this argument appears to have some appeal, but its appeal rests on a continuation of the current grant structure. It ignores the obvious complexities and difficulties which Federal categorical programs already pose for school administrators.

In fact, full funding of the present programs would not eliminate the need for education revenue sharing: it would become even more urgent than it already is if we are to save the elementary and secondary education system from strangulation by Federal red tape.

2. State Capacity to Administer

Another reaction to our proposal is the question: "Are the States capable of spending the shared funds responsibly?" This is an odd question on the face of it since States and local school districts are currently spending 93 percent of all funds expended for public elementary and secondary education. It seems anomalous to argue that they are somehow unfit to manage the seven percent contributed by the Federal Government.

If we acknowledge that some States will spend the money more wisely than others, we must also ask how any State can be expected to be fully responsible, as long as Federal programs deny them full responsibility. I would make this point even more strongly: unless we establish the conditions under which States and localities accept responsibility, we will

never consider them capable of the tasks at hand. If we do not make it absolutely explicit that State and local failures cannot be blamed on the national government and that incompetence cannot be tied by a long string of excuses to Washington, then local and State agencies will never be held accountable for their actions. This Nation has operated too long under the self-fulfilling prophecy that State and local governments are too weak to carry public burdens; to make sure the prophecy came true, State and local governments have been continually weakened. It is time for a different prophecy.

3. Civil Rights Safeguards

As I have noted above, we have provided in section 13 that the non-discrimination provisions of Title VI of the Civil Rights Act of 1964 will apply to programs and activities receiving funds under the bill. We believe that this is adequate and would provide full protection.

Some criticism has been made that shared revenues would be intermingled with State and local funds so that the civil rights guarantees will not be enforceable. This is untrue: funds under this bill would be no less traceable for civil rights purposes than they are under existing categorical programs, which of course now fund virtually the same grantee agencies as would be funded under the bill. Moreover, in order to make this absolutely clear, section 18 requires strict accounting to the Secretary of Health, Education, and Welfare by the States for the use of the shared funds, including full reporting and disclosure to the Secretary. Just as at present, the Federal Government will have full power to enforce the civil rights guarantees that must go along with the funds collected from all Federal taxpayers. As the President stated in his State of the Union Message in describing this aspect of all his

revenue sharing proposals:

"Neither the President nor the Congress nor the conscience of the Nation can permit money which comes from all the people to be used in a way which discriminates against some of the people."

Conclusion

In concluding let me reemphasize, particularly as one who played a role in the development and implementation of the National Defense Education Act, what I have said earlier: categorical programs in education, as elsewhere, have served a useful purpose. As a process of conditioning the public to the need for Federal support of education, it was most appropriate to pick out the particular areas of greatest need and to concentrate specific Federal programs on them.

We have, however, now reached a position in history where the Federal funds devoted to education are substantial, where the Nation accepts this as necessary, and where it is necessary and appropriate to broaden the authority given the States and localities. There can always be too much of a good thing, and I believe that is what has happened with categorical programs. Through the Education Revenue Sharing bill we propose to redress the balance and to provide an approach needed in the seventies and beyond rather than continue an approach appropriate only to the fifties and sixties.

That is the essence of the New American Revolution which the

President called for in his State of the Union Message last January:

"A peaceful revolution in which power (is) turned back to the people-- in which government at all levels (is) refreshed and renewed, and made truly responsive."

We look forward to working with the Committee in its consideration of an important first step in achieving this basic national goal.

FOR RELEASE UPON DELIVERY

Statement by
Sidney P. Marland, Jr.
U.S. Commissioner of Education
Before the
Subcommittee on Education
Committee on Labor and Public Welfare
U.S. Senate
Wednesday, October 27, 1971
10 A.M. EDT

Mr. Chairman and Members of the Committee:

As a practicing school administrator I have been aware of the condition underlying the need for revenue sharing in education for a long time. Upon my joining the Office of Education, it became even more clear that we had reached the point in the increasing Federal role in elementary and secondary education in this Nation where major reform in grant management was necessary. As the Secretary has so forcefully emphasized, the categorical elementary and secondary education laws and programs have proliferated to the point where especially at the local and State level thousands of man days are required simply to manage the paper work.

In the main, these laws in their time were right and good. Many remain so today, supporting essential Federal priorities in the elementary and secondary schools. In Education Revenue Sharing, it is intended that we sustain the purposes and priorities implicit in the original legislation of the 33 programs, but at the same time we greatly simplify the delivery system. It is our belief that Congress meant to make these funds available quickly and in uncluttered fashion to the eligible local education agencies. I know that I speak for virtually all school superintendents in the United States when I say that we sometimes wonder whether the game is worth the candle and whether

the multiplicity of Federal regulations, guidelines, reports, forms, correspondence, State plans, local plans, overlapping evaluations, etc., are justified in terms of the funds received. Of course, there is no doubt that the funds are desperately needed. However, many hundreds, if not thousands, of creative and talented people, both in the Office of Education and in the State and local systems, could be freed from unnecessary paper work. Under this proposed law they would be able to turn their talents to the real teaching and learning opportunities within their profession.

We believe that at least in part special revenue sharing concepts originated in the Office of Education and became a part of the Administration's legislative program in a wider context affecting many other agencies. It is not something that was imposed upon us. I can speak with enthusiasm for the appropriateness of education revenue sharing at this time. I can assure you that this bill preserves the priorities implicit in the laws which it brings together. And I can assure you that administratively those priorities can be sustained at the local level in a simple and straightforward delivery system which my office will manage. I can further assure you that it will be a great boon to the thousands of professional people throughout the land who are charged with the stewardship of public funds and who want very much to see this bill enacted. They have so resolved. Finally and most importantly, I can assure you that they possess the competence and integrity to administer this law as Congress intends it and in so doing greatly to increase their efficiency.

EDUCATION SPECIAL REVENUE SHARING

AREAS OF ASSISTANCE

- I. Education of the Disadvantaged
- II. Education of the Handicapped
- III. Assistance to Schools in Areas Affected by Federal Activities
- IV. Vocational Education
- V. Supporting Materials and Services

TOTAL AUTHORIZED LEVEL, FIRST FULL YEAR OF OPERATION: \$3,000,000,000

PROGRAMS INCLUDED IN AREA I -- EDUCATION OF THE DISADVANTAGED

FY 1972 Request
(in millions)Elementary and Secondary Education
Act of 1965

Title I-A: Grants to local educational agencies (less set-aside)

Grants to States for education of migrant children

Grants to States for education of institutionalized
neglected and delinquent children

\$1,432

Title I-B: Incentive Grants

8

Title I-C: Special grants for urban and rural schools serving
areas of highest concentrations of children from
low-income families

14

Vocational Education Act of 1963Section 122(a) (4) (B): Set-aside of 15 percent for children with
socio-economic handicaps

57

TOTAL, AREA I: \$1,511

PROGRAMS INCLUDED IN AREA II -- EDUCATION OF THE HANDICAPPED

FY 1972 Request
(in millions)Education of the Handicapped Act

Part B: Assistance to States for education of handicapped children

\$35

Elementary and Secondary Education
Act of 1965Title I, Section 103(a) (5): Special educational needs of handicapped
children for whom the State is responsible
for providing education

46

Title III, Section 305(b) (8): Set-aside of 15 percent of amount received
by State for special programs for the
education of handicapped children

21

Vocational Education Act of 1963Section 122(c) (3): Set-aside of 10 percent of amount received by State for
vocational education of handicapped persons

38

TOTAL, AREA II: \$140

PROGRAMS INCLUDED IN AREA III -- ASSISTANCE TO SCHOOLS
IN AREAS AFFECTED BY FEDERAL ACTIVITIES

FY 1972 Request
(in millions)

Public Law 81-874

Section 3(a): Children of persons who reside and work on Federal property

\$ 178

Section 3(b): Children of persons who reside or work on Federal property

209

Public Law 81-815 (except sections 10, 14, and 16)

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TOTAL, AREA III: \$ 387

PROGRAMS INCLUDED IN AREA IV -- VOCATIONAL EDUCATION

FY 1972 Request
(in millions)Vocational Education Act of 1963

Part B: State vocational education programs (less set-asides)	\$ 287
Part C: Research and training in vocational education	--*
Part D: Exemplary programs and projects	--*
Part E: Residential vocational education	--
Part F: Consumer and homemaking education	--*
Part G: Cooperative vocational education programs	--*
Part H: Work-study programs for vocational education students	--*
Part I: Curriculum development in vocational and technical education	--
TOTAL, AREA IV:	\$ 287

* Activities authorized to be conducted under Part B in FY 1972 Budget Request.

PROGRAMS INCLUDED IN AREA V -- SUPPORTING MATERIALS AND SERVICES

FY 1972 Request
(in millions)

Elementary and Secondary Education
Act of 1965

Title II: School library resources, textbooks, and other instructional
materials

\$ 80

Title III: Supplementary educational centers and services; guidance and
counseling (less set-asides)

104

Title V-A: Strengthening State departments of education

33

Title V-B: Local educational agencies

--

Title V-C: Comprehensive educational planning and evaluation

--

Title V-D: Councils on quality in education

--

Title V-E: General provisions

--

National Defense Education Act of 1958

Title III: Financial assistance for strengthening instruction in science,
mathematics, modern foreign languages, and other critical subjects

--

National School Lunch Act

Section 4: Apportionments to States

. 175

Child Nutrition Act of 1966

Section 5: Nonfood assistance program

16

Section 7: State administrative expenses

2

PROGRAMS INCLUDED IN AREA V (continued)

FY 1972 Request
(in millions)

Education Professions Development Act

Part B-2: Attracting and qualifying teachers to meet critical teacher shortages \$ 7

Adult Education Act (less set-asides)

45

TOTAL, AREA V: \$ 462

OPERATION OF THE PROGRAM

The chief executive officer of each State desiring to participate in the Education Special Revenue Sharing Program will designate a State agency as the single State administering agency.

The chief executive officer of each State will also appoint a State advisory council broadly representative of the education community in the State and of the public. The council shall include representatives of public and nonpublic elementary and secondary schools; representatives of the populations in the State affected by the activities authorized by the Act; persons with special competence in planning, evaluation, and assessment of education programs; and persons with special competence in the education of the disadvantaged, the handicapped, and vocational education.

Each participating State would receive an allotment based on the number of "a" category Impact Aid children (those residing with a parent on Federal property) and on its relative share of the total with respect to the disadvantaged, handicapped, "b" category children, vocational education, and supporting materials and services.

Funds attributable to "a" category children would be passed through to districts enrolling such children.

Funds attributable to disadvantaged children would be passed through to those districts which, in the judgment of the State, have achieved comparability of services.

The remainder of a State's allotment would be distributed to local educational agencies and retained at the State level for operation of State-wide programs, pursuant to a plan developed by the State administering agency, in consultation with the State advisory council, and after interested persons have been given an opportunity to comment.

ASSURANCES

Each State, to receive its allotment, shall submit to the Secretary satisfactory assurances that:

1. Federally connected children will receive public education on a basis comparable to that provided other children in the State;
2. Such fiscal control and accounting procedures will be used so to assure proper disbursement of and accounting for funds received under the Act;
3. Title to and control of funds received under the Act and other property derived therefrom, shall remain in public agencies;
4. Except where prohibited by State law, equitable participation of children enrolled in non-public schools would be provided in the disadvantaged, handicapped, vocational, and support services areas (where State law prevents such participation, the Secretary may permit the State to participate, but he shall arrange for such children to receive similar services on an equitable basis and shall pay the cost thereof out of the State's allotment);
5. The State will make such reports to the Secretary as he may require to carry out his responsibilities under the Act and will keep such records and afford such access thereto as the Secretary may require to assure their correctness;
6. The State will make such evaluations of activities carried out under this Act as the Secretary may prescribe;
7. The State will otherwise comply with the provisions of the Act and with the regulations of the Secretary.

Office of the White House Press Secretary

THE WHITE HOUSEEDUCATION REVENUE SHARINGHold Harmless Base LineDefinition

Each State's "Hold Harmless" base line was calculated by adding together the obligations expected to be allocated to the States in 1971 for the programs converted to Education Revenue Sharing.

Sources of Data

U.S. Department of Agriculture
U.S. Department of Health, Education, and Welfare

Education Revenue Sharing AllocationFormula Used

Of the amounts appropriated for any fiscal year a minimum of ninety percent shall be apportioned by the Secretary of Health, Education, and Welfare.

For each State the number of children qualifying for Federal Impact Aid Type "A" (those who live on Federal property) is multiplied by sixty percent of the national average per pupil expenditure. Each local educational agency within the State is entitled to its relative share so calculated. The total for all States as calculated is removed from the amount to be apportioned. *B68 gm*

Each State shall be entitled to a portion of the remainder of the amount to be apportioned determined as follows:

For each State a sum will be calculated representing:

- a. 1.0 times the number of disadvantaged children
- b. 0.6 times the number of Federal Impacted "B" type children
- c. 0.1 times the number of children of school age.

The entitlement for each State shall bear the same ratio to the amount to be appropriated as its sum calculated above bears to the sum for all States so calculated.

The State entitlement so calculated is to be distributed into the five national areas as follows:

- . for the disadvantaged the amount shall bear the same ratio to the State entitlement as part a. above bears to the sum of a., b., and c.
- . for the Federal Impact "B" type (those whose parents work on Federal property) the amount shall bear the same ratio to the State entitlement as part b. above bears to the sum of a., b., and c.
- . an amount bearing the same ratio to the State entitlement as part c. above bears to the sum of a., b., and c. shall be calculated:
 - . one-sixth this amount shall be for handicapped
 - . one-third this amount shall be for vocational education
 - . one-half this amount shall be for support services.

more

Discretionary Amounts

Each State may transfer up to thirty percent of the entitlement in each area with the exception of those funds passed through to local education agencies, to other areas.

An amount up to ten percent of the fund may be allocated at the discretion of the Secretary of Health, Education, and Welfare.

Notes

The States are required to pass through to local education agencies the funds resulting from Type "A" Federal Impact and disadvantaged children.

All computations and determinations by the Secretary of Health, Education, and Welfare are final and conclusive.

more

EDUCATION REVENUE SHARING

(Dollars in Thousands)

<u>State</u>	<u>Hold Harmless Base Line</u>	<u>E. R. S. Allocation</u>
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.

Senator PELL. Our next witness is Mr. Donald E. Morrison, president of the National Education Association, who will also be testifying on the special revenue-sharing plan for education submitted by the administration.

I am glad to see Stanley McFarland, with whom the committee has worked closely in the past. We consider you unofficial but important partners in this work. We usually agree. Sometimes we don't, but we are always very interested in your views.

STATEMENT OF DONALD E. MORRISON, PRESIDENT, NATIONAL EDUCATION ASSOCIATION; ACCOMPANIED BY STANLEY J. McFARLAND, ASSISTANT EXECUTIVE SECRETARY FOR GOVERNMENT RELATIONS AND CITIZENSHIP, AND MRS. JEAN FLANNIGAN, ASSISTANT DIRECTOR, RESEARCH DIVISION

Mr. MORRISON. Thank you, Mr. Chairman.

I am Donald Morrison, president of the National Education Association. I have with me Stanley McFarland, and I know he doesn't need an introduction. He is head of our office at Government Relations and Citizenship. Also with me is Mrs. Jean Flannigan from our research division, who is an economist specializing in school finance.

Preliminary to my written presentation, Mr. Chairman, I should like to say that I think that a great service could be done if all references in this bill to revenue sharing, educational revenue sharing, and special educational revenue sharing could be taken from the bill.

I think it became apparent in the questioning of the Secretary and the Commissioner that revenue sharing is not really the issue before us in this bill. The bill basically is a consideration of consolidation of categorical grants.

In addition, I think it is a disservice to education in this country to sell this proposal on the advantages of local determination of educational needs. In my opinion, one of the major problems in education stems from the fact that we have been leaving the determination of educational objectives almost entirely to the local and State entities in this country, assuming that that aggregate equals the Nation's needs, and they do not. I can cite an example to further illustrate what I mean. I am assuming that Mr. Romney and his Department are going to come up with some dramatic new ways of supplying much needed low-cost housing in this country. I also assume that if that happens, the entire vocational and technical education programs in relationship to carpentry, plumbing, electricity, and so on, must also accommodate that program. Unless the programs and the goals of the Nation are done in such a way in education that they are consistent with the objectives, then I think we are going to have trouble, as we have at the present time.

There may be cases where revenue sharing is needed in this country, but it is not in the area of education at the present time.

The NEA is an independent, voluntary organization of educators, open to all professional teachers, supervisors, and administrators. It presently has 1,100,000 members and is the largest professional organization in the Nation, with members from school systems in every State. In all, counting its affiliated State and local organizations, the

NEA speaks for a combined membership of approximately 2 million educators.

We appreciate this opportunity to present our views on S. 1669, the proposed Education Revenue Sharing Act of 1971. The stated purpose of this bill is based on the premises that the Federal Government has a responsibility to assist State and local governments in meeting the costs of education in areas of special national concern, and that prior to programs of Federal financial assistance are too narrow in scope to meet the needs of State and local school systems.

It is somewhat ironic that the administration reached this substantial conclusion and is recommending a major overhaul of the Federal grant system when many of the grants involved are not and never have been fully funded. Indeed, the major problems of the Federal grants are related to the fact that they have never been fully funded rather than to the narrow scope of the grant programs.

This proposal would eliminate all dollar program authorizations other than those for impact aid, and all requirements for State-local matching funds. We do not feel that this is a realistic approach.

This proposal, S. 1669, is apparently not based on a substantive review of the grants in existence. We find no evidence that the existing grants have been studied carefully to determine if the area of national concern to which each of the grants was addressed has been sufficiently relieved to permit the conditions of the grant to be relaxed. Indeed, this proposal for a major overhaul in the Federal grant system came a year before the report of the President's Commission on School Finance—a major and comprehensive investigation of school finance.

At this time we oppose the bill as presented for a number of reasons. I shall discuss.

I would like to emphasize that the NEA is not opposed to the concept of block grants, grant consolidation, or simplification of the administration of Federal grants per se. Our objection to the proposals in the bill is based largely on several factors: (a) the inadequate amounts of money requested; (b) extension of the coverage of all programs to include private school pupils; (c) the creation of new State agencies for overseeing Federal funds; (d) the dilution of aid to federally connected pupils; (e) the lessening of the surveillance of Federal programs to insure that funds are indeed directed to top educational priorities—school integration, education of the handicapped, education of the disadvantaged.

LEVEL OF FUNDING

As you are no doubt aware, the schools are in financial crisis. This year many school systems across the Nation are cutting back staff and programs with the net effect of a decrease in the educational services pupils are receiving. The administration's proposal does not provide any increase in funds for existing programs. It simply tosses in an additional \$200 million to cover the difference between the total of the State allotments under the existing grants and the formulas in this proposal.

We cannot help but conclude that the major purposes of S. 1669 are unrelated to its stated purpose. It seems that the thrust of this bill is to provide administrative convenience and perhaps to bring political relief from the pressures for full funding of existing grant programs.

This is not to deny that the administrative process could benefit from simplification—but much of this simplification could be achieved by hacking away at the administrative rules and regulations which accompany each title and by more coordination among the Federal administrators of the several Federal grant programs.

True, some consolidation of Federal grant programs is no doubt feasible, but not without a careful analysis of whether the national interest these programs are designed to serve has been met. Indeed, we feel it would be a disaster to eliminate some specific programs—for example, those which provide milk and lunch subsidies for the Nation's school pupils. This proposal provides that the States may transfer up to 30 percent of the funds from one block grant to another, except that transfers cannot be made from formula funds for an A category of federally connected pupils or from the title I pupils. Because this proposal does not provide for a substantial increase in Federal funds or even an increase to meet inflation, the national interest would not be served if the States elected to transfer, for example, 30 percent of the vocational funds to the education of the handicapped or vice versa. We do not believe that this proposal is feasible at the existing levels of funding and without a substantial increase in general aid-type funding.

PRIVATE SCHOOL PUPILS

We object to the inclusion of private school pupils in those programs which are now limited to operation within the public schools. While the bill provides no more funds, approximately 5 million additional pupils would be sharing the programs. The loss to public school pupils will be acute in those States where the percentage of private school pupils is highest. Vocational programs in public schools will be especially hard hit.

NEW STATE AGENCY

Forty-nine of the 50 States already have State school boards elected or appointed to oversee the States' schools. It is our belief that the appointment of the State advisory council provided in section 9 would do nothing but create confusion.

We also object to the fact that this proposal permits the State's chief executive to bypass the chief State school officers in appointing the advisory council and even in administering the special educational revenue sharing. It makes no sense whatsoever to set the stage for two agencies—for the State education agency to administer State funds and programs and the Governor's appointed council and agency to administer Federal funds and programs.

FEDERALLY CONNECTED PUPILS

We note that the Federal impact aid is not weakened for category A pupils—those whose parents live and work on Federal property. But the aid does not follow the category B pupil with a parent merely working on Federal property or in the uniformed services. The proposal that not more than 30 percent of the entitlement for category B children can go to districts without any such pupils is slight protection indeed. We believe that the funds appropriated by Congress to relieve the local burden of excessive numbers of pupils whose parents are not

employed by a taxable employer should be directed toward the school system so impacted.

We also note that this proposal does not provide impact aid for children living in public housing. This was authorized in the last Congress but has never been funded. We stress the need to fully fund this authorization. These pupils do not have a local taxpayer or, in many instances, a taxable employer behind them. These are concentrations of children who need special educational services if the chain of poverty is to be broken.

WEAKENING OF SURVEILLANCE

Finally, at this point we are reluctant to weaken the rate of progress in getting a fair share of educational opportunity for those pupils who need it most—the minorities, the poor, and the handicapped. We view this proposal—the no strings, no redtape approach—as an abdication of Federal responsibility for these pupils. The Commission of Education, Sidney Marland, has announced his intention of skewing all possible Federal programs to the low income, minority, and handicapped students. We applaud him for this effort this year. We find S. 1669 which, in general, would weaken his ability to direct Federal funds inconsistent with his stated goals.

In summary, we urge the Congress to fully fund the grant programs which are now law and to enact a substantial general aid program before considering consolidation of existing grants.

Senator PELL. I agree with your objectives. As I said earlier in the hearing, the most fruitful investment we can make is in education, but also we face the Appropriations Committee, of which I am not a member. It has the responsibility of dividing up the pie.

I would like to see all our programs fully funded, because we wouldn't have passed them, wouldn't have supported them, voted for them, and worked on them unless we believed they were right and correct.

But on this particular bill and proposal, do you have any suggestion as to how the paperwork can be reduced, because I must say I don't sympathize with the idea of abdicating this Federal responsibility. I do think there must be more ways than we are presently using of reducing the load of paperwork that teachers and administrators and school superintendents presently have to take upon themselves.

As the president of the NEA, receiving letters from teachers all over the country, and presumably a former teacher yourself, do you have any thoughts in this direction?

Mr. MORRISON. Mr. Chairman, I think part of the problem is related to our lack of sophistication in program management. I think that Mr. Nixon is having this kind of problem with his management of programs.

Services are delivered to the local and State entities in this Nation at a much slower rate, and services are delivered from separate units of the Government. I think that we now find ourselves in the position when time won't give us that luxury of slowness. We have an old-fashioned delivery system. I know the NEA has the problem, and the Federal Government does, too. I think that we are going to go through a few years before we gain the sophistication in program budgeting

and planning and management of program. This is where the problem lies.

Senator PELL. I think one of the most medieval institutions from this viewpoint is probably the Congress. We are trying to get on the ball now. The House is a little ahead of us at this time with computers, and we are trying to get computers ourselves so that we can get information when we need it.

There is obviously tremendous room for improvement here, and perhaps the final compromise may be some way of figuring out how to reduce the paperwork, how to consolidate some programs. There is nothing wrong with consolidation, although every time you try to consolidate a little bit, the people with a vested interest in that particular program get very upset.

But I think there is a middle ground here, which I would hope, could be eventually developed. I was wondering if you thought there could be a middle ground, and if not, would you enlarge your own views on this?

Mr. MORRISON. A few years ago, former Senator Eugene McCarthy made a comment to a group of leaders from the urban associations in response to criticism by the superintendents of the Government on this paperwork. The Senator commented that it is rather strange for these superintendents to be criticizing the Government for this paperwork in view of the paperwork that is imposed on classroom teachers just in their normal responsibility and functioning as teachers.

So, again, I think that we need to concentrate on new management schemes and the training of people for better delivery with fewer complications. But I feel that most of this could be done administratively.

Senator PELL. I think so, too. I think this was brought out in previous testimony, that the responsibility for approval is a very real one and should never be automatic.

Mr. McFarland?

Mr. MCFARLAND. In participating in a number of sessions across the country in which superintendents have been present, I have found a general attitude that superintendents feel that the amount of Federal money they are receiving is not worth the time and hassle of the paperwork. In other words, the expectation that has been in existence because of authorization is nowhere near being met by the appropriations, and what there is costs too much in time and man-hours to be worth it.

As an example, title I in the very beginning required that a school district have approximately 25-percent disadvantaged population to participate in the program. That percentage has climbed to 60, 70, and 80 percent because of the reduction in money, so far fewer districts are eligible for a lesser amount of Federal money in the program. The paperwork involved is such that it isn't worth filling out the forms for the amount of money that's available.

This massive stack of paper that the Commissioner brought is all very interesting, but in studying the bill I fail to see that it is going to relieve the paperwork at the State level. In fact, it is going to increase it. It may relieve some of the paperwork in the U.S. Office of Education. Over the years we have somewhat monitored the whole problem, and we found out that in many cases the gripe that local school people have is not what comes from the Federal Government, but the amount of work required from the States in filling out applications.

Senator PELL. Thank you.

Do you have any knowledge of reports that indicate that block grants to States have not been used effectively? Have you in your own travels and conversations come back with the opinion that many of these block grants are ineffective?

Mrs. FLANIGAN. One major study has just been completed at the University of Syracuse which did analyze the Federal programs, not so much in terms of their effectiveness as to their stated purpose, but whether they were equalizing, had funds gone to the low-income child. I think overall they found title I to be most effective in reaching its objective to aid the low-income child in that the money went where the poor children were.

Some of the other formuals were indicted because they were matching grants. Hence, it took a fairly wealthy community to participate in all the matching grant programs.

We do have that kind of major study behind us.

Senator PELL. I know, too, the point that Mr. Morrison made, that the President's Commission on School Finance has not yet submitted its report. I agree with you that it does seem odd that the revenue-sharing proposal of the administration should come forward before that report is submitted. I would have thought that the President's proposal would have been based on what this Commission reports, or at least it would be fed into it.

On behalf of the Republican minority, I have two questions.

In Mr. Morrison's prepared testimony, he indicates that some consolidation of Federal programs would be feasible. Could you furnish to the committee a listing of those programs which you believe could be or should be consolidated and your rationale for doing so?

I realize this is very difficult for you, because you have a constituency that will scream at you for doing this, but I would be interested in your response.

Mr. MORRISON. We shall submit that in writing to you.

(The information subsequently supplied follows:)

CONSOLIDATION OF CERTAIN EDUCATION PROGRAMS AND RATIONALE FOR DOING SO

At the time when a substantial grant-in-aid for general federal support for elementary and secondary schools is enacted, it would be feasible to eliminate almost all existing grants for specialized purposes. If the general federal support is distributed on an equalizing formula and the support amounted to about 33 per cent of existing total revenue receipts for schools, the additional funds for every state would provide ample new funds in excess of current federal grants to permit the elimination of the special grants. We feel it is extremely important that categorical aids be retained until their purposes are accomplished and the national interest is fulfilled.

The grants which could be combined, when a federal contribution of 33 per cent becomes available, are:

Elementary and Secondary Education Act:

Title I—Aid for low-income pupils.

Title II—Textbook and library resources.

Title III—Supplementary services; innovation.

Title V—Strengthening of state education departments.

Title VI—Education of the handicapped.

Title VII—Bilingual education.

National Defense Education Act:

Title III—Assistance for equipment purchase.

Title V—Guidance and counseling aid.

Impact Aid (P.L. 81-874): All parts of this law except Part A which concerns children of parents who live on and work on federal property.

Vocational Education: Could be included, or perhaps should be a separate "block grant."

Program guarantees could be written into the legislation providing that no program previously funded with federal grant funds shall be reduced or discontinued except with the permission of the Commissioner of Education.

Existing special aid programs which probably could not be included in the block grant are impact area aid for pupils whose parents live and work on federal property, Title IV of ESEA (Educational Research and Training), school food service and school milk programs, and civil rights programs. In addition, the shared revenue from public lands could not be included because of the concentration of federal lands in a few western states.

Please note that the NEA does not support a "block grant for education" unless there is a far greater commitment of federal funds than the present 69 per cent contribution provides. We believe the federal share should be 33 per cent.

Senator PELL. Thank you very much.

Mr. McFARLAND. Senator Pell, I would like to commend this committee for what they have done in the area of handicapped and what you are attempting to do in the higher education bill, because we feel this is a real step forward.

Senator PELL. Thank you.

Secretary Richardson, in his prepared statement referred to revenue sharing in education. Do you have any counter-rebuttal you would like to offer at this time, or would you like to submit that?

Mr. MORRISON. I believe, sir, that we've done this in our prepared statement. As a matter of fact, it sounded to me as though the Secretary's statement was written as a rebuttal to ours.

Senator PELL. Right.

Mr. McFarland?

Mr. McFARLAND. We hear a lot of rumors from the U.S. Office of Education concerning a brand new program, the educational renewal centers. This sounds very exciting in many respects, and possibly one of the most interesting aspects is that it would provide a delivery system for NIE, as well as providing some consolidation of programs.

Our concern at this point is that there seems to be some inconsistencies between the rumors about the renewal centers program and the special revenue sharing proposal. Most programs are State grant programs, and the reliance of the renewal centers on discretionary money raises questions about the authority of the U.S. Office to shift these moneys.

Now, at this point I don't know enough about the renewal centers to make any serious criticisms about them. But I think there are questions that should be asked.

Senator PELL. You are quite correct. Conversations are going on at the staff level with regard to these proposals and also with regard to the legal base that would be necessary to move ahead in this field.

Mr. McFARLAND. Yes, sir.

(Information subsequently supplied for the record follows:)



NATIONAL EDUCATION ASSOCIATION • 1201 16th St., N.W., Washington, D.C. 20036 • (202) 833-4000
DONALD E. MORRISON, President SAM M. LAMBERT, Executive Secretary

STATEMENT OF
MR. DONALD E. MORRISON
PRESIDENT
OF THE
NATIONAL EDUCATION ASSOCIATION
ON
H. R. 7796
THE
SPECIAL REVENUE SHARING PLAN FOR EDUCATION
BEFORE THE
SENATE SUBCOMMITTEE ON EDUCATION
OF THE
SENATE COMMITTEE ON LABOR AND PUBLIC WELFARE
OCTOBER 27, 1971

I am Donald Morrison, President of the National Education Association. The NEA is an independent, voluntary organization of educators, open to all professional teachers, supervisors, and administrators. It presently has 1,100,000 members and is the largest professional organization in the nation, with members from school systems in every state. In all, counting its affiliated state and local organizations, the NEA speaks for a combined membership of approximately 2,000,000 educators. With me is Stanley J. McFarland, Assistant Executive Secretary for Government Relations and Citizenship.

We appreciate this opportunity to present our views on H.R. 7796, the proposed Education Revenue Sharing Act of 1971. The stated purpose of this bill is based on the premises that the federal government has a responsibility to assist state and local governments in meeting the costs of education in areas of special national concern, and that prior programs of federal financial assistance are too narrow in scope to meet the needs of state and local school systems.

It is somewhat ironic that the administration reached this substantial conclusion and is recommending a major overhaul of the federal grant system when many of the grants involved are not and never have been fully funded. Indeed, the major problems of the federal grants are related to the fact that they have never been fully funded rather than to the narrow scope of the grant programs. This proposal would eliminate all dollar program authorizations other than those for impact aid, and all requirements for state-local matching funds. We do not feel that this is a realistic approach.

This proposal, H.R. 7796, is apparently not based on a substantive review of the grants in existence. We find no evidence that the existing grants have been studied carefully to determine if the area of national concern to which each of the grants was addressed has been sufficiently relieved to permit the conditions of the grant to be relaxed. Indeed this proposal for a major overhaul in the federal grant system came a year before the report of the President's Commission on School Finance-- a major and comprehensive investigation of school finance.

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At this time we oppose the bill as presented for a number of reasons I shall discuss.

I'd like to emphasize that the NEA is not opposed to the concept of block grants, grant consolidation, or simplification of the administration of federal grants per se. Our objection to the proposals in the bill is based largely on several factors: (a) the inadequate amounts of money requested; (b) extension of the coverage of all programs to include private school pupils; (c) the creation of new state agencies for overseeing federal funds; (d) the dilution of aid to federally connected pupils; (e) the lessening of the surveillance of federal programs to insure that funds are indeed directed to top educational priorities--school integration, education of the handicapped, education of the educationally disadvantaged.

Level of Funding. As you are no doubt aware, the schools are in financial crisis. This year many school systems across the nation are cutting back staff and programs with the net effect of a decrease in the educational services pupils are receiving. The administration's proposal does not provide any increase in funds for existing programs. It simply tosses in an additional \$200 million to cover the difference between the total of the state allotments under the existing grants and the formulas in this proposal.

We cannot help but conclude that the major purposes of H.R. 7796 are unrelated to its stated purpose. It seems that the thrust of this bill is to provide administrative convenience and perhaps to bring political relief from the pressures for full funding of existing grant programs.

This is not to deny that the administrative process could benefit from simplification--but much of this simplification could be achieved by hacking away at the administrative rules and regulations which accompany each title and by more coordination among the federal administrators of the several federal grant programs.

True, some consolidation of federal grant programs is no doubt feasible, but not without a careful analysis of whether the national interest these programs are

designed to serve has been met. Indeed, we feel it would be a disaster to eliminate some specific programs--for example, those which provide milk and lunch subsidies for the nation's school pupils. This proposal provides that the states may transfer up to 30% of the funds from one block grant to another, except that transfers cannot be made from formula funds for a A category of federally connected pupils or from the Title I pupils. Because this proposal does not provide for a substantial increase in federal funds or even an increase to meet inflation, the national interest would not be served if the states elected to transfer, for example, 30 percent of the vocational funds to the education of the handicapped or vice versa. We do not believe that this proposal is feasible at the existing levels of funding and without a substantial increase in general aid-type funding.

Private School Pupils--We object to the inclusion of private school pupils in those programs which are now limited to operation within the public schools. While the bill provides no more funds, approximately 5 million additional pupils would be sharing the programs. The loss to public school pupils will be acute in those states where the percentage of private school pupils is highest. Vocational programs in public schools will be especially hard hit.

New State Agency--Forty-nine of the fifty states already have state school boards elected or appointed to oversee the states' schools. It is our belief that the appointment of the state advisory council provided in Section 9 would do nothing but create confusion. We also object to the fact that this proposal permits the state's chief executive to by-pass the chief state school officer in appointing the advisory council and even in administering the special educational revenue sharing. It makes no sense whatsoever to set the stage for two agencies--for the state education agency to administer state funds and programs and the governor's appointed council and agency to administer federal funds and programs.

Federally connected children--We note that the federal impact aid is not weakened for category A pupils--those whose parents live and work on federal property. But

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the aid does not follow the category B pupil with a parent merely working on federal property or in the uniformed services. The proposal that not more than 30 percent of the entitlement for category B children can go to districts without any such pupils is slight protection indeed. We believe that the funds appropriated by Congress to relieve the local burden of excessive numbers of pupils whose parents are not employed by a taxable employer should be directed toward the school system so impacted.

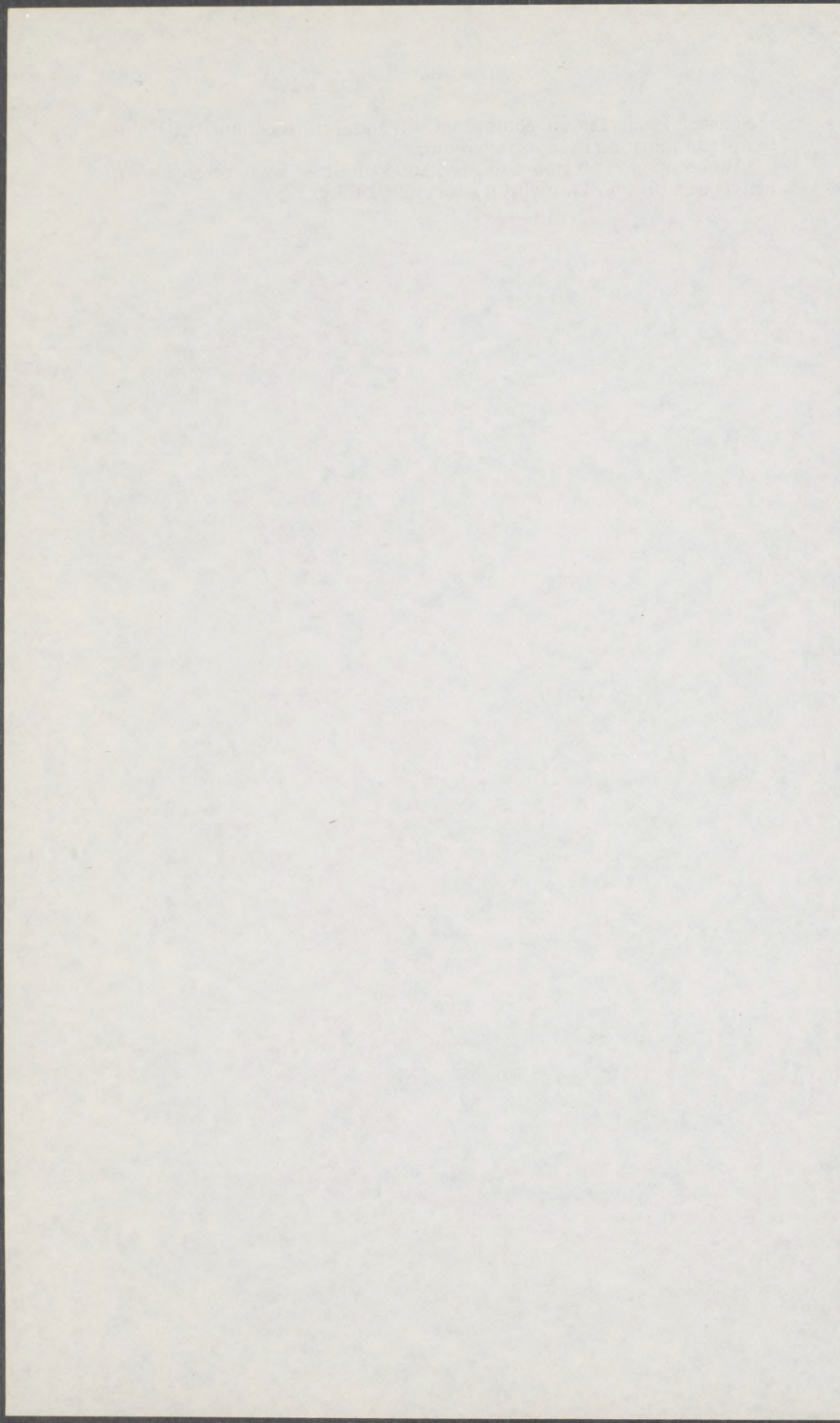
We also note that this proposal does not provide impact aid for children living in public housing. This was authorized in the last Congress but has never been funded. We stress the need to fully fund this authorization. These pupils do not have a local taxpayer or, in many instances, a taxable employer behind them. These are concentrations of children who need special educational services if the chain of poverty is to be broken.

Weakening of Surveillance--Finally, at this point we are reluctant to weaken the rate of progress in getting a fair share of educational opportunity for those pupils who need it most--the minorities, the poor, and the handicapped. We view this proposal--the no strings, no red tape approach--as an abdication of federal responsibility for these pupils. The Commissioner of Education, Sidney Marland, has announced his intention of skewing all possible federal programs to the low income, minority, and handicapped students. We applaud him for this effort this year. We find H.R. 7796 which, in general, would weaken his ability to direct federal funds inconsistent with his stated goals.

In summary, we urge the Congress to fully fund the grant programs which are now law and to enact a substantial general aid program before considering consolidation of existing grants.

Senator PELL. The subcommittee will stand in recess until 10 o'clock tomorrow morning in this same room.

(Whereupon, at 11:55 a.m., the subcommittee was recessed to reconvene at 10 a.m., Thursday, October 28, 1971.)



EDUCATION REVENUE SHARING ACT OF 1971

THURSDAY, OCTOBER 28, 1971

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room 4200, New Senate Office Building, Senator Claiborne Pell (chairman) presiding.

Present: Senator Pell.

Staff members present: Stephen J. Wexler, subcommittee counsel, Richard D. Smith, subcommittee associate counsel, and Roy Millenson, minority professional staff member.

Senator PELL. The Subcommittee on Education will come to order.

The first witness today is Mr. B. Alden Lillywhite, representing Byron Hansford, executive secretary, Council of Chief State School Officers. We welcome you to the subcommittee.

STATEMENT OF B. ALDEN LILLYWHITE, ON BEHALF OF BYRON HANSFORD, EXECUTIVE SECRETARY, COUNCIL OF CHIEF STATE SCHOOL OFFICERS

Mr. LILLYWHITE. Thank you, Mr. Chairman.

My name is B. Alden Lillywhite, and I am assistant to the executive secretary of the Council of Chief State School Officers. As you probably are aware, the council is composed of the chief State school officers (State commissioners of education or State superintendents of public instruction) in each of the 50 States and in the six territories. The council appreciates this opportunity to express its views to this subcommittee on the educational revenue sharing proposal, S. 1669.

In presenting this testimony, we do not intend to discuss the details of the proposal but only to raise major policy questions.

I have given Mr. Wexler several copies of the statement and have briefed one copy down for reading purposes, which will take a shorter period of time because of some things that I think need not be read.

Senator PELL. I thank you very much.

Mr. LILLYWHITE. I don't feel I can summarize this because it is interwoven, so I will proceed, if that is satisfactory.

Senator PELL. Please proceed.

Mr. LILLYWHITE. The council and its individual members have been vitally concerned with legislation authorizing Federal funds for education during the past 10 years. However, the number of categorical aid programs have multiplied since passage of the National Defense

Education Act in 1958, until there are now a very large number of different programs for elementary and secondary education authorizing funds for specific purposes, each having rigid guidelines and requiring separate applications and reports, which are extremely difficult for most districts to most efficiently use the Federal assistance that is available.

For these and other reasons, the chief State school officers welcomed the statement made by Secretary Richardson in his speech to that group at their annual meeting in Miami Beach in 1970, when he suggested that a more viable approach to Federal aid might be to consolidate into one legislative act all education programs that lend financial support in operating and maintaining the current educational efforts for elementary and secondary schools which would emphasize block grants to the States with broad discretionary powers for the States to use Federal funds in five major areas.

The council officially commended Secretary Richardson for his thoughtful analysis, recommended that he attempt to implement the positions he described, and pledged its support of those efforts. The members strongly favor the concept of S. 1669 which is based on the block grant approach to providing Federal funds for education, with considerable discretion left to the States, to decide just how the funds should be used in each of the major areas.

The need to reduce the large number of separate narrow-purpose programs that now exist with the accompanying paperwork which results is urgent. It makes good sense to let each State decide the specific ways in which the Federal funds should be spent, since they are responsible for administering the State and local funds for educational purposes which constitute on the average more than 90 percent of all funds spent for public elementary and secondary education programs.

In the opinion of the council, that is the most viable way to make the improvements urgently needed in education.

The council also is convinced that the Federal share should be at least 25 percent of the costs for elementary and secondary education, if we are to provide the kinds of programs that will make it possible for each child to reach his full potential. A strictly categorical aid program involving this volume of Federal funds would in our opinion be unmanageable. It would not be difficult to manage under the block grant or more general grant approach.

Specifically then, the council favors the approach in the special educational revenue sharing bill submitted to Congress by the administration which proposed to condense most of the existing categorical aid authorizations into five major educational areas as follows: (1) compensatory education; (2) federally impacted areas; (3) vocational education; (4) programs for the handicapped; and (5) support services.

This proposal gives the States the additional discretionary authority to transfer up to 30 percent of the funds from any of the five categories, except compensatory education and part of the impact aid program to any of the other categories where greater need exist.

The council generally favors the earmarking of Federal funds for a small number of broad educational areas as is proposed in S. 1669 with provisions that Federal funds supplement rather than supplant

State and local funds. We also favor reasonable maintenance of effort provisions to assure that the States and local educational agencies at least continue their existing levels of support for educational programs.

And, finally, we favor establishing in the legislative authorization guidelines for each major area to assure that the Federal funds would be directed to the activities for which they were authorized. This type of legislative safeguard would support the State educational agencies in resisting the pressures that arise to use the Federal funds for something which might be considered to be politically more urgent at any given time.

S. 1669 requires that a State plan be prepared for use of the funds in each of the major areas and that there be wide participation by representatives of the various groups in the State in developing the plan.

The Council favors this type of provision but also feels that there should be specific requirements for educational planning by the State educational agencies as the most viable way of achieving efficient use of the Federal funds and in redirecting education to achieve objectives stated in the yearly plan.

Equally important is the necessity for requiring States and local educational agencies to be held accountable to the general public and to the Federal administering agency for results. Finally, we believe there should be a requirement for evaluation of the activities undertaken under the Federal grants and redirection of program thrusts and activities as indicated by the findings.

This concept for administering Federal assistance requires strengthening the capacities of State educational agencies in the important areas of planning for and management of educational activities and in particular the leadership functions of State educational agencies. Much could be said about the kinds of activities that need to be undertaken to strengthen the capabilities of State and local educational agencies to adequately plan, manage, evaluate, and redirect educational programs.

These are the areas to which the Council and most of the States are giving greatly increased attention. It is essential that any such proposal authorize sufficient administrative funds to State agencies to achieve these goals and to administer the block grants.

Finally, and most important, the Council members are unanimous in their belief that Federal funds for education should be allocated to and administered by State educational agencies, which by law are responsible for administering the educational programs in the States.

S. 1669 incorporates some of the provisions considered by the Council to be essential, but does not include others. It also includes some proposals that are opposed by the Council and its individual members. I have enumerated some of the desirable provisions.

Perhaps the most undesirable feature is the requirement that the funds be allocated to the Governor's office and that he designate a single State agency to administer the educational programs financed by these funds. He also is required to appoint an advisory council with broad representation from the groups to be served, and with authority to guide the disbursement of these Federal funds.

Every State in the Union provides funds from State revenues to be distributed to local educational agencies to aid in financing public educational programs. Likewise, each of the States has by law created a State educational agency (a department of education or a department of public instruction) and has given this agency overall authority and responsibility for administering the program of public education in the State.

Also, 49 of the 50 States have created a board of education, whose members are broadly representative of various interests in the State, to set policies for State administration of the public educational programs. In 1972 these State educational agencies will administer an estimated total of \$48.8 billion of which about \$16.4 billion will be from State funds and \$32 billion from local funds.

State agencies also administer a major portion of Federal funds now appropriated for education not covered under the revenue sharing proposal.

Under these circumstances it is not difficult to imagine the confusion that would result if under the educational revenue-sharing bill a Governor designated a State agency other than the State educational agency to administer, either through local educational agencies or through some other local agencies, the \$3-plus billion of Federal funds for elementary and secondary education it provides, which constitutes only 7 or 8 percent on the average of the States' expenditure for public elementary and secondary education, while at the same time the State educational agencies were responsible for administering the \$48 billion of State and local education funds, and those other Federal aid programs not covered under the revenue sharing.

Even more chaos might result if the Governor designated the existing State educational agency to administer the special revenue-sharing funds under the advice, policies and recommendations from the newly created advisory council while the same State agency was responsible for administering the States' funds for education under policies set by the State board of education.

When this question was raised with Office of Education officials supporting the revenue-sharing proposal, the answer inevitably was that the Governor would in all probability designate the State education agency as the administering agency.

If this is true, the question logically follows as to why go through the motions of sending the funds through the Governor's office. The objectives of keeping the Governor's office advised of the amount and timing of allocations could be accomplished by simply informing that office of the amount and the date of allocations.

This would seem to be a more direct way of accomplishing the desired purpose.

Another major question for the chief State school officers is the formula for allocating the funds to each State and for each of the major blocks of funds and the flow-through to local educational agencies.

Without going into detail, the administration explained that a formula was devised which would give each State and each of the five major areas about the same amount as the actual budget for fiscal year 1971 for the categorical aid programs covered under the proposal, a total of 2.8 billion, plus \$200 million new funds.

Specifically, the formula would have allocated 51 percent of the funds to compensatory education, 14 percent to impact aid, 12 percent to vocational education, 6 percent for the handicapped and 17 percent for support services. This type of allocation may be as good as could have been expected at the beginning of the program. However, it raises several questions: the appropriations now are less than 50 percent of the authorizations for all categorical aids, the amount the authorizing committees felt was needed for these purposes.

Some programs receive appropriations near their full authorizations, while others receive a much lower percentage. It seems appropriate to ask whether the formula should have allocated funds on appropriations for each program for a specific year, or on authorization, or on some other basis.

Furthermore, this allocation formula as noted above can be altered by any State for any of the five blocks except compensatory education and part A of impact aid by a total of 30 percent.

Finally, the formula was such that a hold-harmless baseline was included to assure that no State received less under the revenue-sharing proposal than it would have received under the categorical aid programs. Each State's hold-harmless baseline was calculated by adding together the obligations expected to be allocated in 1971 for programs converted to education revenue sharing. The assurance that this baseline would be met was not incorporated into the legislation, but was given by the President in his message on special revenue sharing.

Another major objection to this bill results from the operation of this formula. It is our understanding that the amount derived from application of the formula is the new authorization for each block grant since existing categorical aid with their present authorizations will be repealed. Since existing authorization for the programs covered under the revenue-sharing proposals are about twice the amount of the appropriations, this change has the effect of reducing the authorizations for this program by one-half. The council feels this to be a most serious mistake.

As finally submitted, S. 1669 did not include a maintenance of effort provision nor a requirement that the funds supplement rather than supplant State and local funds. Neither did it include guidelines for administering the funds in each major area, although these probably could have been included in the regulations.

There was no requirement for accountability and no funds were earmarked for State administration.

One other aspect of the provisions deserve comment. The administration sent to the Congress an impact aid reform bill during 1970, which substantially changed the formula currently in effect in that the act reduced the amount that would be needed for the program and decreased the number of districts eligible for assistance. The educational revenue sharing bill presents a different kind of formula for impact aid and permits States to consider entitlement for B category children as block grant money, to be allocated in any amount considered desirable to other districts so long as they are eligible for impact aid funds.

The point we would like to emphasize is that if the formula in the impact aid bill needs changing, it should be changed, and not authorize a situation to exist where a school district earned entitlement on

account of B category children in its schools and counted on those funds in its annual budget but had no assurance it would actually receive the funds, because they might be given to another impact aid district.

To summarize, then, the Council favors consolidation of the present large number of categorical aid authorizations into a much smaller number of block grants with each block focused on a major educational problem.

It also favors inclusion in any such proposal the desirable provisions and exclusion of the undesirable provisions discussed in this testimony.

Mr. Chairman, that concludes the statement. If there are any questions, I will attempt to answer them.

Senator PELL. Thank you very much.

In general, then, your organization favors this bill?

Mr. LILLYWHITE. I think in general we favor the concept of the reduction of categorical aid into major blocks.

Senator PELL. If you were on this subcommittee would you vote for or against the bill?

Mr. LILLYWHITE. The Council has not taken a specific position on this bill. They probably will in the forthcoming meeting, because their last meeting was held when this was still in the development stage, and all they had available at that time was the proposals which the officials thought would be in it, and they did take a strong position then. I just don't know, and I can't speak for the exact position they will take, but if they favored the revenue sharing proposal, they would certainly have strong opposition to the two or three proposals, the one that sends the money through the Governor's office, and the one that sets up a competing organization to the State boards of education, the one that limits the authorizations from what they are now to what they would be under this proposal, and the several other proposals that I have discussed.

Senator PELL. Would you give a personal view? Would you vote for or against the bill?

Mr. LILLYWHITE. I am sorry, I can't answer that, because I am just one of the representatives in the office, and I don't know what Council members would do, or what position they will take at this forthcoming meeting.

Senator PELL. As I interpret your testimony, what you are saying is that you are for all those provisions that preserve or enlarge the authority of the chief State school officers, and oppose all those provisions which denigrate or circumvent that authority.

Mr. LILLYWHITE. Well, that is generally correct. The chief State school officers, naturally, would want the authority granted to them to administer programs because they already administer 90 percent of the funds for elementary and secondard education.

Senator PELL. Isn't this testimony on the rather narrow basis of the self-interest of your own group?

Mr. LILLYWHITE. I am sorry? I didn't hear.

Senator PELL. Isn't your testimony directed toward the narrow basis of the self-interest of your own group?

Mr. LILLYWHITE. Well, the council would not object to block grants focusing funds on major categories.

Senator PELL. As long as it went through the chief State school officers.

Mr. LILLYWHITE. That is correct.

Senator PELL. I want the record to show quite clearly that I appreciate your testimony. In general, the thrust of it is that anything that preserves or enlarges the authority of chief State school officers you support, and anything else you oppose, and that is about the main thrust of the testimony. Would that be correct?

Mr. LILLYWHITE. In general, yes; but I think it might be said this way: By law, they are now responsible for administering the educational program in each State, and if there are other agencies set up on a competing basis to administer a different—one set of Federal grants—they would be responsible for administering another set of grants, and great confusion would result, and their authority would be eroded in trying to do the job for State and local funds.

Senator PELL. But the objective of this whole bill and all our work here is not the preservation of the authority of the chief State school officers. It is the education of the children.

What major educational objectives would you organize block grants around?

Mr. LILLYWHITE. Well, I think it is difficult here to state the specific objectives of each State, but one thing I did emphasize is that the State educational agencies themselves recognize that their own capabilities need strengthening for planning, for setting objectives, and for devising the procedures to reach those objectives, and I think they are working on it.

Senator PELL. But surely, you who speak for the chief State officers, must have some idea of the objectives. What would they be built around?

Mr. LILLYWHITE. Well, to speak generally—

Senator PELL. Are you an educator by background?

Mr. LILLYWHITE. Yes. I was just down at the Office of Education up to a year ago as the Associate Commissioner of Elementary and Secondary Education.

Senator PELL. Right. What educational objectives would you think would be best served by this type of block grants?

How would the children be better served?

Mr. LILLYWHITE. I think the principal reason for the blocks rather than the narrow-purpose categorical aids is the leeway it gives for each State to adjust within major guidelines the funds that are available for compensatory education, for handicapped, for vocational education, to develop career education.

Now, there is little leeway to adjust to the individual conditions in each State with the extremely large number of narrow-purpose guidelines.

It is difficult to make that adjustment, and as you know, there is a great deal of paperwork involved with the large number of specific programs.

Senator PELL. How would you handle the question of the present inequities between the school districts? I saw a newspaper article the

other day about a State, I think it was New York, that compared the difference in per capita funds of a school district with a low tax base with a school district that had a high tax base. If the money is distributed even-stein, it would not compensate for the differences in the education children are presently receiving, would it?

Mr. LILLYWHITE. I think the chief State school officers anticipate, if I might say, the California court decision which goes to the problem of which you spoke, and I think they favor the evening out of the ability to finance education between the poor and the rich districts, and I think they would use Federal funds to help do that.

Senator PELL. Do you think, for example, the State school board in New York would give more money to the Harlem schools than they would the Scarsdale schools, bearing in mind the political makeup of the State?

Mr. LILLYWHITE. I think that is difficult to answer.

Senator PELL. Excuse me, Mr. Lillywhite. You know the answer.

Mr. LILLYWHITE. I think in some cases they would.

Senator PELL. You believe the principal State school office in Albany would even these inequities out between Scarsdale and Harlem? You say that with the experience you have behind you as an educator and a deputy commissioner?

Mr. LILLYWHITE. Some of these programs, the larger districts have got additional money, and that is because they have the ability to get that money, they have the expertise in preparing the applications, and the poorer districts don't get the money.

Senator PELL. But if you distributed it even-stein, you reinforce those inequities.

Mr. LILLYWHITE. I think there is a considerable change in the complexion of the States in their desire to get their capabilities to the point where they can redirect education the way it ought to be, particularly planning and evaluation and a change in direction as a result of their findings, and I think you will find a great deal of change in the attitudes of the States toward these matters.

Senator PELL. I would hope this was true, and I respect your views in that regard. I would hope these funds would be distributed according to need, not according to where the tax base is, or where the political support was.

Mr. LILLYWHITE. We suggested in block grants that there be some guidelines inserted to prevent the allocation of these funds to more politically expedient purposes at any given time and to guarantee that they could be focused on the areas to which they were directed.

Senator PELL. Very well. Thank you very much, Mr. Lillywhite. You were very good to give us this testimony.

Mr. LILLYWHITE. Thank you.

(The prepared statement of B. Alden Lillywhite follows:)

PREPARED STATEMENT OF B. ALDEN LILLYWHITE, ASSISTANT TO THE EXECUTIVE
SECRETARY OF THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS

EDUCATIONAL SPECIAL REVENUE SHARING¹

Mr. Chairman and members of the Subcommittee—my name is B. Alden Lillywhite and I am an assistant to the executive secretary of the Council of Chief State School Officers. As you probably are aware, the Council is composed of the chief state school officers (state commissioners of education or state superintendents of public instruction) in each of the 50 states and in the six territories. The Council appreciates this opportunity to express its views to this subcommittee on the Educational Revenue Sharing Proposal, S. 1669, submitted to the Congress by the Administration early in 1971. In presenting this testimony, we do not intend to discuss the details of the proposal. Rather, we felt it was more appropriate to raise some of the major policy questions.

The Council and its individual members have been vitally concerned with legislation authorizing federal funds for education authorized during the past 10 years and have supported it. However, the number of categorical aid programs have multiplied since the passage of the National Defense Education Act in 1958, until there are now a very large number of different programs for elementary and secondary education authorizing funds for specific purposes, each having rigid guidelines and requiring separate applications and reports which make it extremely difficult for most districts to make most efficient use of the federal assistance that is available. For these and other reasons, the chief state school officers welcomed the statement made by Secretary Richardson in his speech to that group at their annual meeting in Miami Beach in 1970 when he suggested that a more viable approach to federal aid might be to consolidate into one legislative act all education programs that lend financial support in operating and maintaining the current educational efforts for elementary and secondary schools which would emphasize block grants to the states with broad discretionary powers to use federal funds in five major areas. He suggested further that states could be asked to submit a comprehensive plan on how they would allocate federal monies in each of the five broad areas and the money would flow by block grant through the state and, according to its plan, to the local school districts.

The Council officially commended Secretary Richardson for this thoughtful analysis, recommended that he attempt to implement the positions he described, and pledged its support of those efforts. The members of the Council strongly favor the concept of S. 1669 which is based on the block grant approach of providing federal funds for education with considerable discretion left to the states to decide just how the funds should be used in each of the major blocks or areas to meet the different conditions that exist in the different states.

The need is urgent to reduce the number of separate narrow purpose programs that now exist with the accompanying paper work which results. It makes good sense to let each state decide the specific ways in which the federal funds should be spent since they are responsible for administering the state and local funds for educational purposes which constitute on the average more than 90% of all funds spent for public elementary and secondary education programs. In the opinion of the Council, this is the most viable way to make significant progress in making the improvements urgently needed in education.

The Council also is convinced that the federal share should be at least 25% of the costs for elementary and secondary education if we are to provide the kinds of programs that will make it possible for each child to reach his full potential. A strictly categorical aid program involving this volume of federal funds would in our opinion be unmanageable. It would not be difficult to manage under the block grant or more general grant approach. At the same time it is recognized that it may be necessary to have some categorical aids to meet special problems or to further national priorities.

¹ Testimony presented by B. Alden Lillywhite of the Council of Chief State School Officers to the Subcommittee on Education of the Senate Committee on Labor and Public Welfare, October 28, 1971.

Specifically then, the Council favors the approach in the Special Educational Revenue Sharing Bill submitted to Congress by the Administration which proposed to condense many of the existing categorical aid authorizations into five major educational areas as follows: (1) Compensatory Education; (2) Federally Impacted Areas; (3) Vocational Education; (4) Programs for the Handicapped; and (5) Support Services. This proposal gives the states the additional discretionary authority to transfer of up to 30% of the funds from any of the five categories, except compensatory education and the money for the "A" type children in the impacted area program, to any of the other categories where greater need existed.

The Council generally favors the earmarking of federal funds for a small number of broad educational areas of major national concern as is proposed in S. 1669 with provisions that federal funds supplement rather than supplant state and local funds. We also favor a reasonable maintenance of effort provisions to assure that the states and local educational agencies at least continue their existing levels of support for educational programs. We also favor establishing in the legislative authorization guidelines for each major area sufficiently specific to assure that the federal funds would be directed to the areas of activity for which they were authorized. This type of legislative safeguard would support the state educational agencies in resisting the pressures that arise to use the federal funds for something which might be considered by some to be politically more urgent at any given time.

S. 1669 requires that a state plan be prepared for use of the funds in each of the major areas and that there be wide participation by representatives of the various groups in the state in developing the plan. The Council favors this type of provision but also feels that there should be a specific requirement for educational planning by the state educational agency as the most viable way of achieving the most efficient use of the federal funds and in redirecting education to achieve objectives stated in the yearly plan. Equally important is the necessity for requiring states and local educational agencies to be held accountable to the general public and to the federal administering agency for results. Finally, we believe there should be a requirement for evaluation of the activities undertaken under the federal grant programs and redirection of program thrusts and activities as indicated by the findings.

This type of concept for administering federal assistance requires strengthening the capacities of state educational agencies in the important areas of planning for and management of educational activities and in particular the leadership functions of state educational agencies. Much could be said about the kinds of activities that need to be undertaken to strengthen the capabilities of state and local educational agencies to adequately plan, manage, evaluate and redirect educational programs, but that is not the purpose of this statement. Suffice to say that these are the areas to which the Council and we believe most of the states are giving greatly increased attention. Finally, it is essential that sufficient administrative funds be made available to state education agencies to achieve these goals and that sufficient program funds be made available to the states to administer the block grants. Such funds were made available under the categorical aid programs.

A final and most important point is that states are unanimous in their belief that federal funds for education should be allocated to and administered by state educational agencies who by law are responsible for administering the educational program in the states.

S. 1669 incorporates some of these major provisions considered by the Council to be desirable but does not include others. It also includes some proposals that are opposed by the Council and its individual members. Finally, it includes some provision which may be of lesser significance but which, if changed, would in our opinion improve the bill.

Perhaps the most undesirable feature is the requirement that the funds were to be allocated to the Governor's office and that he designate a single state agency to administer the educational programs to be financed with these funds. He also is required to appoint an advisory council with broad representation from the groups to be served and with broad powers to guide the disbursement of these federal funds.

Every state in the Union provides funds from state revenues to be distributed to local educational agencies to aid in financing public educational programs. Likewise, each of the states has by law created a state educational agency (a department of education or a department of public instruction) and has given this agency overall authority and responsibility for administering the program of public education in the state. Also, 49 of the 50 states have created a board of education, whose members are broadly representative of various interests in the state, to set policies for state administration of the public educational programs. In 1972 these state educational agencies will administer an estimated total of \$48.8 billion of which about \$16.4 billion will be from state funds and \$32.0 billion from local funds. State agencies also administer a major portion of the federal funds appropriated for education.

Under these circumstances it is not difficult to imagine the confusion that would result if under the Educational Revenue Sharing Bill a Governor designated a state agency other than the state educational agency to administer, either through local educational agencies or through some other local agencies, the \$3 plus billion of federal funds for elementary and secondary education under Special Revenue Sharing, which constitutes about 7 or 8 percent on the average of the states' expenditure for public elementary and secondary education, while at the same time the state educational agencies were responsible for administering the \$48 billion of state and local education funds and those other federal aid programs not covered in revenue sharing. Even more chaos might result if the Governor designated the existing state educational agency to administer the special revenue sharing funds under the advice, policies and recommendations from the newly created advisory council while the same state agency was responsible for administering the states' funds for education under policies set by the state board of education.

When this question was raised with Office of Education officials supporting the proposal, the answer inevitably was that there was little question but that the Governor would designate the state education agency as the administering agency. If this is the case the question logically follows as to why go through the motion of sending the funds through the Governor's office. The objective of keeping the Governor's office informed of the amount and timing of allocations could be accomplished by simply informing that office when the funds were apportioned. This would seem to be a more direct way of accomplishing the desired purpose.

Another major question for the chief state school officers is the formula for allocating the funds to each state, for each of the major blocks of funds and the flow-through to local educational agencies. Without going into detail the Administration explained that a formula was devised which would give each state and each of the five major areas about the same amount as the actual budget request for the categorical grant program covered under the proposal for the year 1971, a total of \$2.8 billion plus \$200 million of new funds. Specifically, the formula would have allocated 51% of the funds to Compensatory Education, 14% to Impact Aid, 12% to Vocational Education, 6% for the Handicapped and 17% for support services. This type of allocation may be as good as could have been expected at the beginning of the program. However, it raises several questions: the appropriations now are less than 50% of the authorization for all categorical aids, the amount the authorizing committees felt was needed for these purposes. In addition, some programs receive appropriations near their full authorizations, while others receive a much lower percentage. It seems appropriate to ask whether the formula should have allocated funds on appropriations for each program for a specific year, or on authorization, or on some other basis. Furthermore, this formula for initial allocation as noted above can be altered by any state for any block except compensatory education and part "A" of impact aid by 30%. Finally, the formula was such that a "hold harmless" baseline was included to assure that no state received less under the Revenue Sharing proposal than it would have received under the categorical aid programs. Each state's hold harmless baseline was calculated by adding together the obligations expected to be allocated in 1971 for programs converted to Education Revenue Sharing. The assurance that this baseline would be met was not incorporated into the legislation, but was given by the President in his message on Special Revenue Sharing.

One of the major objections to the bill results from the operation of this formula. It is our understanding that the amount derived from application of the formula is the new authorization for each block grant since existing categorical aid with their present authorizations will be repealed. Since existing authorization for the programs covered under the block grant proposal are about twice the amount of the appropriation this change has the effect of reducing the authorizations for this program by about one-half. The Council feels this would be a most serious mistake.

As finally submitted, S. 1669 did not include a maintenance of effort provision nor a requirement that the funds supplement rather than supplant state and local funds. Neither did it include guidelines for administering the funds in each major area although these probably could have been included in the regulations. There was no requirement for accountability or evaluation and no funds were specifically earmarked for state administration, although it seems to have been intended that these funds were authorized under the fifth block "support services."

One other aspect of the provisions deserves comment. The Administration sent to the Congress an Impact Aid Reform Bill during 1970, which substantially changed the formula currently in effect in that the act, reduced the amount that would be needed for the program and decreased the number of districts eligible for assistance. The Educational Revenue Sharing Bill presents a different kind of formula for Impact Aid and permits states to consider entitlement for "B" category children as block grant money, to be allocated in any amount considered desirable to other districts so long as they are eligible for Impact Aid funds. The point we would like to emphasize is that if the formula in the Impact Aid Bill needs changing, it should be changed and not authorize a situation where a school district earned entitlement on account of "B" category children in its schools, and counted on those funds in its annual budget, but had no assurance it would actually receive the funds because they might be given to another Impact Aid district.

To summarize, the Council favors consolidation of the large number of categorical aid authorizations into a much smaller number of blocks of funds with each block focused on a major educational problem as is authorized by S. 1669 which would include the desirable provisions and eliminate the undesirable provision discussed in this testimony.

Thank you.

Senator PELL. Our next witnesses represent the National School Boards Association: Mr. F. E. "Bud" Phillips, vice president, August W. Steinhilber, and Michael A. Resnick.

It is a rather long statement. As you know, we are trying to hold the statements down to 5, 10, or 15 minutes. Would you like to digest it?

**STATEMENT OF F. E. "BUD" PHILLIPS, FIRST VICE PRESIDENT;
AUGUST W. STEINHILBER, DIRECTOR OF FEDERAL AND CON-
GRESSIONAL RELATIONS; AND MICHAEL A. RESNICK, LEGISLA-
TIVE SPECIALIST, A PANEL REPRESENTING THE NATIONAL
SCHOOL BOARDS ASSOCIATION**

Mr. PHILLIPS. I will try to summarize it the best I can.

Mr. Chairman, my name is F. E. "Bud" Phillips, first vice president of the National School Boards Association. I am accompanied by August W. Steinhilber, director of Federal and congressional relations of the association; and Michael A. Resnick who is Mr. Steinhilber's legislative specialist. They will both be available to assist in answering your questions.

Mr. Chairman, the subject of special revenue sharing is complex and broad in scope. Accordingly, our testimony this morning is, as you say, quite lengthy and detailed. In the interests of time, I ask we be permitted to pass over our discussion of the philosophy of the special revenue-sharing concept.

Before addressing the specific bill, S. 1669, which is, of course, the subject of today's hearing, I should like to say that we support the ease of administration of consolidation in our prepared text, and we spend a great deal of detail on this subject.

I would like to turn now to the specifics of S. 1669, the subject of today's hearing. I have an opening comment, and then I would like to list the issues of greatest concern which we have with S. 1669.

First, our comment is an expression of disappointment that the scope of the bill is limited to the State plan programs. While we are advised that some 40 programs representing most of the Federal education money are included within S. 1669, the severe cases of administrative overburden and program fragmentation will not be tended to if the direct Federal/local type of grant programs are not included as well.

Since the bill substantively affects major elementary and secondary programs, we would literally need days of hearings to fully examine in precise terms what the bill does and what its implications are for the present and future Federal role in education. But since it is not feasible to so cover the bill, we will outline our major concerns with those provisions dealing with the distribution formula, impact aid and public housing, State advisory councils, local appeals procedure, administration under the Secretary, the Secretary's discretionary fund, and the authorization of appropriations.

DISTRIBUTION FORMULA

Section 4 provides for the "Allotment and Use of Shared Revenues." In this regard, we have two items of concern which hopefully will be given further study by the administration and the Congress.

Our first concern relates to the character of apportionment among the States. As you know, under special revenue sharing, such factors as the number of vocational or handicapped pupils would no longer be considered in making payments to the States.

Rather, pursuant to a tripartite weighted formula, each State would share in one massive appropriation for elementary and secondary education according to its portion of school-aged children from the general population, low-income families, and federally connected families.

While we are not opposed to a change in the basis for making payment, we need further information before we can support the precise formula which is chosen. Indeed, data should be furnished showing how much each State would receive at various levels of appropriations.

Furthermore, 5- to 10-year projections should be made as to the number of students who will comprise each element of the formula.

And, then only after combining the two and comparing the results with current distribution trends, will we be able to understand the implications of this formula in terms of State-by-State total dollar amounts.

The mystery of the formula is found in the interrelationship of its three elements. Children from low-income families are weighed nearly twice as heavily as impact aid children and 10 times as heavily as the general student population.

Since HEW reports that there are 7.4 million children who are counted for title I purposes as compared to 52 million plus in the general population and some 2 million in the impacted program, it is immediately apparent that the precise manner in which low-income children are counted becomes extremely important, not only as to how much each State is eligible to receive in toto from the Federal Government, but also as to what portion thereof must be spent for title I purposes.

However, the bill does not define lower income children. In fact, the only definitional reference is found in section 20(9) which merely delegates the authority of defining low-income family to the Secretary of HEW. Accordingly, the Secretary may, for example, by administrative fiat eliminate the principle source of title I assistance to the big cities by cutting off the 2.2 million AFDC children from the definition now in effect. Results of similar magnitude can be achieved by raising or lowering the low-income factor.

Mr. Chairman, we do not believe that a definition which can determine by millions of dollars how much, more or less, any State can receive and the purposes for which that money can be used (that is, disadvantaged versus other programs) should be within the arbitrary control of the administration.

Finally, given the far-reaching effects of this legislation in terms of dollars and time, the administration should be held accountable even beyond revealing State-to-State appropriations trends and how it is weighting of the formula to produce such trends.

Specifically, it should be brought to task to explain its rationale—that is, the merits—for placing the relative weight which it chooses for each of the three elements. This is particularly important since the priority assigned to general aid, assistance for the disadvantaged, and the grouping of vocational, handicapped, and support service programs are directly linked, indeed controlled, by the relative weight given to the number of children from the low-income, federally connected, and general population respectively.

Furthermore, unlike the current system wherein the priorities among programs can be shifted from year to year by proportionately increasing or decreasing the appropriations for each program, that cannot be done under S. 1669. As noted earlier, the bill has one appropriation under which the share for each program is fixed by formula. That is, a change in priorities among programs could only be brought about by an amendment of the legislation.

This takes me to our second concern with regard to the distribution formula, which relates to shifts in priorities among the grouping of vocational, handicapped, and support service programs.

For the purposes of discussion, Mr. Chairman, I beg your indulgence to briefly construct a model. Assume that for its first year of operation, Congress appropriates the same amount of money for elementary and secondary programs as it did this year. At this point, I refer to the Congressional Record of August 6 wherein at page S 13444 it was reported that the combined appropriations for ESEA, vocational education, education of the handicapped, and impact aid totaled \$3.3 billion.

Assume further that the special revenue sharing formula would compute out to provide the same money for title I of ESEA and impact aid as was appropriated for those purposes in fiscal year 1972. Then if these amounts, \$1.5 billion and \$612 million, respectively, are subtracted from the \$3.3 billion total, the remaining \$1.2 billion would be available for the three program grouping here at issue.

Turning again to the special revenue sharing formula, we note that section 4 distributes this \$1.2 billion as follows: one-third to vocational education, one-sixth to education of the handicapped, and one-half to support service programs. Therefore, pursuant to the level of the fiscal year 1972 appropriation, the special revenue sharing formula works out to \$400 million for vocational education. Hence, the funding of that program would be cut by 31 percent or \$176 million from its current level of \$576 million.

Under our model about \$85 million would go to handicapped programs and some \$91 million would go to support services. While in practice, the formula may not work out precisely this way, it will undoubtedly result in a shift of priorities among these three programs of approximately the same proportion.

While we are not at present arguing the merits of this shift in priorities, we do wish to point out that they exist. And, as noted earlier, once enacted the priorities among programs cannot be reshifted through the appropriations process since they are fixed by formula.

As you know, Mr. Chairman, under the current impact aid formula the U.S. Government will make a per pupil payment to any school district for each federally connected child residing therein. The theory of the program is that the Federal Government should compensate the school district for bringing such children to its schools, when in employing and/or housing their parents, the Federal Government uses land which then become tax exempt.

Or, restated, the Federal Government recognizes that since an average of one-half of all school revenues comes from local property taxes, the effect of doing business on tax exempt land within the district would cause an unfair burden to the community if some form of Federal compensation was not otherwise forthcoming. Since the theory of the program is one of compensation—not to achieve a special educational purpose—the payments are treated as general aid.

S. 1669 continues the theory of payments for 3a children, that is, those who reside on Federal property. Indeed, this aspect of the bill gives more realistic recognition of the financial burden created by the Federal presence in that it would raise payments from 50 to 60 percent of the national per pupil expenditure.

Unfortunately though, it does not continue to give recognition to those districts which make an extra effort to educate their children through the collection of local property tax revenues in amounts which produce a per pupil expenditure in excess of the national average.

That is, it would no longer give the district the option of using one-half the State average per pupil expenditure or its local contribution rate, instead of one-half the national average.

But, perhaps more importantly, while section 4 preserves the method for making payments to the States for federally connected children who reside on other than Federal property, that is, 3b children, that section together with section 5 works to change the theory of the payment at the local level.

This is done in two ways: First, the State may transfer up to a total of 30 percent of all impact aid funds to nonimpacted school districts. Since only 4,700 districts out of a total of approximately 18,000 districts are receiving impact funds, we would expect that the States would shift close to their 30 percent limit to the nonimpacted districts.

And secondly, the bill apparently permits the State to make a limitless shifting of general aid funds among impacted districts regardless of the number of federally connected children residing therein.

While we have no doubt that the States would, in their wisdom, distribute impact moneys according to their determination of school district need, that would nonetheless change the theory of the payments, which is one of compensation.

In effect, the bill is saying that the Federal Government can take tax-producing land from a district and leave it to the States to decide whether just compensation therefor should be made to that district or be redistributed to another of its districts which may be more needy. We believe that the States should not be put into this position.

We further believe that the Federal Government should both pay its own way in areas where it conducts tax-exempt businesses and, in addition, provide general assistance to those areas which need it. In this connection, the bill creates additional conceptual confusion in permitting impact funds to be distributed on the basis of need since the State allotment is pegged to the number of federally connected children therein, not the relative need of the districts within that State as compared to other States.

It should also be considered that the impact aid program does not belong in this bill in the first place. The purpose of the bill is to ease the administration of categorical programs. Impact aid is not a categorical program but one of general aid. Under the current law, districts need only count the number of their federally connected children and then a predictable payment is made under a precise formula. Nothing could be easier.

This bill, on the other hand, complicates the program with uncertainty of payment and would result in an application procedure at the State level which would probably require districts to make detailed pleas of need.

Finally, we feel that the inclusion of impact aid, as written, within this bill interferes with the prerogatives of this committee. Last year,

Mr. Chairman, you personally spent much time studying the merits of the impact program and various amendments thereto. It was then decided that this subject must be given more consideration before any final action could be taken. This bill appears to be sidestepping that decision, as well as delegating to the States, the Federal prerogative to establish an equitable formula for Federal compensation.

We were also disappointed to note that S. 1669 does not include payments to districts impacted by children residing on low-rent public housing. Ironically, it would seem that if the administration wanted to make impact aid payments on a basis which considered need, that it would have retained the public housing provision.

Not only would the Federal Government then be assisting our financially beleaguered urban areas, but the moneys could be directly used to help pay the especially high cost of educating the disadvantaged children who reside therein.

We note that local school boards do not have any right to appeal to the State and/or HEW to either challenge the merits of the State plan or the equities of any financial distribution thereunder. While we agree that effective education policy and administration requires a strong State role in program development and oversight, we also feel that the denial of an appeal procedure to local boards goes too far. Or, restated, we are asking that the council be made accountable to the local working level.

Under S. 1669, the responsibility for administering the special revenue sharing program rests with the Secretary of HEW, rather than the Commissioner of Education. Mr. Chairman, we are strongly opposed to this designation for several reasons.

First, in part, our rationale for embracing the special revenue sharing concept is that it reduces administrative overburden. Experience shows that programs operated at the Secretary's level produces the antithetical result.

For example, the Headstart program is within the Office of the Secretary. Rather than managing it under title I, the Secretary's office treats it as a special unit within HEW. Consequently, school boards now have one more office to find and establish liaison with, another set of regulations and guidelines to become familiar with, another set of application and reporting procedures to comply with, and so forth.

This provision is not merely self-defeating in terms of the goals of special revenue sharing, but promises to deepen the existing administrative nightmare to the extent that all Office of Education programs would then be subject to this organizational fragmentation.

This takes us to my second point. For several years now, NSBA has been urging the Congress and the President to assign a higher Federal priority to education through the establishment of a Department of Education. Until recently when members of this committee and the Committee on Government Operations actively took the

initiative in pursuing this goal, we have had to seek comfort with the thought that at least the Office of Education operates as a self-contained, identifiable unit in the management of major education programs, including the various titles under ESEA, the Vocational Education Act, Education of the Handicapped, and the federally affected areas program, and so forth.

Therefore, we can only regard the shift of responsibility for administering these programs from the Commissioner to the Secretary as an effort to effect both a long-term downgrading of education's priority as well as to erode the sense of identity which the education community has with the Commissioner's office.

Section 11 of the bill provides that the Secretary may retain 10 percent of the appropriations for additional grants to the States. Based on last year's appropriations of \$3.3 billion, the Secretary would then have a fund of \$330 million. The only limitation placed upon the expenditure of this money is that it be used for activities which are designed to further the achievement of national policy objectives in the field of education.

Proponents of section 11 will argue that since a 10-percent discretionary fund is normal for Federal education programs, this amount really does not exceed the current discretionary level. Furthermore, they will argue that the grouping of such funds into one pot should not be objectionable, even though greater discretion will result thereby. The reason is that this would merely be a consolidation of the administration's programs which are a part of and hence parallels the consolidation of the State plan programs.

However, we feel that this reasoning avoids an analysis of the substantive merits of such a discretionary fund. The purpose of the special revenue sharing plan is to ease the administrative burden of State and local governments in the management of Federal programs. We fail to see how the creation of a general slush fund will advance that purpose. Indeed, it would appear that the enactment of such a proposal would be an open invitation to the wealthier school districts to expand their grantsmanship programs.

Moreover, we have always been wary of discretionary programs because of the potential they carry for political chicanery. Our past fears in this regard, real as they have been, are infinitesimal by comparison to the implications of a \$330 million-plus fund which may be distributed without restriction or withheld at the whim of the administration.

In this regard, the Secretary's discretionary fund is not analogous in structure to the consolidation of the State grant programs. While special revenue sharing gives the States wider latitude than they now enjoy, it still defines program goals, dollar limits, requires State plans, provides for compliance to Federal guidelines and regulations, and so forth. The Secretary's fund is not subject to any such conditions or accountability.

Section 3 of the bill provides that Congress shall provide "such sums as may be necessary for carrying out this Act." We have generally been opposed to authorizing language which does not specify a dollar amount. And such is the case now. We believe that a bill of this scope, nearly the whole Federal commitment to elementary and secondary education, should define both the financial needs of education

and the Federal objective or target in response thereto. By excluding such figures, the bill, in effect, shifts to the Appropriations Committee, a function which we prefer to have performed under the expertise of this subcommittee.

Mr. Chairman, we fully applaud the President for recognizing administrative problems which confront school boards in the management of Federal programs.

But, as desirous as we are to seek the enactment of a special revenue sharing plan, we will not embrace any proposal until all questions pertaining to the distribution formula are resolved. However, even should the formula contained in S. 1669 prove to be acceptable, we are absolutely opposed to the enactment of this bill because of (1) its treatment of the impact aid including public housing programs, (2) its inclusion of nonpublic school representation on the State advisory council and its failure to provide for local school board representation thereon, (3) its failure to provide local school boards with a procedure to challenge State plans and financial distributions made thereunder, and (4) its failure to state a financial goal in the authorization of appropriations.

Furthermore, while we recognize the need for a discretionary fund, we urge that controls thereon be written into the legislation.

This concludes my statement, and I would like to ask at this time if Mr. Steinhilber has anything to add.

Mr. STEINHILBER. No, sir. I would feel free at this time to answer any of your questions, sir.

Senator PELL. The problem, as you know, is that some school districts have a larger tax base than other school districts, and the question is handling it in an evenhanded way.

Any new Federal program of general assistance should be designed to assist those districts that need the help, not the district that does not.

What is your own view in this regard? Do you see that this bill will move in that direction, or do you think it is going to move just the other way?

Mr. STEINHILBER. Well, as far as our association is concerned on this particular question, we have considered special revenue sharing not as a separate entity. Our position has been one of looking at two different concepts, one being general revenue sharing; and the other, categorical programs.

So we have before us this morning only that one portion—call it consolidation of categorical programs. This facet really does not speak to the problems of tax relief, does not speak to the problems of assessed valuation, nor does it speak to the general financing of education, which we think has to come about in a more equitable means. Quite frankly, we think that the income tax has got to be the basis of financing education. The local property tax is confiscatory, really, for those on fixed incomes.

When we get to the question of general aid or general revenue sharing, whatever vehicle Congress adopts, and we would hope it would be more of a general aid bill under the jurisdiction of this committee, we say then that it is well within the power of the Federal Government—in fact, we would encourage the law to require States to develop a system—whether it is called a State plan or an internal State distribution—whereby State funds are equally distributed

among local school districts in such a way as to take into consideration the problems of assessed valuation behind each and every schoolchild, to take into consideration the problems of municipal overburden, and to take into consideration the problems of tax rate.

Thus, before Federal funds can get into that State, they have looked at this particular issue and looked at it in total.

That is why I say this bill sort of speaks to one-half of the question, the ease of administration, the consolidation question, but does not really speak to the much wider issue which we hope will be discussed at length in future hearings and in future appearances before you, sir.

Senator PELL. I appreciate the forthrightness of your testimony, because as you point out here, you are opposed to the enactment of this bill as is.

Mr. PHILLIPS. That is correct.

Senator PELL. Do you have any further thoughts with regard to how this question of the inequities between school districts could be resolved within the bill?

Mr. STEINHILBER. I was here yesterday when the Secretary was speaking, and I think there could be additional requirements in State plans and the administration of the State plans. In the past, such plans have produced unusual results, and I remember one time, and I think it was you, sir, who requested from the Office of Education a table which included the major cities and how much they received under title I, how much they received under title II, and so forth, and compared this to where the need was the highest. I remember one instance: One city which had the highest rate of unemployment in the State, actually received no vocational education money in one particular year under that State plan.

I can see nothing wrong—in fact, our statement somewhat speaks to this—I see nothing wrong with the U.S. Congress—in fact, I think it is an obligation—to hold the States accountable for their State plan, and that is one of the reasons we are asking for the appeal procedure within the bill.

I happen to know personally the city involved in that vocational education question, and I know that it did make a request to the State. The request was turned down.

Senator PELL. By the State or the Federal Government?

Mr. STEINHILBER. By the State. It made a request to the State for money under vocational education. The State, in turn, said it had a State plan, it had been approved by the Federal Government, and that basically became the end of the story.

Senator PELL. This came up yesterday in the hearing. The Secretary pointed out that much contained in the State plans meet legal requirements, with boilerplate filed by the State agency, which were sort of automatically approved.

We would hope there would be more testing and competition between the State plans. This also contrasts a little bit with the testimony of the previous witness, your predecessor, Mr. Lillywhite, who had the view that those actions that moved power into the State hands would be more beneficial to the children.

Mr. STEINHILBER. There is also the question here of the history of education, and I am talking about the legal history. A local school district is an agency of the State. It is not a subdivision of the State

department of education. Sometimes, when we speak in terms of a specific bill, we sort of forget this question, and really the local school district is a creature of the State legislature, not a creature of the State department of education.

Therefore, money going to the local districts is going to the State.

Our association has a firm position favoring aid going through the State departments of education. We underscore this. They are a coordinating agency and serve a very valuable and important purpose.

But we also see that there should be a series of checks and balances in any legislation, so that in cases where inequities do result for political or other reasons, there is a mechanism to correct it.

Senator PELL. What is your objection to the inclusion of non-public school representation in State advisory councils?

Mr. STEINHILBER. This gets back to the compromise of 1965 in our support of the Elementary and Secondary Education Act at that particular time.

Up until that time, if I can paraphrase, the battle had been between such groups as the NEA and ourselves and the parochial school leaders, and it went something like, "We want all the money to go to public schools," and they in turn said, "Unless we get a per capita grant, we will oppose it," and the two became a stalemate.

Now, in 1965, the compromise was, basically, that money would go to public school agencies which had a responsibility for providing services to those children in non-public schools, and still abide by and follow that compromise, and we will live up to our promise in that respect.

However, in this current bill, it is the non-public school inclusion that does not just now go to the needs of those children in non-public schools. They are now a State advisory council having a responsibility over a far greater; namely, the involvement of the education of public school children.

So here we have a very decided change in what the 1965 compromise was.

Senator PELL. I don't agree with you on that. I think that on advisory councils, it is probably good to have as wide a representation as possible. I would like to see them even include students on the advisory council, it would be an interesting thought to let a couple of sensible high school students sit in there and be able to tell the advisory council what the end product is receiving.

Mr. STEINHILBER. In fact, we have been within our association, we have a number of instances where we have students on the school boards or advisory committees to school boards.

In one place, Dade County, Fla., we have—that is, each school board member has a high school student assigned to him as a sort of consultant.

We find this has been very enlightening, so it is not an unusual idea. In fact, we support this kind of involvement.

Senator PELL. I think the broader the base, the better. At any rate, I am moving to another question.

You are concerned about political chicanery, quite correctly, I think, but wouldn't the possibilities of political chicanery increase if the money is going to be moved around to 50 different States rather than on the Federal level?

Mr. RESNICK. That is why we recommended an appeal procedure, so that local boards could come to HEW and complain of any inequities in the State distribution. Hence, our various recommendations should be taken together.

Senator PELL. I don't mean to light on any particular State, but I am trying to think of a State where the State government is one—well, come back to New York, where presumably the State administration in Albany is not in full sympathy with the administration, the school district, or the mayor of New York City, and where you would have the competing demands of Harlem and its children, and Bedford-Stuyvesant with a very low tax rate, and Scarsdale, with a much higher tax base, and perhaps a close political rapport with the State administration.

It would be, I think, a very hard thing to handle this, and leave this entirely to the whim of the State structure without letting the local structure play a role.

Mr. STEINHILBER. We would agree wholeheartedly that they would have to. That is one of the major problems with this piece of legislation, because it does permit it, but while we started off by questioning the political chicanery of the 50 States, it has occurred, and we would try to hold it and keep it to a minimum, but at the same time we recognize that we are creatures of that State, and we still support the concept that they are probably in a much better position for coordination than does exist in the Office of Education.

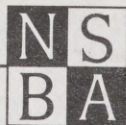
Senator PELL. "Chicanery" may be a rather harsh word, but it is a fact of life that the average voter is 47, he is, neither young nor poor nor black. But the average student is young, often poor, and quite frequently black, and so the political force is not where the need is. This is the problem we face on the Federal level to try to make sure that people have at least an equality of opportunity.

Mr. STEINHILBER. This is one of the reasons we have supported, for example, title I as strongly as we have through the years. We view somewhat with alarm that the disadvantaged child is not defined in legislation. We are somewhat concerned what would happen in a shift of funds if, for some reason, that definition were to change, and we have a position of supporting the aid to the disadvantaged to be earmarked for the disadvantaged.

I recall this concern about categorical programs. It seems ironic that we as an association have a position in supporting categorical aid, because it also affords us some protection in making sure that the money is not spent for, as you say, in other areas where the need is less.

Senator PELL. Thank you very much, you were kind to come this morning.

(The prepared statement of F. E. "Bud" Phillips follows:)



NATIONAL SCHOOL BOARDS ASSOCIATION

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Statement on behalf of the

National School Boards Association

by

Mr. F. E. "Bud" Phillips
First Vice-President
National School Boards Association

on

S-1669
Special Revenue Sharing Bill

before the

Subcommittee on Education
Committee on Labor and Public Welfare

United States Senate

Thursday, October 28, 1971

Mr. Phillips is accompanied by:

Mr. August W. Steinhilber
Director of Federal & Congressional Relations
National School Boards Association, and

Mr. Michael A. Resnick
Legislative Specialist
National School Boards Association

Mr. Chairman, members of the Committee, my name is Bud Phillips, First Vice-President of the National School Boards Association. I am accompanied by August W. Steinhilber, Director of Federal and Congressional Relations of the Association and Michael A. Resnick who is Mr. Steinhilber's Legislative Specialist. They will both be available to assist in answering your questions.

The National School Boards Association is the only major education organization representing school board members -- who are in some areas called school trustees. Throughout the nation, approximately 84,000 of these individuals are Association members. These people, in turn, are responsible for the education of more than 95 percent of all the nation's public school children.

Currently marking its thirty-first year of service, NSBA is a federation of state school boards associations, with direct local school board affiliates, constituted to strengthen local lay control of education and to work for the improvement of education. Most of these school board members, like yourselves, are elected public officials. Accordingly, they are politically accountable to their constituents for both educational policy and fiscal management. As lay unsalaried individuals, school board members are in a rather unique position of being able to judge legislative programs, such as revenue sharing, purely from the standpoint of public education, without consideration to their personal professional interest. In so doing, this last April, at its national convention, the membership of the National School Boards Association voted to support the revenue sharing concept, as it had in past years, by adopting the following resolution:

The National School Boards Association urges Congress to assist local school districts in meeting their responsibility to provide appropriate education for all public school children through general and/or special revenue sharing plans which directly provide funds for all types of public school districts. These funds should be distributed in a manner which gives due recognition to the educational needs, financial effort, and resources of the various school districts.

Easier Program Administration and Consolidation

Mr. Chairman, before addressing the specifics of the bill S. 1669, which is the subject of today's hearing, I would like to explore with you the merits of two major functions which the Special Revenue Sharing concept serves for school boards, in their efforts to make Federal programs work more effectively.

The first of these functions is to relieve school boards and their superintendents of some of the administrative effort which is currently required of them in the management of Federal education programs. Special Revenue Sharing sets out to accomplish this function through the consolidation of existing programs. In order to uncover what is at issue in discussing program administration, it might be helpful to consider the merits of simplifying the current system separately from the merits of consolidation as the means.

Today the delivery system of Federal education programs is far from simple. Indeed any school board which desires to take full advantage of the federal effort in education must be in touch with some two dozen agencies which administer over 200 programs. This year in its testimony before the respective House and Senate Appropriation Subcommittees, the Administration stated that Federal aid for state administration costs \$ 115 million. Unfortunately, precise figures are not available as to how much state and local units are expending for this purpose, but we suspect the amount would be enormous. However, rather than dwelling on the question of how much is spent for administration and whether such sums are worthwhile commitments for the improvement of education, I will focus on certain of the inequities which have arisen because of these costs.

As you know, some programs channel Federal money directly to local school districts while others rely on the state education agency as an administrative intermediary.

Since most states boards of education are not directly involved in the direct Federal/local type of program, each school district must be its own grantsmanship watchdog. Accordingly, just to stay abreast of new opportunities -- let alone to

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make the commitment of resources to apply for and follow-up on programs -- many districts find that they must employ personnel to especially service this task. As expected, only the larger and wealthier districts can afford such liaison services -- and hence fully participate in the federal program. By so procedurally precluding most of the smaller and less wealthy school districts from realistic access to the direct federal/local type of grant, the federal government is not just ignoring, but is contributing to the disparity of educational opportunity which exists from district to district.

Similarly, pursuant to programs which are operated through the state boards of education, disparities of opportunity among school districts are also created. While local awareness of programs is much better under this system as opposed to the direct Federal/local system, the quality of management varies from state to state. And this is true, even though several of the Federal programs provide money for state administration. The reason is that among states of unequal populations, the larger states have the advantage of economies of scale in program management since they receive more funds for administration from all sources. Even among states wherein population and wealth are equal, there are variations in program delivery since some states have proportionately fewer school districts than others. In such cases state/local liaison is easier not just because of the fewer numbers of districts to be serviced but because each district will be larger and hence have more revenue available to pursue federal programs. What this all means is that some states will be able to take the initiative and advise every school district of all federal programs -- indeed perhaps even offer guidance -- whereas in others the school districts must use their own resources and initiative to find out what programs are available and what procedures they must follow in order to apply for assistance.

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In light of the foregoing, it is our opinion that the massiveness of -- and lack of coordination within -- the existing Federal program delivery system is giving rise to management costs which are too expensive for all districts and particularly prohibitive -- hence unfair -- to the smaller districts, which, ironically, are frequently the ones targeted for federal relief. In seeking a feasible correction, I would like to turn to the notion of consolidation, which is the vehicle of special revenue sharing.

As we just saw, regardless of whether we are addressing the direct federal/local type of program or those using the state agency as an intermediary, the twin administrative cost considerations for local school boards are (1) access to the system and (2) program management. Accordingly, my initial comments on consolidation will be in terms of these cost considerations.

On the question of access, the advantages of consolidating programs are at least somewhat self-evident. Suffice it to say that the fewer the number of separate programs and the less the amount of information which must be communicated under each, the more feasible it is for Federal and state governments to reach -- and to be reached by -- every school district.

Similarly, we readily note that consolidation will reduce the cost of program management, hence resulting in a Federal effort which is both more economical and more equitable. As a rule once a school district is aware of a program, its inducement to apply for and manage that program will, in large part, bear a relationship to (a) the dollar amount and scope of the program and (b) the relative magnitude of these latter two factors compared to the administrative overhead involved. In this latter connection it should be remembered that the time which a superintendent spends in federal grantsmanship is discretionary and must be balanced against the mandatory

responsibilities of operating a school system. Furthermore, the priority generally assigned to federal grantsmanship, especially for relatively small projects, is further diminished by the fact that success in being awarded a grant is uncertain. Given these factors, superintendents are often times discouraged from the outset when application procedures require extensive information gathering for programs of limited dollar amount. And this may be so even where the program would be important to the district involved. Indeed, Mr. Chairman, participation in the Federal arena is a luxury for many school systems, particularly for the smaller and poorer ones. On the other hand, through the consolidation of existing programs, superintendents will find fewer application forms to contend with, greater dollar amounts per program, as well as broader program scope.

As an aside, program consolidation would probably lead to a concomitant administrative consolidation within the Office of Education. Currently, apart from the difficulty of finding the right office to obtain information, review applications, etc., program users find that they must maintain contact with several offices, just, say, to handle one application. For example, an application to fund a vocational program for handicapped children might require separate review by the Office of the Commissioner, the Bureau of Adult, Vocational and Technical Education, and the Bureau of Education of the Handicapped. Assuming that such an organizational consolidation would occur, state and local liaison overhead costs into the Federal government would also be greatly reduced.

At this point, it may be asked, if the reduction of Administrative overhead is a principle which everybody strives for, and if consolidation is an effective means to accomplish that end, why then has this aspect of special revenue sharing surfaced as a major issue in the education community? The answer is with neither the principle of reducing administrative overburden nor the positive effectiveness of consolidation. Rather, it is with the importance which some observers assign to the offsetting effects of consolidation.

These observers believe that consolidation will result in a lower level of accounting, i.e., quality control, on the local level. They further state that there will be a reduction in data feedback to those people on the national level, including Committee staff, who are responsible for federal program design, and, to some degree they are probably right. Therefore, to the extent that administrative ease and Federal control are both necessary and exclusive, the real issue then becomes in locating the optimum balance point between the two. That is, we suggest that the value of the information and control which would be lost through consolidation should be weighed in light of the importance of reducing administrative overhead.

However before reaching the decision to trade off valuable Federal control, we would further suggest that current application forms and reporting requirements be reviewed to determine how much of the information which is presently collected is even necessary to assure satisfactory levels of program accounting and guidance. It might also be advisable to determine to what extent the current flow of paper is actually being used by the Administration and Committee staffs for those purposes.

As a final thought, perhaps the whole question of balancing program administration and control can be circumvented through the commitment of sufficient funds to program access and management at all three levels of government so that even the poorest district in the poorest of states will have the same opportunity to be aware of, apply for, and report on, every federal education program. However, we tend to think that the cost of preserving both equal program opportunity and tight administration is prohibitive in terms of the education which those funds could otherwise provide. Furthermore, in light of the origins of the bill which we will be discussing shortly, it would appear self-evident that even the administrators of the Federal education effort agree that they are already gathering a lot of unnecessary information which just isn't used or at best provides only limited value.

Over Categorization and Program Flexibility

Up until now, Mr. Chairman, we have been speaking of special revenue sharing as a means to ease the end user's overhead in terms of access to and management of Federal programs. As I mentioned at the outset, special revenue sharing also serves as second purpose which overlaps, but is separate and no less important than the first. Using program consolidation as its vehicle, Special Revenue Sharing permits state and local educational agencies to have greater flexibility in the operation of categorical programs.

Again skeptics will surface who say discretion, not unlike ease of administration, leads to a deterioration of program quality and prevents adequate feedback for the program designers in Washington. Again, we do not believe that all federal controls should be abandoned. But, on the other hand, we likewise do not believe that there should be tight administrative oversight solely for the sake of oversight. Obviously there is a balance between the two which can produce the most effective and efficient educational use of federal revenues,

We do believe that federal categorical aid in special areas is necessary. Certainly when the cost of educating one handicapped child, for example, is seven-fold that of providing the standard education course, school boards would have great difficulty in furnishing those services even if more funds were available from the federal level. This is especially so since many school districts are inadequately funded for their standard programs.

However, there are dangers in over categorization. When I say over categorization, I refer to both the establishment of narrow subgoals within programs, as well as the establishment of separate programs which in terms of purpose should be under one general category. At this point I wish to briefly outline for you

some of these dangers and again attempt to strike a balance point between the needs for federal and effective program delivery.

Since board members are fiscally accountable to their constituencies, they tend to approach categorical assistance very cautiously. For one thing there is little certainty that the Congress or Administration, as the case may be, will fund a particular program at a given level. Indeed, given the fact that appropriations for some programs are 100% of the authorized level and 0% for others, with fluctuations from year to year, expectations tend to be quite low. This is particularly true of discretionary programs wherein program goals and standards can change from year to year as well as the level of funding. Accordingly, school boards and their superintendents design their programs in a manner geared to hedge against these uncertainties. Specifically, the programs are designed apart from the "normal" operations of the system so they can be turned on, dimmed, or off depending on the level of funding. Perhaps the point can be clarified by example. The Desegregation bill which was passed by the Senate this last Spring contains some six discretionary categories. School boards would be reluctant to inextricably weave an educational park program into their normal operations if they risk being caught without funds in the following year. Similarly, their hesitancy will even be greater to make that educational park program interdependent with, say, an educational T.V. program since Federal funds for that purpose are also uncertain. However, those who favor this degree of categorization argue that to be effective, a program such as desegregation must contain subgoals which require very special uses of Federal funds. We reply that the degree of over categorization found in legislation such as the desegregation bill is not going to produce well coordinated programs and ironically, they are not going to be integrated into the existing school program on anything but a temporary basis.

The same kind of arguments can be made about the various programs for the disadvantaged such as Title I, upward bound, bilingual, headstart, etc.

In either case we feel that local school districts would pursue the same kinds of special subprograms as under the existing system, but they would be relieved from the inhibiting factors which I just described.

A second danger in overcategorization and over-regulation is that local school boards are denied the flexibility to accomodate the purposes of the program to the special needs of its pupils. Similarly, we can envision a school district wishing to attain a quality integrated school system, in part, through the use of educational T.V.. But suppose that the funds in that category are already committed. That district must then look to a program of secondary importance, but never one which is not established as a special category. Or, as an alternative the district may then decide to do without any special program although federal money is available.

Mr. Chairman, this, in a nutshell summarizes our reasons for supporting the special revenue sharing concept as a means to reduce administrative overhead and to correct the limiting effects of over categorization.

S. 1669 - Introductory Remarks

Mr. Chairman, with this background in mind, I would like now to turn to S. 1669, the subject bill of today's hearing. By way of introduction I have an opening comment and then would like to list the issues of major concern which we have with S.1669.

First, our comment is an expression of disappointment that the scope of the bill is limited to the state plan programs. While we are advised that some forty programs representing most of the federal education money are included within S. 1669, the severe cases of administrative overburden and program fragmentation will not be tended to if the direct Federal/local type of grant programs are not included as well.

Since the bill substantively effects major elementary and secondary programs, we would literally need days of hearings to fully examine in precise terms what the bill does and what its implications are for the present and future federal role in education. But since it is not feasible to so cover the bill, we will outline our major concerns with those provisions dealing with, the distribution formula, Impact Aid and Public Housing, State Advisory Councils, Local Appeals Procedure, Administration Under the Secretary, The Secretary's Discretionary Fund, and the Authorization of Appropriations.

Distribution Formula

Section 4 provides for the "Allotment and Use of Shared Revenues." In this regard, we have two items of concern which hopefully will be given further study by the Administrations and the Congress.

Our first concern relates to the character of apportionment among the states. As you know, under Special Revenue Sharing such factors as the number of vocational or handicapped pupils would no longer be considered in making payments to the states. Rather, pursuant to a tripartite weighted formula, each state would share in one massive appropriation for elementary and secondary education according to its portion of school aged children from the general population, low income families, and federally connected families. While we are not opposed to a change in the basis for making payment, we need further information before we can support the precise formula which is chosen. Indeed, data should be furnished showing how much each state would receive at various levels of appropriations. Furthermore, 5-10 years projections should be made as to the number of students who will comprise each element of the formula. And, then only after combining the two and comparing the results with current

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distribution trends will we be able to understand the implications of this formula in terms of state by state total dollar amounts.

The mystery of the formula is found in the inter relationship of its three elements. Children from low income families are weighed nearly twice as heavily as impact aid children and ten times as heavily as the general student population. Since HEW reports that there are 7.4 million children who are counted for Title I purposes as compared to 52 million plus in the general population and some 2 million in the impact program, it is immediately apparent that the precise manner in which low income children are counted becomes extremely important not only as to how much each state is eligible to receive in toto from the Federal government, but also as to what portion thereof must be spent for Title I purposes. However, the bill does not define lower income children. In fact, the only definitional reference is found in section 20(9) which merely delegates the authority of defining low income family to the Secretary of HEW. Accordingly, the Secretary may, for example by administrative fiat eliminate the principle source of Title I assistance to the big cities by cutting off the 2.2 million AFDC children from the definition now in effect. Results of similar magnitude can be achieved by raising or lowering the low income factor. Mr. Chairman, we do not believe that a definition which can determine by millions of dollars how much, more or less, any state can receive and the purposes for which that money can be used (i.e., disadvantaged versus other programs) should be within the arbitrary control of the Administration.

Finally, given the far reaching effects of this legislation in terms of dollars and time, the Administration should be held accountable even beyond revealing state to state appropriations trends and how it is weighting of the formula to produce such trends. Specifically, it should be brought

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to task to explain its rationale, i.e., the merits, for placing the relative weight which it chooses for each of the three elements. This is particularly important since the priority assigned to general aid, assistance for the disadvantaged, and the grouping of vocational, handicapped, and support service programs are directly linked, indeed controlled, by the relative weight given to the number of children from the low income, federally connected, and general population, respectively. Furthermore, unlike the current system wherein the priorities among programs can be shifted from year to year by proportionately increasing or decreasing the appropriations for each program, that can not be done under S. 1669. As noted earlier, the bill has one appropriation under which the share for each program is fixed by formula. That is, a change in priorities among programs could only be brought about by an amendment of the legislation.

This takes me to our second concern with regard to the distribution formula, which relates to shifts in priorities among the grouping of Vocational, Handicapped, and Support Service Programs. For the purposes of discussion, Mr. Chairman, I beg your indulgence to briefly construct a model. Assume that for its first year of operation, Congress appropriates the same amount of money for elementary and secondary programs as it did this year. At this point, I refer to the Congressional Record of August 6 wherein at page S. 13444* it was reported that the combined appropriations for ESEA, Vocational Education, Education of the Handicapped and Impact Aid totaled \$3.3 billion. Assume further

*1

13444

CONGRESSIONAL RECORD — SENATE

August 6, 1971

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, OFFICE OF EDUCATION, FISCAL YEAR 1972 BUDGET

Appropriation	Fiscal year 1971		Authorization ¹	Fiscal year 1972				Appropriation
	Authorization ¹	Appropriation		President's budget	House allowance	Department appeal	Senate allowance	
Elementary and secondary education.....	\$4,560,406,968	\$1,915,968,000	\$4,685,239,590	\$1,835,278,000	\$1,822,218,000	\$1,857,278,000	\$2,146,885,000	\$1,993,278,000
School assistance in federally affected areas.....	1,018,295,000	550,675,000	1,129,690,000	440,040,000	607,580,000	440,040,000	677,620,000	612,620,000
Emergency school assistance.....	(2)	74,853,000			(2)	(2)	(2)	(2)
Proposed legislation.....	500,000,000	425,000,000	1,000,000,000	1,000,000,000	(2)	(2)	(2)	(2)
Education for the handicapped.....	371,500,000	105,000,000	436,300,000	110,000,000	115,000,000	110,000,000	116,500,000	115,750,000
Vocational and adult education.....	1,152,311,455	501,357,455	1,238,561,455	478,071,455	565,203,455	482,323,455	609,573,455	576,188,455

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that the Special Revenue Sharing formula would compute out to provide the same money for Title I of ESEA and Impact Aid as was appropriated for those purposes in Fiscal Year 1972. Then if these amounts, \$1.5 billion and \$612 million, respectively, are subtracted from the \$3.3 billion total, the remaining \$1.2 billion would be available for the three program grouping here at issue.

Turning again to the Special Revenue Sharing formula, we note that Section 4 distributes this \$1.2 billion as follows: 1/3 to Vocational Education, 1/6 to Education of the Handicapped, and 1/2 to Support Service Programs. Therefore, pursuant to the level of the Fiscal Year 1972 Appropriation, the Special Revenue Sharing formula works out to \$400 million for Vocational Education. Hence, the funding of that program would be cut by 31% or 176 million from its current level of \$576 million. Under our model about \$85 million would go to handicapped programs and some \$91 million would go to support services. While in practice, the formula may not work out precisely this way, it will undoubtedly result in a shift of priorities among these three programs of approximately the same proportion. While we are not at present arguing the merits of this shift in priorities, we do wish to point out that they exist. And, as noted earlier, once enacted the priorities among programs can not be reshifted through the appropriations process since they are fixed by formula.*

Impact Aid and Public Housing

As you know Mr. Chairman, under the current impact aid formula the U. S. Government will make a per pupil payment to any school district for each federally

*While Section 6 of the bill permits the states to transfer up to 30% of the funds from one of these programs to another, hence to some extent establishing their own priorities, the importance of the Federal priority should be underscored since it establishes the starting off points from which the states are then given limited latitude to add or subtract.

connected child residing therein. The theory of the program is that the Federal government should compensate the school district for bringing such children to its schools, when in employing and/or housing their parents, the Federal government uses land which then becomes tax exempt. Or restated, the Federal government recognizes that since an average of one half of all school revenues comes from local property taxes, the affect of doing business on tax exempt land within the district would cause an unfair burden to the community if some form of Federal compensation was not otherwise forthcoming. Since the theory of the program is one of compensation -- not to achieve a special educational purpose -- the payments are treated as general aid.

S. 1669 continues the theory of payments for 3a children, i.e., those who reside on federal property. Indeed, this aspect of the bill gives more realistic recognition of the financial burden created by the federal presence in that it would raise payments from 50 to 60% of the national per pupil expenditure. Unfortunately though, it does not continue to give recognition to those districts which make an extra effort to educate their children through the collection of local property tax revenues in amounts which produce a per pupil expenditure in excess of the national average. That is, it would no longer give the district the option of using 1/2 the state average per pupil expenditure or its local contribution rate, instead of one half the national average.

But, perhaps more importantly, while Section 4 preserves the method for making payments to the states for federally connected children who reside on other than federal property, i.e, 3b children, that section together with Section 5 works to change the theory of the payment at the local level. This is done in two ways: First, the state may transfer up to a total of 30% of all impact aid funds to non impacted school districts. Since only 4,700 districts out of a total of approximately 18,000 districts are receiving impact

funds, we would expect that the states would shift close to their 30% limit to the non impacted districts.

And secondly, the bill apparently permits the state to make a limitless shifting of general aid funds among impacted districts regardless of the number of federally connected children residing therein.

While we have no doubt that the states would, in their wisdom, distribute impact monies according to their determination of school district need, that would non-the-less change the theory of the payments, which is one of compensation. In effect the bill is saying that the Federal government can take tax producing land from a district and leave it to the states to decide whether just compensation therefor should be made to that district or be redistributed to another of its districts which may be more needy. We believe that the states should not be put into this position. We further believe that the Federal government should both pay its own way in areas where it conducts tax exempt business and, in addition, provide general assistance to those areas which need it. In this connection, the bill creates additional conceptual confusion in permitting impact funds to be distributed on the basis of need since the state allotment is pegged to the number of federally connected children therein, not the relative need of the districts within that state as compared to other states.

It should also be considered that the impact aid program does not belong in this bill in the first place. The purpose of the bill is to ease the Administration of categorical programs. Impact aid is not a categorical program but one of general aid. Under the current law, districts need only count the number of their federally connected children and then a predictable payment is made under a precise formula. Nothing could be easier. This bill, on the other hand, complicates the program with uncertainty of payment and would result in an application procedure at the state level which would probably require districts

to make detailed pleas of need.

Finally, we feel that the inclusion of Impact Aid, as written, within this bill interferes with the prerogatives of this Committee. Last year, Mr. Chairman, you personally spent much time studying the merits of the Impact program and various amendments thereto. It was then decided that this subject must be given more consideration before any final action could be taken. This bill appears to be side stepping that decision, as well as delegating to the states, the Federal prerogative to establish an equitable formula for Federal compensation.

We were also disappointed to note that S. 1669 does not include payments to districts impacted by children residing on low rent public housing. Ironically, it would seem that if the Administration wanted to make impact aid payments on a basis which considered need, that it would have retained the public housing provision. Not only would the Federal government then be assisting our financially beleaguered urban areas but, the monies could be directly used to help pay the especially high cost of educating the disadvantaged children who reside therein.

State Advisory Council

Section 8 requires any state wishing to participate in the Special Revenue Sharing program to submit a plan for the distribution of funds to the Secretary of HEW. This plan must be developed with the consultation of a State Advisory Council. The composition of that Council, prescribed by the provisions of Section 9 gives rise to two important issues.

First, the Council would include at least one representative of the non public elementary and secondary schools of the state. While we are not opposed to church interests having a voice in determining how they are to expend federal funds in their schools, Advisory Council representation would give such interests a role which goes much beyond that. Indeed, religious groups would be considering

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questions of policy for all of education -- including public education. Philosophically we are opposed to a parochial role of this kind of which is so deeply intertwined in the state and local operation of their educational function.

Our second comment regarding the State Advisory Council is that it does not specifically require school board representation thereon. Since it is the local school boards who bear the practical responsibility for educating our children, we would hope that this Council, which has as its responsibility the giving of advice and making reports on general education policy, would draw on insights of a school board member in its own decision making process.

Appeal Procedure

In a somewhat similar vein, we note that local school boards do not have any right to appeal to the state and/or HEW to either challenge the merits of the state plan or the equities of any financial distribution thereunder. While we agree that effective education policy and administration requires a strong state role in program development and oversight we also feel that the denial of an appeal procedure to local boards goes too far. Or restated, we are asking that the Council be made accountable to the local working level.

Administration

Under S. 1669, the responsibility for administering the Special Revenue Sharing program rests with the Secretary of HEW, rather than the Commissioner of Education. Mr. Chairman, we are strongly opposed to this designation for several reasons.

First, in part, our rationale for embracing the Special Revenue Sharing

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concept is that it reduces administrative overburden. Experience shows that programs operated at the Secretary's level produces the antithetical result.

For example, the Head Start program is within the Office of the Secretary. Rather than managing it under Title I, the Secretary's office treats it as a special unit within HEW. Consequently, school boards now have one more office to find and establish liaison with, another set of regulations and guidelines to become familiar with, another set of application and reporting procedures to comply with, etc. This provision is not merely self defeating in terms of the goals of Special Revenue Sharing, but promises to deepen the existing administrative nightmare to the extent that all Office of Education programs would then be subject to this organizational fragmentation.

This takes us to my second point. For several years now, NSBA has been urging the Congress and the President to assign a higher Federal priority to education through the establishment of a Department of Education. Until recently when members of this Committee and the Committee on Government Operations actively took the initiative in pursuing this goal, we have had to seek comfort with the thought that at least the Office of Education operates as a self contained, identifiable unit in the management of major education programs, including the various Titles under ESEA, the Vocational Education Act, Education of the Handicapped, and the Federally Affected Areas Program, etc. Therefore, we can only regard the shift of responsibility for administering these programs from the Commissioner to the Secretary as an effort to effect both a long term downgrading of education's priority as well as to erode the sense of identity which the education community has with the Commissioner's office.

Discretion

Section 11 of the bill provides that the Secretary may retain 10% of the

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appropriations for additional grants to the states. Based on last year's appropriations of \$3.3 billion, the Secretary would then have a fund of \$330 million. The only limitation placed upon the expenditure of this money is that it be used for activities "which are designed to further the achievement of national policy objectives in the field of education."

Proponents of Section 11 will argue that since a 10% discretionary fund is normal for federal education programs, this amount really does not exceed the current discretionary level. Furthermore, they will argue that the grouping of such funds into one pot should not be objectionable, even though greater discretion will result thereby. The reason is that this would merely be a consolidation of the administration's programs which are a part of and hence parallels the consolidation of the state plan programs.

However, we feel that this reasoning avoids an analysis of the substantive merits of such a discretionary fund. The purpose of the Special Revenue Sharing plan is to ease the administrative burden of state and local governments in the management of federal programs. We fail to see how the creation of a general slush fund will advance that purpose. Indeed, it would appear that the enactment of such a proposal would be an open invitation to the wealthier school districts to expand their grantsmanship programs.

Moreover, we have always been wary of discretionary programs because of the potential they carry for political chancery. Our past fears in this regard, real as they have been, are infinitesimal by comparison to the implications of a \$330 million plus fund which may be distributed without restriction or withheld at the whim of the Administration.

In this regard, the Secretary's discretionary fund is not analagous in structrue to the consolidation of the state grant programs. While Special Revenue Sharing gives the states wider latitude than they now enjoy, it still

defines program goals, dollar limits, requires state plans, provides for compliance to federal guidelines and regulations, etc. The Secretary's fund is not subject to any such conditions or accountability.

Authorization of Appropriations

Section 3 of the bill provides that Congress shall provide "such sums as may be necessary for carrying out this Act." We have generally been opposed to authorizing language which does not specify a dollar amount. And such is the case now. We believe that a bill of this scope, nearly the whole federal commitment to elementary and secondary education, should define both the financial needs of education and the federal objective or target in response thereto. By excluding such figures, the bill, in effect, shifts to the Appropriations Committee, a function which we prefer to have performed under the expertise of this Subcommittee.

Conclusion

Mr. Chariman, we fully applaud the President for recognizing administrative problems which confront school boards in the management of Federal programs.

But, as desirous as we are to seek the enactment of a special revenue sharing plan, we will not embrace any proposal until all questions pertaining to the distribution formula are resolved. However, even should the formula contained in S.1669 prove to be acceptable, we are absolutely opposed to the enactment of this bill because of 1) its treatment of the Impact Aid including Public Housing Programs, 2) its inclusion of non public school representation on the State Advisory Council and its failure to provide for local school board representation thereon 3) its failure to provide local school boards with a procedure to challenge state

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plans and financial distributions made thereunder 4) and its failure to state a financial goal in the authorization of appropriations.

Furthermore, while we recognize the need for a discretionary fund, we urge that controls thereon be written into the legislation.

Senator PELL. Our final witnesses today are Dr. Jean Hebler, president, Council for Exceptional Children, and Mr. William Geer, executive secretary, Council for Exceptional Children.

STATEMENT OF WILLIAM C. GEER, EXECUTIVE SECRETARY, COUNCIL FOR EXCEPTIONAL CHILDREN; ACCOMPANIED BY DAVID BRADDOCK, COUNCIL FOR EXCEPTIONAL CHILDREN

Mr. GEER. Mr. Chairman, I am William Geer. I regret Dr. Jean Hebler could not be here today, due to a previous engagement with another organization which was impossible for her to cancel.

I am pleased to bring with me today Mr. David Braddock. I want to tell you of one of our interests in State legislation first.

The Council for Exceptional Children is quite often called upon, and we respond to the fullest extent of our ability, to assist States in their planning for the education of exceptional children. We are currently engaged in an effort funded by the Office of Education, Bureau for the Education of the Handicapped, through six workshops across the country in acquainting the education commission of the States with needs of handicapped children and dramatizing a model law for each of the States if they would like to adopt part or all of it in their own legislative structure.

In preparation for that, the Council prepared a digest of State and Federal legislation for the handicapped, and a book which outlines issues and recommendations on this.

At this time, Senator, I would like to present your committee with a copy of this for your research needs.

Senator PELL. Thank you very much, indeed.

Mr. GEER. I think it will come in handy when you consider what the efforts of the State governments are, and they are clearly set forth in those books.

Senator PELL. Thank you, it will be very useful.

Mr. GEER. One reason for bringing Mr. Braddock with me today is that he has been working with us as an intern from the University of Texas, since August, and he is the coauthor of one of the books. Mr. Braddock is a very capable young man, and I am sure you will take justifiable pride that your committee and the similar committee in the House made possible the legislation for training personnel, under which he has been trained.

I think he is a product that speaks well for legislation for the handicapped which the Congress has initiated.

I would like, with your permission, sir, to ask Mr. Braddock to read our statement today.

Senator PELL. With delight.

Mr. BRADDOCK. Thank you, Mr. Geer.

Mr. Chairman, members of the subcommittee:

The Council for Exceptional Children, representing over 40,000 professionals involved in the education of the handicapped, is delighted to have this opportunity to present our statement regarding the Education Revenue-Sharing Act of 1971.

We are, however, saddened by the recent death of your esteemed colleague and long-time advocate of programs for the handicapped, the late Senator Winston Prouty. We share this feeling with millions

of handicapped children and their families. We shall miss his leadership.

The sponsors of Senate bill 1669 and the administration are to be commended for including specific provisions for the handicapped in the proposed legislation. Such inclusion is in consonance with the call of Commissioner Sidney Marland of the Office of Education for full educational opportunity for the handicapped by 1980. Approaches which simplify administration and enhance the stimulative role of the Federal Government are to be applauded.

The Federal role in the education of the handicapped is severely restricted by insufficient funding. Present support is \$115 million, of which \$37.5 million goes to the States for model programs. Additional support is earmarked under specific subparts of title I and title III of the Elementary and Secondary Education Act and under the Vocational Education Act. Combined Federal support comes to about \$215 million, which compares to \$3 to \$4 billion in State costs and amounts to only \$26 per child for 7 million handicapped children. And still, 60 percent of these children do not receive the educational services they need.

The bill S. 1669 repeals and consolidates this legislation, and, while it simplifies the administration of funds, it increases the likelihood that an inequitably small share of education moneys will serve the handicapped. This should be of particular concern to this committee since it initiated the earmarks in the aforementioned legislation.

Using the proposed formula in the bill and applying it to a \$3 billion total appropriation figure, only \$171 million is provided for the education of handicapped children. This figure, could further be reduced by 30 percent. Consequently, many of our members in leadership positions in State agencies have expressed anxiety that removing these earmarkings would jeopardize the movement of the handicapped child into the mainstream of education. Fewer children would be afforded fewer services.

In a poll conducted by our organization among our members, most respondents felt that the handicapped would lose the 30 percent discretionary allotment. Yet 70 percent of the State directors of special education polled indicated they could effectively spend increments from double to nine times present expenditures under the aid to States provision, title VI(B), of the Education of the Handicapped Act.

Title VI(B) of the Education of the Handicapped Act is basically an education revenue sharing provision. Its level of funding, although it has gradually increased to \$35 million, indicates the unwillingness of this administration and previous administrations to adequately fund it. Yet, education of the handicapped is cost beneficial. Costs of institutionalization often exceed \$4,000 per year and, like welfare costs, can be avoided for the vast majority of the handicapped by providing appropriate education.

The States use Federal funds to stimulate local and State support by demonstrating the effectiveness of new educational programs and initiating programs with Federal funds that are subsequently continued under State funding. Even with the limited level of Federal funding, title VI(B) has achieved admirable results. Unfortunately, all we envision Senate bill 1669 doing is reducing the level of Federal support through a title VI(B) approach.

We are not opposed to the concept of education revenue sharing. We are opposed to any Federal posture which provides illusory program growth for the education of handicapped children.

Although we express no general disapproval of the concept embodied in Senate bill 1669, we implore recognition of two facts:

Handicapped children are a minority in education, and programs of substance have not emerged until legislative statutes specified their existence.

Secondly, existing legislation, with accelerated funding, provides the authority with which to pursue full educational opportunity for the handicapped.

Therefore, if Senate bill 1669 is to be enacted into law, we suggest the following amendment:

The formula for determining the handicapped share should be re-constituted to provide a guarantee of at least a \$300 million level of funding or present earmarkings under title I, title III, and the Vocational Education Act are to be steadfastly maintained.

The definition of handicapped children must be broadened to include the child with specific learning disability. Public Law 91-230 set up a model program for these children, and it is our hope that Senate bill 1669 would extend this spirit.

Mr. Chairman, the Council for Exceptional Children is pleased to have had the opportunity to assist the subcommittee in its endeavors.

Senator PELL. As I read your testimony, you would vote, if you had to make a choice, no, rather than yes on this bill. Is that an oversimplification of that?

Mr. GEER. Personally, I would introduce amendments to it, and if they were not successful, I would vote no to it.

Senator PELL. But in the present form, you would vote no?

Mr. GEER. Since it reduces the amount of money to the handicapped and since there is a further hazard of a 30-percent reduction further, we would find it hard to support the legislation in its present form, although some of the provisions are very admirable.

Senator PELL. Just to be sure I got the message, in its present form you would vote how?

Mr. GEER. I would vote no.

Senator PELL. Forgive me but I am pressing all the witnesses—

Mr. GEER. This is my personal view, however, not the Council's because we do not have a position at this time.

Senator PELL. I understand.

Would the handicapped be likely to get attention through competition for State-distributed Federal funds?

In other words, how would they come out in competition?

Mr. GEER. In some States they would, where they are already going good. In other States, I must confess that in my 25 years of experience in this field, I am led to believe that it is entirely dependent upon administrative factors as to which educational program receives the greatest attention.

Why don't you give him the figures you have here?

Mr. BRADDOCK. This was a question that we polled 16 States regarding, and I will read the question first:

If revenue sharing or block grant procedures for education were instituted as described by Secretary Richardson, to what degree would handicapped children be able to receive an equitable percentage of funds in your State?

This question was asked of State directors of special education. Twelve responded that it would result in inequitable distribution. Three have a neutral response. One felt it would be equitable, and I would add that this individual has a very strong position politically in the State, in addition to being the director of special education.

Senator PELL. That doesn't add up to 50.

Mr. BRADDOCK. We polled only 16.

Senator PELL. Just a random sample?

Mr. GEER. Yes.

Senator PELL. Good.

(The prepared statement of William C. Geer follows:)

STATEMENT OF
WILLIAM C. GEER
EXECUTIVE SECRETARY
THE COUNCIL FOR EXCEPTIONAL CHILDREN

TO THE
SUBCOMMITTEE ON EDUCATION
OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE
UNITED STATES SENATE

REGARDING S.1669,
EDUCATION REVENUE SHARING ACT OF 1971

October 28, 1971

Additional Witness:

Mr. David Braddock, The Council for Exceptional Children

Mr. Chairman, Members of the Subcommittee:

The Council for Exceptional Children, representing over 40,000 professionals involved in the education of the handicapped, is delighted to have this opportunity to present our statement regarding the "Education Revenue Sharing Act of 1971."

We are, however, saddened by the recent death of your esteemed colleague and long-time advocate of programs for the handicapped, the late Senator Winston Prouty. We share this feeling with millions of handicapped children and their families. We shall miss his leadership.

The sponsors of Senate Bill 1669 and the Administration are to be commended for including specific provisions for the handicapped in the proposed legislation. Such inclusion is in consonance with the call of Commissioner Sidney Marland of the Office of Education for full educational opportunity for the handicapped by 1980. Approaches which simplify administration and enhance the stimulative role of the federal government are to be applauded.

The federal role in the education of the handicapped is severely restricted by insufficient funding. Present support is \$115 million, of which \$37.5 million goes to the states for model programs. Additional support is earmarked under specific sub-parts of Title I and Title III of the Elementary and Secondary Education Act and under the Vocational Education Act. Combined federal support comes to about \$215 million, which compares

to \$3 to \$4 billion in state costs and amounts to only \$26 per child for seven million handicapped children. And still, 60 percent of these children do not receive the educational services they need.

Senate Bill 1669 repeals and consolidates this legislation, and, while it simplifies the administration of funds, it increases the likelihood that an inequitably small share of education monies will serve the handicapped. This should be of particular concern to this committee since it initiated the earmarks in the aforementioned legislation.

Using the proposed formula in the Bill and applying it to a \$3 billion total appropriation figure, only \$171 million is provided for the education of handicapped children. This figure, which is a reduction of \$44 million in earmarked federal support, could further be reduced by 30 percent. Consequently, many of our members in leadership positions in state agencies have expressed anxiety that removing these earmarkings would jeopardize the movement of the handicapped child into the mainstream of education. Fewer children would be afforded fewer services than they now receive.

In a poll conducted by our organization among our members, most respondents felt that the handicapped would lose the 30 percent discretionary allotment. Yet 70 percent of the state directors of special education polled indicated they could effectively spend increments from double to nine times present expenditures under the aid to states provision (Title VIB) of the Education of the Handicapped Act.

Title VIB of the Education of the Handicapped Act is basically an education revenue sharing provision. Its level of funding, although it has gradually increased to \$35 million, indicates the unwillingness of this Administration and previous administrations to adequately fund it. Yet, education of the handicapped is cost beneficial. Costs of institutionalization often exceed \$4000 per year and, like welfare costs, can be avoided for the vast majority of the handicapped by providing appropriate education.

The states use federal funds to stimulate local and state support by demonstrating the effectiveness of new educational programs and initiating programs with federal funds that are subsequently continued under state funding. Even with the limited level of federal funding, Title VIB has achieved admirable results. Unfortunately, all we envision Senate Bill 1669 doing is reducing the level of federal support through a Title VIB approach.

We are not opposed to the concept of education revenue sharing. We are opposed to any federal posture which provides illusory program growth for the education of handicapped children.

Although we express no general disapproval of the concept embodied in Senate Bill 1669, we implore recognition of two facts:

1. Handicapped children are a minority in education, and programs of substance have not emerged until legislative statutes specified their existence.

2. Existing legislation, with accelerated funding, provides the authority with which to pursue full educational opportunity for the handicapped.

Therefore, if Senate Bill 1669 is to be enacted into law, we suggest the following amendments:

- A. The formula for determining the handicapped's share should be reconstituted to provide a guarantee of at least a \$300 million level of funding or present earmarkings under Title I, Title III, and the Vocational Education Act are to be steadfastly maintained.
- B. The definition of handicapped children must be broadened to include the child with specific learning disability. Public Law 91-230 set up a model program for these children and it is our hope that Senate Bill 1669 would extend this spirit.

Mr. Chairman, the Council for Exceptional Children is pleased to have had the opportunity to assist the Subcommittee in its endeavors.

Senator PELL. I thank you both very much, indeed. The subcommittee will recess, and will meet on November 3 at 10 o'clock.

(Whereupon, at 11:20 a.m., the subcommittee recessed, to reconvene at 10 a.m., Wednesday, November 3, 1971.)

EDUCATION REVENUE SHARING ACT OF 1971

WEDNESDAY, NOVEMBER 3, 1971

U.S. SENATE,
SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C.

The subcommittee met at 2:30 p.m., pursuant to recess, in room 4232, New Senate Office Building, Senator Claiborne Pell, (chairman of the subcommittee) presiding.

Present: Senators Pell and Dominick.

Staff members present: Stephen J. Wexler, counsel; Richard D. Smith, associate counsel; and Roy H. Millenson, minority professional staff member.

Senator PELL. The Subcommittee on Education will come to order for this third day of hearings on special revenue sharing, a measure supported by the administration. We want to give their bill every consideration.

The first witness today is Mr. David Selden, president of the American Federation of Teachers with whom this committee has had a long and friendly relationship. Mr. Selden, will you introduce your associate.

Mr. SELDEN. Yes. With me today is Carl Magel, our legislative director.

Senator PELL. You have a statement here which is not too long. Would you care to read it in full or would you like to insert it in the record and give a summary?

Mr. SELDEN. I would like to read it in full. Usually I don't do that but I would like to this time.

Senator PELL. Please proceed as you wish.

STATEMENT OF DAVID SELDEN, PRESIDENT, AMERICAN FEDERATION OF TEACHERS, AFL-CIO, ACCOMPANIED BY CARL MAGEL, LEGISLATIVE DIRECTOR

Mr. SELDEN. On October 5, 1971, I testified before the U.S. Senate Select Committee on Equal Educational Opportunity. The committee, as you know, is headed by Senator Walter F. Mondale. I made the point that there could be no equality of educational opportunity unless our Nation is willing to devote approximately twice as much money to schools as it does at present. I further suggested that it was not unreasonable to devote 10 percent of our gross national income to the education of the young. At the present time, we are using just under 6 percent for that purpose. Since our gross national

income last year was \$795 billion, 10 percent would be \$79.5 billion, as compared with the approximately \$35 billion we now spend.

In the next few paragraphs, I detail how we arrived at that figure and I also point out that there is support for it now from the President's own educational finance project and almost everybody who has looked into the question of financial needs of education has come up with very close to the same figure.

In my testimony to Senator Mondale, I suggested a general strategy for financing education. Our remarks about revenue sharing have to be considered in this context:

1. Each State would establish a State education fund to be supported by:

A 20-mil property tax based on State property assessing procedures audited by the U.S. Treasury Department.

This is necessary, Senator, as you know, because of the *Serana* decision and also the recent decision in Minnesota. It seems that locally levied property taxes levied for education are unconstitutional. We have known for some time that they are not desirable as a means for supporting education.

Therefore, the best way to equalize within a State is to go to a state-wide property tax if you are going to have any property tax at all. I don't think we can get along without the property tax.

2. The State fund would be supported by a permissive education surtax on the Federal income tax. The State wouldn't have to use it unless it wanted to. The surtax would be paid to the Treasury Department by the taxpayer along with his U.S. income tax bill. The Treasury Department would then refund such revenue to the State educational fund.

3. These two sources of income—property tax plus surtax—would be supplemented by other State tax sources. Federal aid would then be added to the State educational fund and any equalization factor would be built into the formula by requiring that the Federal Government bring the fund up to an equivalent of \$1,600 per year per child, which we have ascertained to be the minimum average cost, considering all types of education, to give adequate education to all children.

States would be required to present to the United States Office of Education a plan for distribution of educational funds to local districts in accordance with the educational needs of the district. Educational need would be determined by means of a sociological index which would take into account such factors as per capita income, student mobility, student involvement in court proceedings, and other factors.

Local districts would be required to certify acceptable plans to their State agencies, with copies to the U.S. Office of Education, describing programs for intensive education of hard-to-educate children. That is, there would have to be plans that would have to be submitted in advance to the State department, with copies to the U.S. Office in advance. If the U.S. Office wished to intervene, it could. But this would not require pre-approval of all plans by the U.S. Government not would it go over to the loose operation of reviewing years after the event.

Local districts would be required to comply with Federal laws and court decisions relating to integration and civil rights.

A question then arises: How will the Federal Government participate in the national educational effort?

We have studied the proposal of the administration in regard to "revenue sharing." Before commenting on these proposals in detail, I wish to make the observation that the effect of these proposals has been detrimental to many school systems—even disastrous to some. Instead of conferring with leaders of Congress or interested organizations; instead of following the excellent recommendations of past educational task forces; the President dumped his so-called revenue sharing proposals into the public domain with the maximum possible publicity. It appeared to many Governors and State legislators that the President was offering "free money." The effect was to inhibit State effort. After all, why should a Governor or a State legislature accept the political liability of raising more money if the Federal Government is willing to give it to them with no strings attached?

The costs of education due to inflation and increased enrollments have continued to rise meanwhile, but in most cases State support has not risen proportionally. Since local tax resources are already near the saturation point, many school systems have been forced to cut back. Thousands of teaching positions have been cut from budgets, and some school systems have been forced to shut down or drastically curtail their school year.

Revenue sharing is one of those terms, like "love," that carry with them all sorts of pleasant associations, but which are extremely difficult to define.

The original proposal by Economist Walter Heller meant simply that the Federal Government would return a fixed percentage of its income to the States. The States would use this money to supplant the more regressive property and sales taxes on which most of them rely. In order to make the arithmetic work out so that the total amount of governmental expenditure is not reduced, Federal taxes would have to be greatly increased.

Obviously, there are two sides to revenue sharing: raising the money and passing it out. The administration proposal does nothing at all about how the money would be raised and it is extremely vague about the method of passing it out.

In most present forms of Federal assistance—title I of the Elementary and Secondary Education Act, for instance—the formula for distributing Federal aid includes an "equalization factor." That is, poorer districts receive more aid per capita than the wealthy ones. Equalization factors in aid programs, whether Federal aid programs to States or State aid programs to local communities, have been the subject of legislative jockeying for many decades. There is nothing in the administration proposals that I have seen which comes to grips with the equalization problem.

So far as education is concerned, the administration is proposing "special revenue sharing and general revenue sharing." Special revenue sharing is really fund or grant consolidation. And I understand that the administration might even be willing to accept that term if we don't like the term, "revenue sharing." Anyway, special revenue sharing calls for combining about three dozen present categorical aid programs into five broad block grants. The only provision for "equalization" so far as I can determine lies in the concept that each state will continue to receive in total educational aid no less than it now receives. Since some of the present programs, Title I for instance, have an equalization factor built in, equalization would apparently be continued.

The AFT tends to be supportive of the fund consolidation idea. We have misgivings, however, about a feature of the proposal which would allow states and local districts to spend the funds and explain what they did afterward, rather than to submit proposals for approval before spending.

We agree with Education Commissioner, Sidney Marland, that present "paper shuffling" is expensive, but it would be expensive also if Federal funds were used for projects very low on our scale of national educational priorities. Worse yet, loosening up the administration of funds would almost certainly result in the use of these funds to replace money which otherwise would be raised from State and local sources.

It is very hard to prevent that in the present regulations. If you loosen it up, it just opens the wider door to all sorts of abuses.

It is not necessary to swing over to the lack of control implied in a review rather than approval procedure. Even under present regulations large amounts of Federal money have been misused, in some instances in violation of the law and in other instances by spending the money on ill-advised programs. It would not be difficult to reduce the amount of paper shuffling at the national level, at least, by decentralizing the compliance and approval procedures in the way in which I suggested earlier.

Finally, we are not satisfied that the safeguards proposed by HEW Secretary Elliot Richardson and the U.S. Office of Education would result in speeding the process of school integration and compliance with the Civil Rights Act.

Now, leaving the special revenue sharing proposal I would like to comment on the administration's general revenue-sharing proposals. Again we are not clear as to just what they would mean for education. We have been told that since approximately 40 percent of local and State governmental costs go for education, it could be expected that approximately 40 percent of the new money to be generated by revenue sharing would also go for education. We assume also that if pressed, the Administration might possibly agree to a guarantee to this effect.

Since the administration is proposing \$5 billion in revenue-sharing funds, this would amount to \$2 billion for education over and above the amount for special revenue sharing.

Judging by the record of the previous 3 years of the Nixon administration, the \$2 billion would be an astounding burst of generosity; however, judged by the needs of American schools and children, it would be unrealistic parsimony. The President's own national educational finance project, referred to above, recommends a far greater increase—within a relatively short period of years well over \$15 billion. The Urban Task Force, sired by the President in 1969 but never acknowledged, recommended \$14 billion for the big cities alone.

Apart from the amount of money involved, what about the principle? In the first place, we fail to see why, if the five categories into which present aid programs would be consolidated is a good plan for dispensing the approximately \$3 billion presently involved, why the same scheme would not be a good plan for dispensing the additional \$2 billion to go to education. Or for that matter for the additional 15-plus billions that are really needed.

Secondly, we do not think it is proper to take money from one group of citizens and give it to another without having some pretty clear idea as to the use to which the recipients intend to put it. There is a distinction between Federal control and Federal standards. We oppose Federal control in education; Federal standards are a different matter. Federal funds should not be passed out to States to use in ways which American society disapproves. Federal funds should not be used to promote racial segregation, for instance. When Federal funds are given to other levels of government, the receiving agencies should be required to adhere to fair employment standards. They should maintain decent working conditions and proper professional practices as well as other standards of fair employment.

To sum up this statement, in our opinion Congress and the administration must face up to the fact that vastly increased sums of money will be needed to provide a decent school system in this country. As a goal, we should strive to devote about 10 percent of our national income for educational purposes. The Federal Government should increase its share of school support; the percentage or amount of increase will depend upon various factors, such as the ability of other levels of government to maintain equitable tax programs and the quality of education deemed desirable and feasible in the Nation. We estimate that approximately \$45 billion additional will be required to maintain a proper school system. The major share of this increase should be borne by the Federal Government and the governments of the States.

Thank you.

Senator PELL. Thank you, Mr. Selden. I must say I don't think we as individuals, you and I, are in any great disagreement. I think education has now become, however, a code word. For example, law and order is supposed to be a code phrase for, keep blacks in their place, et cetera, et cetera. The code word "education" now means to many people higher taxes. This is a situation we must recognize. I believe there is no more frugal investment of money than in education and yet from the viewpoint of public acceptance all across the length and breadth of our land, such is not the case. One finds that bond issues for education are being turned down all too often. We are in a democracy, and if the majority of people do not agree with you and me, education will suffer. We can't run a government of "Daddy knows best," what we have to do is sell the story of the importance of education, to the people. That it is the most frugal investment, that every dollar spent on it comes back to the country many times over in the quality and level of the education of its citizens, not to mention the increased amount of taxes a citizen with better training and income will pay.

Now you were touching another point here which is very correct, I think, that the dollars that are collected out of the local taxes are really no different than the dollars collected out of the general revenue. But we have the feeling that if Uncle Sam pays it, it is somehow printed at less cost on a cheaper printing press. Unfortunately it is the same printing press at the same cost.

I think the job we face, we in our job and you in your job, as opinion leaders is to try and educate the people to the effect that the larger percent of our GNP should be spent on education but I don't think the people are yet ready for it and this is part of the problem.

Mr. SELDEN. Well, Senator, I think we will certainly do at least our share in educating the people but you are a leader of the people and we are appealing to you to lead the people in the right direction. I have laid out here a rather succinct program. I have not gone into any great rhetoric to try to support it. I don't think you are interested in that. You want to have concrete proposals.

What we have is a concrete proposal. We say that we ought to first accept that goal. Is it reasonable that we spend 10 percent of our national income on education? If that is reasonable, then we have to figure out how to get it. But accepting the goal is the first thing. Once we have done that and we have reached agreement that this is a worthwhile and sensible thing for a democratic society to do, then we can argue about how fast you go toward that goal in any one year.

Senator PELL. I like the approach. I like it as a goal but I think we are going to have to get there using short tacks, small distances at a time. I wish we didn't but I think we will.

Senator Dominick, there is a rollcall vote on the Senate floor and we must go there. Since the next witness is from Colorado, would you like to introduce her now or afterwards?

Senator DOMINICK. Mr. Chairman, I had hoped to be able to ask some questions of Mr. Selden as well as introduce Mrs. Frieder, who I know very well and who is a very eminent member of our State board of education. We do have a vote going on now. As far as I am concerned, I can go over and vote and come back.

Senator PELL. Why don't you do that. Fine.

Senator DOMINICK. I don't want to make it difficult for Mr. Selden.

Senator PELL. Why don't I go right now and then I will come right back.

Senator DOMINICK. Fine. I will ask Mr. Selden some questions. Mr. Selden, I will start out by simply making the statement that I think that revenue sharing is a great idea. So obviously we are not going to be in philosophical agreement to start with.

Mr. SELDEN. Excuse me, Senator, I didn't criticize the idea of revenue sharing. I find it difficult in defining.

Senator DOMINICK. I must have misunderstood your testimony.

Mr. SELDEN. If it means passing out more money from the Federal Government to the local governments, I am for it.

Senator DOMINICK. Would you say that again?

Mr. SELDEN. If it means passing out more money from the Federal Government to the local governments, I am for it.

Senator DOMINICK. Good for you. We are not in disagreement after all then. I think this is very true. I don't really see then what your concern is except that I gather that you are saying that the total amount of money in the educational process isn't in accord with what you think it ought to be.

Mr. SELDEN. Well, revenue sharing is not a very precise term, but I would use it if it makes people happy. So far as special revenue sharing, I think you see that we are supportive of the idea. We think there are some things about the proposal that ought to be tightened up and corrected and I believe from my conversations with people in the U.S. Office of Education, they might be willing to do that. So far as general revenue sharing is concerned, however, it doesn't really hold much for us at the present time and the amount proposed by the administration

is simply unrealistic in terms of the recommendations of its own task forces.

Senator DOMINICK. Now let's get the record straight here. Are you talking about the educational special revenue sharing or are you talking about the overall amount for general revenue sharing?

Mr. SELDEN. Senator, I thought I made that clear. I am talking about both. I talked first about special revenue sharing. With a few safeguards put into the proposal, I think we could find it acceptable. But general revenue sharing is so vague and there is so relatively little money involved in it that we hardly think it worth talking about.

Senator DOMINICK. Yes, I can see however, that still some of the money out of general revenue sharing, although not specifically designated for education would in fact be used for it.

Mr. SELDEN. About \$2 billion, they say.

Senator DOMINICK. So, computing the estimated amounts for special revenue sharing and the general revenue sharing funds, there would be quite an input of additional funds in the educational system.

Mr. SELDEN. There is not additional money involved in the special revenue sharing. There is a \$225 million fund as a safety factor because there is a provision in the legislation that no State will get any less than it has been getting under the three dozen categorical programs. But that is not counted as an increase.

Senator DOMINICK. I know that but as we go along it seems to me once you get the idea established, as the gross national product grows, the revenue coming into the Federal Government increases, and you will have more money going into these programs.

Mr. SELDEN. The two ideas are in conflict. We would like to see, fund consolidation, with the improvements we suggested and perhaps some others we have overlooked. If you accept that idea, however, then additional money ought not to be put into any vague general revenue sharing fund. It should apply to the consolidated special revenue sharing.

In other words, if you are going to put \$2 billion into education, why bury it in general revenue sharing? Why not devote it directly to education?

Senator DOMINICK. I see what you are driving at. Philosophically speaking, the answer to this would be that State and local governments by and large are not likely, because of community pressures to reduce very much their support of the educational system anyway. So this really would have to be an increase. I know that this is in the realm of theory. I said that.

Mr. SELDEN. It is very practical. I used to teach in Dearborn, Mich. We paid the highest teacher's salaries, had the lowest class size, the best buildings, and the lowest tax rate of any district in Michigan because the entire valuation of the Ford River Rouge Plant was within the confines of the school district. Now if you go statewide and have a 20-mil tax levied statewide on property that is assessed by State equalization programs, monitored by the Treasury Department, you are going to pick up a lot of money that you are not getting at the present time.

The property tax as it is administered now by the various units of local government is certainly inequitable and gives tremendous advantages to those who can shop around for tax benefits or control local governments to their own purposes. Put it on the statewide level

though, with Federal monitoring, and you have got an entirely different picture. You can't do away with property tax. Besides, there are vast amounts of property owned by corporations just sitting there, as you well know in your State for instance, waiting for future development. That is a way to "hide" capital. If you don't tax it it is inequitable.

Senator DOMINICK. Well, most of the property in our State that isn't taxable I can assure you, is owned by the Federal Government or the State government.

Mr. SELDEN. I am talking about low tax property that is being held for future development.

Senator DOMINICK. We have a State equalization law which is working to some degree. I know that because the assessed valuation of my own property is more than I paid for it. It is supposed to be only 30 percent of the value. It gives me courage in case I ever want to sell but it doesn't do much good otherwise.

Mr. SELDEN. Maybe phase II will take care of that.

Senator DOMINICK. The next thing I wanted to ask is, why do you feel that there is need for Federal monitoring?

Mr. SELDEN. Well, there are two reasons for it. Because of local and State constitutional restrictions on the ability to raise taxes, those units of government cannot generate enough money. The Federal Government will have to come into the picture; and therefore we must be sure that States and localities are not cheating. So this is one reason.

The other reason is that there are gross inequities between States and between districts within States, on a per capita basis. The State of Mississippi makes tremendous effort in terms of its average per capita income and it still has a rather poor school system, not through want of trying but it has a rather poor school system. That State should be assisted as should many of the poorer States. And when you take money from one State and give it to another, you have a right to check on the program.

Senator DOMINICK. I totally agree with you. I changed the formula in title I so the States would be getting credit for tax efforts in their own individual behalf compared to national effort.

Mr. SELDEN. Well, Senator, the formula in title I, as you know, was the result of political compromise and it is a rather realistic one. I want to complement a person who is not here, but I see his aide: Senator Javits he deserves credit for the work that he did in evolving that formula. New York is one of the wealthier States on a per capita basis and any Federal program that has an equalization program built into it is going to take more out of New York State than comes back in under the program.

I agree with you that the title I formula should have had a factor which takes into account the per capita wealth of the district. It didn't and to that extent it doesn't equalize as much as it should, but it is one of the better equalization formulas in government, nevertheless.

Senator DOMINICK. Well, that doesn't give me much encouragement for Federal monitoring which I fought long and rather vigorously, as you probably know. It didn't seem to me right for Westchester County, one of the 10 wealthiest counties in the country, to receive more than Selma, Ala., for example, which is one of the 10 poorest counties in the country.

Mr. SELDEN. I don't think they receive more on a per capita basis and it just happens that there are a lot of poor people that live in Westchester County as well as a lot of rich people.

Senator DOMINICK. I am not saying you ought to cut them off. I am just saying I didn't think the distribution was right.

All right now, going on there is a theory around and it seems to me it is unfortunate somehow or other that there is an expertise in the Federal Government which you don't have in the local and State governments. You do not agree with that, I guess.

Mr. SELDEN. Not necessarily.

Senator DOMINICK. Excuse me, Mr. Selden, I am going to have to go. I have only got 5 minutes to vote.

Mr. SELDEN. Thank you, Senator. May I just answer his question anyway for the record?

Senator PELL. Certainly.

Mr. SELDEN. The question was, Did I assume that there was more expertise at the Federal level than at the State level and I said, "Not necessarily." The reason I want Federal monitoring of State equalization programs is that property assessing is notoriously subject to political effect and this conceivably might happen on a statewide level. There will be less chance to have political tampering with the tax assessing equalization procedure if you have Federal oversight, I feel.

Senator PELL. Thank you very much, Mr. Selden, for being with us and we appreciate our relationship in the past.

Mr. SELDEN. Thank you.

(The prepared statement of David Selden follows:)

A NATIONAL STRATEGY FOR FUNDING EDUCATION

Testimony Before the Subcommittee on Education
of the
United States Senate Committee on Labor and Public Welfare

David Selden, President
American Federation of Teachers, AFL-CIO
Wednesday, November 3, 1971

On October 5, 1971, I testified before the United States Senate Select Committee on Equal Educational Opportunity. The Committee, as you know, is headed by Senator Walter F. Mondale. I made the point that there could be no equality of educational opportunity unless our nation is willing to devote approximately twice as much money to schools as it does at present. I further suggested that it was not unreasonable to devote 10% of our gross national income to the education of the young. At the present time, we are using just under 6% for that purpose. Since our gross national income last year was \$795 billion, 10% would be \$79.5 billion, as compared with the approximately \$35 billion we now spend.

The above figures are rough, of course, but they are supported by two other methods of computation. One of these is contained in the National Educational Excellence Bill which was introduced in the Senate two years ago at our request. That proposal assumed that a properly staffed school would cost an average of \$1,600 per pupil per year. This cost, spread over the number of children of school age, comes to approximately \$80 billion. Our estimates are further supported by the soon-to-be-released report of the National Educational Finance Project of the U. S. Office of Education. Although the Commission's conclusions were reached by a different route than that which we used, they put the nation's educational needs at about double what we are now spending.

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In my testimony to Senator Mondale, I suggested a general strategy for financing education. It is as follows:

1. Each state would establish a state educational fund to be supported by:

(a) A 20-mill property tax based on state property assessing procedures audited by the U. S. Treasury Department.

(b) A permissive education surtax on the Federal income tax.

The surtax would be paid to the Treasury Department by the taxpayer along with his U.S. income tax bill. The Treasury Department would then refund such revenue to the state educational fund.

(c) A minimum additional amount to be raised from other tax sources, which would vary with the state's taxable wealth and income.

(d) Federal aid distributed to the states so as to make up the difference between the amounts raised by state effort and \$1,600 per child.

2. States would be required to present to the U. S. Office of Education a plan for distribution of educational funds to local districts in accordance with the educational need of the district. Educational need would be determined by means of a sociological index which would take into account such factors as per capita income, student mobility, student involvement in court proceedings, and other factors.

3. Local districts would be required to certify acceptable plans to their state agencies, with copies to the U. S. Office of Education, describing programs for intensive education for hard-to-educate children.

4. Local districts would be required to comply with Federal laws and court decisions relating to integration and civil rights.

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The question then arises: How will the Federal government participate in the national educational effort?

We have studied the proposal of the Administration in regard to "revenue sharing." Before commenting on them in detail, I wish to make the observation that the effect of these proposals has been detrimental to many school systems -- even disastrous to some. Instead of conferring with leaders of Congress or interested organizations; instead of following the excellent recommendations of past educational task forces; the President dumped his so-called revenue sharing proposals into the public domain with the maximum possible publicity. It appeared to many Governors and state legislators that the President was offering "free money." The effect was to inhibit state effort. After all, why should a Governor or a state legislature accept the political liability of raising more money if the Federal government is willing to give it to them with no strings attached?

The costs of education due to inflation and increased enrollments have continued to rise meanwhile, but in most cases state support has not. Since local tax resources are already near the saturation point, school systems have been forced to cut back. Thousands of teaching positions have been cut from budgets, and many school systems have been forced to shut down or drastically curtail their school years.

Revenue sharing is one of those terms, like "love", that carry with them all sorts of pleasant associations, but which are extremely difficult to define.

The original proposal by Economist Walter Heller meant simply that the Federal government would return a fixed percentage of its income

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to the states. The states would use this money to supplant the more regressive property and sales taxes on which most of them rely. In order to make the arithmetic work out so that the total amount of governmental expenditure is not reduced, Federal taxes would have to be greatly increased.

Obviously, there are two sides to revenue sharing: raising the money and passing it out. The Administration proposal does nothing at all about how the money would be raised and it is extremely vague about the method of passing it out.

In most present forms of Federal assistance - Title I of the Elementary and Secondary Education Act, for instance - the formula for distributing Federal aid includes an "equalization factor." That is, poorer states receive more aid per capita than the wealthy ones. Equalization factors in aid programs, whether Federal aid programs to states or state aid programs to local communities, have been the subject of legislative jockeying for many decades. There is nothing in the Administration proposals that I have seen which comes to grips with the equalization problem.

So far as education is concerned, the Administration is proposing "special revenue sharing and general revenue sharing." Special revenue sharing is really fund or grant consolidation. It calls for combining about three dozen present categorical aid programs into five broad block grants. The only provision for "equalization" so far as I can determine lies in the concept that each state will continue to receive in total educational aid no less than it now receives.

The AFT tends to be supportive of the fund consolidation idea. We have misgivings, however, about a feature of the proposal to allow states

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and local districts to spend the funds and explain what they did afterward, rather than to submit proposals for approval before spending. We agree with Education Commissioner Sidney Marland that present "paper shuffling" is expensive, but it would be expensive also if Federal funds were used for projects very low on our scale of national educational priorities. Worse yet, loosening up the administration of funds would almost certainly result in the use of these funds to replace money which otherwise would be raised from state and local sources.

It is not necessary to swing over to the lack of control implied in a review rather than approval procedure. Even under present regulations large amounts of Federal money have been misused, in some instances in violation of the law and in other instances by spending the money on ill-advised programs. It would not be difficult to reduce the amount of paper shuffling at the national level, at least, by decentralizing the compliance and approval procedures.

Finally, we are not satisfied that the safeguards proposed by HEW Secretary Elliot Richardson and the U. S. Office of Education would result in speeding the process of school integration and compliance with the Civil Rights Act.

In regard to the Administration's general revenue sharing proposals, again we are not clear as to just what they would mean for education. We have been told that since approximately 40% of local and state governmental costs go for education, it could be expected that approximately 40% of the new money to be generated by revenue sharing would also go for education. We assume also that if pressed the Administration might possibly agree to a guarantee to this effect. Since the Administration is proposing

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\$5 billion in revenue sharing funds, this would amount to \$2 billion for education over and above the amount for special revenue sharing.

Judged by the record of the previous three years of the Nixon Administration, the \$2 billion would be an astounding burst of generosity; however, judged by the needs of American schools and children, it would be unrealistic parsimony. The President's own National Educational Finance Project, referred to above, recommends a far greater increase -- within a relatively short period of years well over \$15 billion. The Urban Task Force, sired by the President in 1969 but never acknowledged, recommended \$14 billion for the big cities alone.

Apart from the amount of money involved, what about the principle? In the first place, we fail to see why, if the five categories into which present aid programs would be consolidated is a good plan for dispensing the approximately \$3 billion involved, the same scheme would not be a good plan for dispensing the additional \$2 billion to go to education. Or for that matter for the additional 15-plus billions that are really needed.

Secondly, we do not think it is proper to take money from one group of citizens and give it to another without having some pretty clear idea as to the use to which the recipient intends to put it. There is a distinction between Federal control and Federal standards. We oppose Federal control in education; Federal standards are a different matter. Federal funds should not be passed out to states to use in ways which American society disapproves. Federal funds should not be used to promote racial segregation, for instance. When Federal funds are given to other levels of government, the receiving agencies should be required

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to adhere to fair employment standards. They should maintain decent working conditions and proper professional practices as well as other standards of fair employment.

To sum up this statement, in our opinion Congress and the Administration must face up to the fact that vastly increased sums of money will be needed to provide a decent school system in this country. As a goal, we should strive to devote about 10% of our national income for educational purposes. The Federal government should increase its share of school support; the percentage or amount of increase will depend upon various factors, such as the ability of other levels of government to maintain equitable tax programs and the quality of education deemed desirable and feasible in the nation. We estimate that approximately \$45 billion additional will be required to maintain a proper school system. The major share of this increase should be borne by the Federal government and the governments of the states.

Senator PELL. The next witness is the representative of the National Council of Jewish Women, Mrs. Philip Frieder, member of the National Board of the Council and elected member of the State Board of Education of Colorado. She is accompanied by Mrs. Olya Margolin who has been of great help to this subcommittee. I know Senator Dominick is particularly interested in your testimony. So what you might care to do is read your statement and then we will as I requested, save the questions and by that time I am sure he will be back.

**STATEMENT OF MRS. PHILIP FRIEDER, NATIONAL BOARD MEMBER,
NATIONAL COUNCIL OF JEWISH WOMEN, ACCOMPANIED BY OLYA
MARGOLIN**

Mrs. FRIEDER. I am Mrs. Philip Frieder of Denver, Colo., national board member of the National Council of Jewish Women, and chairman of its education task force. Since 1959 I have also served as a member of the Colorado State Board of Education. I appreciate the opportunity to appear before this committee on behalf of the 100,000 members of the National Council of Jewish Women to express our concerns with S. 1669, "The Education Revenue Sharing Act of 1971."

And with regard to the comments that the Senator made to the preceding witness, I would merely comment that I represent an organization which is a segment of the public which does understand the need for public education and is willing to support it.

The National Council of Jewish Women, founded in 1893, has sections throughout the United States and in their local communities councilwomen work with the public schools in a variety of ways. Sections sponsor tutoring programs, provide special assistance to handicapped children, finance and service special enrichment programs, and serve as volunteers in a variety of settings from the pre-school up to, and including, adult education. Our traditionally strong support for public education is rooted in our belief that, and here I quote from our resolutions, "American Democracy depends on a strong system of public education to develop the highest potential of the individual." To that end our members have pledged themselves to promote expanded educational opportunities for all children and to work for a higher level of financial support for public education:

- (a) By supporting adequate State and local funding;
- (b) By supporting Federal aid to public education;
- (c) By urging reappraisal of the basis of financing public education;
- (d) By protecting public funds from being diverted to private elementary and secondary education.

We view S. 1669, as an attempt to deal with two basic problems:

- (1) The desperate financial plight of public education and the needs for additional financial support—especially from the Federal level; and
- (2) The proliferation of Federal legislative titles, programs, and grants dealing with education, the numbers of which are not only very confusing but also are sometimes self-defeating.

Both of these are laudable objectives. The National Council of Jewish Women certainly concurs with the need for more efficient, more responsible, and more responsive institutions and government, at

every level; and we have a consistent record of working for the adoption of legislation designed to provide additional financial support for public education.

However, as we have examined the proposed legislation, we fail to see a clear expression of intent to increase significantly the total amount of Federal assistance to public education. What we do see is some consolidation of existing programs, the granting of additional flexibility to the States to allocate moneys presently appropriated, and, because additional discretionary powers will be given to the States without any additional funds, we see the very real possibility that certain beneficial education programs could be cut at the State level, and eventually even eliminated.

Members of our organization are fully in accord with the proposition that governmental programs should not be allowed to proliferate needlessly and endlessly, and that once a particular problem has been resolved or a need met, the relevant program ought not to be continued. We do, however, feel strongly that there are certain areas of national concern which require the special focus and attention that only a categorical program can provide. We hope the Congress will weigh carefully the necessity for insuring that the needs of children, as pinpointed by certain categorical programs, will continue to be met.

So, although the purpose of the bill is "to strengthen education by providing a share of the revenues of the United States to the States and to local educational agencies for the purpose of assisting them in carrying out education programs reflecting areas of national concern" we feel that it falls short of its stated goal: (1) It fails to recognize the current financial crisis in public education—a crisis which reflects the inadequacy and the inequity of the present method and level of support for public education. The importance of public education to the well-being of the Nation cannot be overemphasized. Public education is a national concern; it should be a national priority, and as such, in our opinion, deserves a far greater degree of Federal financial support.

As we all know, most of the Federal programs are not and have not been funded even in the less than adequate amounts authorized, so that schools now receive for each authorized program only a fraction of the amount specified in the original bill.

In the legislation before us the schools will be asked, in effect, to divide up the presently grossly inadequate appropriation, and to spread it even thinner. We sincerely hope that the committee will consider this aspect of the bill, and move to authorize sufficient funds to meet the stated legislative objective of strengthening education.

(2) S. 1669 also proposes to consolidate some 33 legislative titles and grants into 5 broad areas of legislative support, but does so, in our estimation, without adequate safeguards to insure that needed programs are not under-implemented or phased out. Accountability is a key word these days in the education community. Citizens, parents are demanding that schools and government must be accountable to the public.

This is as it should be. Unfortunately, in this bill, standards of quality appear to have been considerably relaxed, and provisions for accountability in many of the programs are so vague as to be practically nonexistent, since only mandated "flow through" funds would be subject to Federal review. Here, again, we would urge that the committee carefully examine the proposal.

(3) But our primary objection to this bill is based on our strong commitment to protect the principle of separation of church and state, which is basic to our system of public education. It is our firm conviction that separation of church and state is essential to the continued political and social health of this country. Accordingly, we oppose all proposals which would allow public funds to be used for private schools.

Last April, in his message on Special Revenue for Education, President Nixon stated:

Nonpublic schools bear a significant share of the cost and effort of providing education for our children today. Federal aid to education should take this fully into account. This proposal would do that by considerably broadening the authority for extending aid to students in non-public schools. Nonpublic school students would be counted in the reckoning of population for purposes of allocation, and all forms of educational services would be available to them.

It is apparent that S. 1669 could well provide substantial support to nonpublic schools—a development which we deplore. Once the concept of Federal revenue-sharing is extended to include church schools we will have made a major departure from our basic doctrine of separation of church and state, and we may then expect to see further weakening of the wall of separation. To us the constitutional and historical safeguards of separation of church and state represent, not sterile legal doctrine, but important public policy—a policy which must not be diluted or otherwise weakened.

There is no doubt that public education needs strengthening—with better planning, greater accountability, and greater financial support. This is true in every State and in every school district in the country. However the bill before us falls far short of meeting those needs, and, in our opinion, it carries within it the potential for great harm—both to education and to our society as a whole. We hope the committee will reject this proposal, therefore.

Thank you on behalf of the National Council of Jewish Women for the opportunity to appear before you to voice our concerns.

Senator DOMINICK. Mrs. Frieder, on behalf of the chairman and myself I want to express my thanks to you for coming back and presenting this testimony. I think it is extremely helpful.

First of all, I should say we have another vote on in a minute which is why Senator Pell just left. As soon as he gets back I will have to go again. I am not quite clear about the separation of church and state in connection with your opposition to the special revenue sharing. Am I reading it wrong in here? Is your comment related to the special revenue sharing bill or isn't it?

Mrs. FRIEDER. Yes; our comment was related to the special revenue sharing bill, particularly that aspect of it which would allow or which would bring into this act several acts which now are excluded from the provisions of ESEA, title I. As I understand, this bill as we read this bill, the provisions of ESEA title I with respect to nonpublic schools would be thus extended through this legislation to all the programs under this title.

Senator DOMINICK. Well, there is a provision in the bill as you know, referring to the provisions of State law which might prevent State agencies from allowing parochial students to participate in State funded programs, but it was my understanding, and I want to be sure that the record is clear on this, that under special revenue

sharing, we were not doing any more for private schools than is presently being done under title I where you can participate in a public school program. Am I wrong in this?

Mrs. FRIEDER. It is my understanding that the provisions of title I with regard to nonpublic schools would be extended in this legislation to the 32 other titles which will be consolidated, which as we see it, is extending the possibility of Federal funds being expended for nonpublic schools, in a variety of titles.

Senator DOMINICK. But in a variety of educational programs, not in religious programs.

Mrs. FRIEDER. Educational programs.

Senator DOMINICK. All right. We have had this tremendous difficulty with this church-state problem before, as you know, in all the elementary education and secondary education programs. We have usually included specific restrictions relating to assistance to a private school. We have tried to avoid that issue by saying that the children who are in parochial schools can participate in other programs if they want, thereby benefiting the child as opposed to the school. Does this not also follow in this bill?

Mrs. FRIEDER. Well, that is the public-benefit theory and as a matter of fact, looking at the results of 6 years of ESEA we see that the public-benefit theory in fact does result in assistance to the school, to private schools. Under section 7, subtitle B1 of the bill, I think you will find that the Secretary is given discretion to arrange by contract or otherwise for children enrolled in the private elementary or secondary schools within such State; that is, if the State constitution precludes such dispersal of funds, the Secretary is given discretion to arrange by contract or otherwise so that the children enrolled in private elementary or secondary schools within such States, will receive on an equitable basis, services similar to those provided from the funds made available to children in the public school.

In other words, should the State constitution of the individual State prohibit the dispersal of such funds to nonpublic schools, there is an escape clause.

Senator DOMINICK. Yes; I understood that but the escape clause is still related to the pupil as opposed to the school.

Mrs. FRIEDER. Mrs. Margolin would like to add something.

Mrs. MARGOLIN. Senator, I think one can interpret that any way one wants to. The point is that the aid is going to be given to the school because that is with whom the Secretary is signing the contract. He is not signing the contract with individual children; he is giving it to the school.

Senator DOMINICK. He would be signing a contract with the public schools in order to provide services for parochial school students, as I understand the bill.

Mrs. MARGOLIN. I am talking about the nonpublic schools. I am reading title VII.

Senator DOMINICK. So am I. I think that what they say in here is that the Secretary is to control the funds received under it but the equipment purchase will remain with the State and local education agency.

Mrs. MARGOLIN. I think the whole issue that we are constantly discussing, and this is not the first time, is, Is this a benefit to the child or to the school? The child is attending a school and when you are

signing a contract to give the money to the school to benefit the child, you are helping the school, I don't see how else one can interpret it. Furthermore, whatever moneys are given to nonpublic schools, no matter which way you interpret it, it is diverting funds from public schools. I think one can't escape that.

Senator DOMINICK. Let me suggest kind of a scenario here. Suppose one of the public high schools was giving a course in Russian and they were not giving the course at a neighboring private school. It is my understanding that they would be providing funds for the public schools which would permit private school students to come over there and participate in that Russian course. You wouldn't see anything wrong with that, would you?

Mrs. MARGOLIN. Well, if the children go to the public school we see nothing wrong in it. The whole thesis of Mrs. Frieder's testimony is that we are very strong supporters of the public schools and the public schools are in a financial crisis now, Senator Dominick, and I think you probably know that better than I do.

Senator DOMINICK. They sure are.

Mrs. MARGOLIN. Any funds that are diverted to other purposes is taking it away from the public schools. That is what we are very much concerned with.

SOURCES OF REVENUE

Senator DOMINICK. Mrs. Frieder, you know better than I do that over a majority of the school bond issues that have been voted on in the last couple of years have been defeated. This was true in Ohio. We have lost some in our own State, to our mutual sorrow, but it is a fact of life that people are not putting more bonded indebtedness into their tax structure if they can help it at this point, even for educational purposes. If we are not able to raise money through property taxes, do you have any other thoughts as to how we are going to be able to get the necessary finances into the school system?

Mrs. FRIEDER. I would just like to say before I answer that, just a remark to the Senator, that my own district of Denver did just adopt a school bond issue. On Last Tuesday they passed one.

Senator DOMINICK. Good.

Mrs. FRIEDER. We were very glad to see that happen because the public was convinced there was a need and they were willing to support it. I would not be so bold as to suggest any formula or any technical language or laymen's language for supplying money to the schools. I do feel that basic to the problem and I think you touched on it in your prior statements to Mr. Selden, is the method of taxation that we have, the way the schools are organized in the local districts with the dependence on the property tax.

We all know that the resources of the various districts vary greatly and I was interested in your comment on your own tax bill in Cherry Hills district which has a very high tax levy in Colorado but also has probably the best schools in the State so they are getting something for their money. I feel there must be much greater equalization State-wide and then we must come to grips with extending that theory of equity to the Nation as between States.

Senator DOMINICK. Mrs. Frieder, would you do me a favor? Would you allow me to recess this and then come back so that I don't get an ulcer trying to get over there and vote again?

Mrs. FRIEDER. Certainly. We don't want you to have an ulcer. We want to keep you in good health.

Senator DOMINICK. You don't mind waiting?

Mrs. FRIEDER. No.

Senator DOMINICK. Thank you.

(A brief recess was taken.)

Senator PELL. The subcommittee will come back to order. Mrs. Frieder, in connection with the revenue-sharing bill, as I understand it, it has simply called for consolidation of some of the provisions of the present legislation. You would be supportive of this approach but when it comes to the broadness of the language and the freedom with which the money can be moved from section to section, you are opposed to it. Would that be a correct summary?

Mrs. FRIEDER. Yes, we are very apprehensive about this. We feel that the bill as presently written, does not contain the safeguards we would like to see. Under the 30-percent provision where States may have discretion, we find such programs as the Child Nutrition Act involved in that and various other titles of legislation for which the National Council of Jewish Women have worked long and hard as many other groups.

We would deplore the possibility, shall we say, of certain programs such as those being relegated to the 70-percent implementation, if you understand what I mean?

Senator PELL. As you pointed out, many of the funds that are authorized are not appropriated. In the defense and space sectors I think it is better than 97 or 98 percent of the funds that are authorized are appropriated, while in education and health it is around 50 percent. We would like to see if we can at least reverse these figures. If we can't, at best I would like to see a compromise.

Mrs. FRIEDER. Yes, I think if the time came where we could see the education programs implemented as they are authorized, we would then be in a position to make a better judgment about a lot of the programs that we have in the schools. Remember, we have never really had that opportunity.

Senator PELL. I think there is one area we disagree in and that is in connection with aid to nonpublic schools. In my State better than 17 percent of the children go to nonpublic schools. From a historical viewpoint I have no concern about aid being given to them, indeed this is where education came from in the beginning.

If you study education abroad, the kids are educated in church schools. Very often you find them just as independent thinking and not subject to control in any way.

From an economic viewpoint it would be a disaster in my community if all the nonpublic schools were closed. You said that you thought that this aid would help the schools and not the children. I would have thought that we could maintain the idea of letting aid follow the children, that that would resolve the problem. What do you think?

Mrs. FRIEDER. There are only so many dollars that are going to be appropriated in any legislation and the amount of dollars that follow the children to nonpublic schools are dollars that are not received by the public schools and I think possibly what we have here is a difference in philosophy. The National Council of Jewish Women is committed to the philosophy of complete segregation between church and state.

We regard legislation such as this and its predecessor, ESEA and other titles, as a breach of that.

I think this is probably a philosophical difference but we believe it most strongly.

Senator PELL. I realize that and again I hope that the compromise which will emerge along these lines, is a continuation of the idea of the aid following and helping the kids.

Do you think it would be possible to bring in some formula for equalization or some formula to make sure that the urban areas and the ghetto areas got their share?

Mrs. FRIEDER. Well that, of course, is one of our main concerns. We are very much concerned that these areas of the country not be short changed, as it were, in any legislation that comes from this Congress. We feel that this bill does not give enough recognition to directing the money to where the problems are and the various categorical programs that this Congress has passed over the years all were directed to a specific problem, national problem as seen by the Congress.

Some of the problems may have been solved but that would be the exception rather than the rule.

Senator PELL. Do you think that this measure can conceivably be made acceptable to your organization?

Mrs. FRIEDER. On the basis of the church-state issue as it presently reads, we could not support it. That would be the primary, basic objection, if all the other problems could be solved.

Senator PELL. The National League of Cities conducted a study of the application of block grants, grant funds by States and they concluded that in practice State dollar distribution had frustrated chances for coordination, that instead of avoiding proliferation of paperwork and bureaucracy the block grant approach interposed new and costly delays in bureaucracy. Do you think this could happen in this case, that there would be new kinds of bureaucracy created, just at a different—

Mrs. FRIEDER. Just at a different level.

Senator PELL. At a different level.

Mrs. FRIEDER. It is very possible.

Senator PELL. This is one of the reasons why I personally have very real reservations about the regionalization approach. I think that with only 50 states, and the territories, we still will have never more than 55 entities and in that case, they could all report directly to one central spot. I was wondering what your views were on that?

Mrs. FRIEDER. From my experience as a member of the board of education of the State my views would coincide with yours. As a State board member I have felt and the National Association of State Boards has felt that regionalization is adding another layer and whether it does or doesn't in fact is in the eye of the beholder.

If the bodies or the constituencies involved feel that it's another layer, to them it is another layer. I happen to feel it is another layer.

Senator PELL. Thank you. I have pretty well exhausted my questions but on the other hand since you have come a long way from Colorado perhaps you could stay just where you are until Senator Dominick comes back and your successor witness, Dr. Edward D'Alessio, coordinator of governmental programs, division of elementary and secondary education, U.S. Catholic Conference can come

up and give his testimony. We can then proceed when Mr. Dominick comes back.

Just a moment, here is Senator Dominick now. I think it will be interesting because I am sure you both have quite different views.

Mr. D'ALESSIO. I am sure we have.

Senator DOMINICK. Mrs. Frieder, I just want to say again how glad I am that you are here and I am happy to hear that the latest bond issue passed.

Mrs. FRIEDER. It did.

Senator PELL. That is unique in Colorado, unique in the country.

LOCAL, STATE, AND FEDERAL TAX SOURCES

Senator DOMINICK. It is pretty unique and that was the point I was making a little earlier. With the local resource tax funds available for educational purposes, or for all State and local purposes it is inevitable that conflict will arise between those that think education ought to be priority No. 1 and those that think that something else ought to be priority No. 1. In order to overcome that problem, we have either got to find a method of providing more resources at the local and State level or try and get some money to help on the State level out of the rapidly increasing Federal tax revenues.

Now obviously, the best way to do this would be to reduce the Federal taxes so that the State and local governments could pick it up if they wanted to but the chances of doing that over a \$400 billion deficit are not very good. So my question to you then is, under those circumstances with your reservations on this church-state situation, do you think that the revenue sharing, both special and general are going to be helpful?

Mrs. FRIEDER. Let me say first, that as I read this bill, there are not the additional dollars in it that will do any kind of a job such as we know needs to be done. This is not adding appreciably. As I understand it, something like \$200 million, I don't know if there are any figures there yet but that is the figure that I have heard in additional funds, would be in the bill. Now that is not providing the kind of support that the schools need, particularly as we know that the legislation, the present Federal legislation has never been funded to the amount authorized.

So this proposed legislation does not do the job as it is presently written. With regard to the general area of revenue sharing we have great concerns about the greatest area of need and as I think the point I made in my original testimony, there are certain national concerns and that may or may not be recognized on a local level.

There are the problems of cities. There are the problems of the disadvantaged. You made the point in your question in the initial part that there are various constituencies and various interests that are in contention for the funds available. Now that is true at the national level. That is true at the State level and it is true at the local level, in a greater degree even because it is closer there.

So when you have the block grant or the revenue sharing, there is always this very great possibility, to my mind, that the most urgent needs may not be met.

Senator DOMINICK. Why would they not be met?

Mrs. FRIEDER. Because of your opening statement which was that there are many voices and great contentions, many groups asking for money and political power is not always directly related to the need.

Senator DOMINICK. No, but if the funds are coming into State and local agencies for school systems, it would seem to me, in theory at least, that the local areas are going to put those moneys into the areas which they think are going to be the best for the school system as opposed to nationally imposed standards.

Mrs. FRIEDER. You made the point if they are going into States for education. I didn't realize your initial question was couched in those terms. I thought you were talking about general revenue sharing. Certainly, if dollars are going into the States specifically for education, there would be a greater chance that those dollars would end up meeting the needs of every child. I still would have great reservations about the problems of the cities which are very much greater in magnitude than regular problems and that a school district within a State is one school district within a State, be it city, suburban, or rural and that is one of the strengths and one of the needs that has been met by ESEA and other categorical aids.

I think there are some national priorities and national concerns that the Federal Government should meet.

Senator DOMINICK. Fine. Thank you very much.

Senator PELL. Thank you very much indeed, Mrs. Frieder. You are very kind to have come.

(The prepared statement of Mrs. Philip Frieder follows:)

NATIONAL COUNCIL OF JEWISH WOMEN, INC.
1 West 47th Street, New York, N.Y. 10036

TESTIMONY OF MRS. PHILIP FRIEDER ON S. 1669, REVENUE SHARING
ACT OF 1971, BEFORE THE SUBCOMMITTEE ON EDUCATION OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE, U. S. SENATE

November 3, 1971

I am Mrs. Philip Frieder of Denver, Colorado, National Board Member of the National Council of Jewish Women, and Chairman of its Education Task Force. Since 1959 I have also served as a member of the Colorado State Board of Education. I appreciate the opportunity to appear before this committee on behalf of the 100,000 members of the National Council of Jewish Women to express our concerns with S. 1669, "The Education Revenue Sharing Act of 1971".

The National Council of Jewish Women, founded in 1893, has Sections throughout the United States and in their local communities Councilwomen work with the public schools in a variety of ways. Sections sponsor tutoring programs, provide special assistance to handicapped children, finance and service special enrichment programs, and serve as volunteers in a variety of settings from the pre-school up to, and including, adult education. Our traditionally strong support for public education is rooted in our belief that , and here I quote from our Resolutions, "American Democracy depends on a strong system of public education to develop the highest potential of the individual". To that end our members have pledged themselves to promote expanded educational opportunities for all children and "to work for a higher level of financial support for public education

- a. by supporting adequate state and local funding
- b. by supporting federal aid to public education
- c. by urging reappraisal of the basis of financing public education
- d. by protecting public funds from being diverted to private elementary and secondary education."

We view S. 1669 as an attempt to deal with two basic problems:

1. the desperate financial plight of public education and the needs for additional financial support - especially from the federal level, and
2. the proliferation of federal legislative titles, programs and grants dealing with education, the numbers of which are not only very confusing but also are sometimes self-defeating.

Both of these are laudable objectives. The National Council of Jewish Women certainly concurs with the need for more efficient, more responsible, and more responsive institutions and government, at every level; and we have a consistent record of working for the adoption of legislation designed to provide additional financial support for public education. However, as we have examined the proposed legislation, we fail to see a clear expression of intent to increase significantly the total amount of federal assistance to public education. What we do see is some consolidation of existing programs, the granting of additional flexibility to the states to allocate moneys presently appropriated, and, because additional discretionary powers will be given to the states without any additional funds, we see the very real possibility that certain beneficial education programs could be cut at the state level, and eventually even eliminated.

Members of our organization are fully in accord with the proposition that governmental programs should not be allowed to proliferate needlessly and endlessly, and that once a particular problem has been resolved or a need met, the relevant program ought not be continued. We do, however, feel strongly that there are certain areas of national concern which require the special focus and attention that only a categorical program can provide. We hope the Congress will weigh carefully the necessity for ensuring that the needs of children, as pinpointed by certain categorical programs, will continue to be met.

So although the purpose of the bill is "to strengthen education by providing a share of the revenues of the United States to the States and to local educational

agencies for the purpose of assisting them in carrying out education programs reflecting areas of national concern" we feel that it falls short of its stated goal:

(1) It fails to recognize the current financial crisis in public education - a crisis which reflects the inadequacy and the inequity of the present method and level of support for public education. The importance of public education to the well-being of the nation cannot be over-emphasized. Public education is a national concern; it should be a national priority, and as such, in our opinion, deserves a far greater degree of federal financial support. As we all know, most of the federal programs are not and have not been funded even in the less than adequate amounts authorized, so that schools now receive for each authorized program only a fraction of the amount specified in the original bill. In the legislation before us the schools will be asked, in effect, to divide up the presently grossly inadequate appropriation, and to spread it even thinner. We sincerely hope that the committee will consider this aspect of the bill, and move to authorize sufficient funds to meet the stated legislative objective of strengthening education.

(2) S. 1669 also proposes to consolidate some 33 legislative titles and grants into 5 broad areas of legislative support, but does so, in our estimation, without adequate safeguards to ensure that needed programs are not under-implemented or phased out. Accountability is a key word these days in the education community. Citizens, parents are demanding that schools and government must be accountable to the public. This is as it should be. Unfortunately, in this bill, standards of quality appear to have been considerably relaxed, and provisions for accountability in many of the programs are so vague as to be practically nonexistent, since only mandated "flow through" funds would be subject to federal review. Here again, we would urge that the committee carefully examine the proposal.

(3) But our primary objection to this bill is based on our strong commitment to protect the principle of separation of church and state, which is basic to our system of public education. It is our firm conviction that separation of church and state

is essential to the continued political and social health of this country. Accordingly, we oppose all proposals which would allow public funds to be used for private schools. Last April, in his Message on Special Revenue for Education, President Nixon stated: "Non-public schools bear a significant share of the cost and effort of providing education for our children today. Federal aid to education should take this fully into account. This proposal would do that by considerably broadening the authority for extending aid to students in non-public schools. Non-public school students would be counted in the reckoning of population for purposes of allocation, and all forms of educational services would be available to them."

It is apparent that S. 1669 could well provide substantial support to non-public schools - a development which we deplore. Once the concept of federal revenue-sharing is extended to include church schools we will have made a major departure from our basic doctrine of separation of church and state, and we may then expect to see further weakening of the wall of separation. To us the constitutional and historical safeguards of separation of church and state represent, not sterile legal doctrine, but important public policy - a policy which must not be diluted or otherwise weakened.

There is no doubt that public education needs strengthening - with better planning, greater accountability, and greater financial support. This is true in every state and in every school district in the country. However, the bill before us falls far short of meeting those needs, and, in our opinion, it carries within it the potential for great harm - both to education and to our society as a whole. We hope the Committee will reject this proposal.

Thank you for the opportunity to appear before you to voice our concerns.

Senator PELL. Our next and final witness is Mr. Edward D'Alessio of the U.S. Catholic Conference. Would you introduce your colleagues, please?

STATEMENT OF EDWARD R. D'ALESSIO, PH. D., DIRECTOR, DIVISION OF ELEMENTARY AND SECONDARY EDUCATION, U.S. CATHOLIC CONFERENCE, ACCOMPANIED BY: REV. FRANK H. BREDEWEG, C.S.B., DIRECTOR OF SPECIAL PROJECTS, NATIONAL CATHOLIC EDUCATIONAL ASSOCIATION; AND FRANK J. MONAHAN, ASSISTANT DIRECTOR OF GOVERNMENTAL PROGRAMS, DIVISION OF ELEMENTARY AND SECONDARY EDUCATION, U.S. CATHOLIC CONFERENCE

Mr. D'ALESSIO. Yes; on my right is Father Frank Bredeweg, director of special projects, National Catholic Educational Association and on my left is Frank Monahan, assistant director of governmental programs, Division of Elementary and Secondary Education, U.S. Catholic Conference.

Senator PELL. Have you a prepared statement?

Mr. D'ALESSIO. Yes; we do.

Senator PELL. If you would like to abbreviate it, the whole text will appear in the record or you may read the whole thing.

(The prepared statement of Mr. D'Alessio follows:)

Statement of

Edward R. D'Alessio, Ph.D.
Director
Division of Elementary and Secondary Education
United States Catholic Conference

Before the

Subcommittee on Education
of the
Committee on Labor and Public Welfare
United States Senate

Wednesday, November 3, 1971
2:30 P.M.

Accompanied by:

Rev. Frank H. Bredeweg, C.S.B.
Director of Special Projects
National Catholic Educational Association

Frank J. Monahan
Assistant Director, Governmental Programs
Division of Elementary and Secondary Education
United States Catholic Conference

Mr. Chairman and Members of the Committee:

I want first to express my gratitude and that of my colleagues, Father Bredeweg and Mr. Monahan, for the opportunity to speak with you today about the important issues being considered by this Committee. Although the primary concern of the Division of Elementary and Secondary Education of the United States Catholic Conference is the continued welfare and improvement of Catholic schools, the Division, like other responsible agencies in American education, realizes that all American schools -- public and private nonprofit, church-related as well as non-denominational -- are united in the effort to provide better education for the country's children and young people. Nonpublic elementary and secondary schools, moreover, now educate some five million American children and young people. One elementary and secondary student in every nine in the United States attends such a school. On the basis of size alone -- apart from any other consideration -- nonpublic schools, the large majority of which are Catholic schools, constitute a significant segment of the total American educational enterprise. They are, as President Nixon has said, an "integral part" of American education.

As I indicated in the Director's statement to the President's Commission on School Finance earlier this year, the Federal government has the responsibility to take a truly comprehensive view of American education, and adopt programs and policies that will

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contribute to the well-being of both the public and nonpublic schools; the Federal government should view itself as an "enabler" of educational excellence in all American schools. It must help to create the practical partnership in American education which, one hopes, will be an emerging reality of the years ahead. As President Nixon concluded in his Education Revenue Sharing Proposal to Congress, April 6, 1971, "nonpublic schools bear a significant share of the cost and effort of providing education for our children today. Federal aid to education should take this fully into account."

Although our specific concern today is the effect that S.1669, the "Education Revenue Sharing Act of 1971", would have on Federal assistance programs in which students attending nonpublic schools are eligible to participate, we at the United States Catholic Conference also have a keen interest in the broader implications of the "revenue sharing" approach to the Federal financing of American education. Education revenue sharing is, in our view, more accurately described as "categorical grant-in-aid consolidation" or "block granting" because it proposes a massive combination of thirty-three existing Federal elementary and secondary educational programs into five broad categories. State and local educational agencies would share in Federal revenues for the purpose of "administering them in carrying out educational programs reflecting areas of national concern."

From the perspective of educational management, comprehensive educational planning and effective delivery of educational services, this proposal has a great deal of merit. Anyone experienced in working with Federal education programs at the state and local levels would readily admit that the proliferation of such programs places a near impossible burden of paper work and red tape on school administrators. This is especially true in school districts which have limited resources with which to pursue and administer federally-funded projects.

Virtually all nonpublic school "systems" find themselves in this latter category because of their limited administrative budgets. This is exacerbated by the fact that none of the monies allocated for the administration of presently authorized programs is used to alleviate the nonpublic school administrators' added burdens resulting from involvement in such programs. In short, it costs the nonpublic schools money to participate in these programs.

I do not think that the main question before this Committee should be whether or not consolidation of existing categorical programs is desirable. Rather the question should be how can this best be accomplished without undermining the purposes of previously enacted legislation.

The history of the Federal government's role in elementary and secondary education indicates that its involvement has been consistently restricted to those areas of need which were not being adequately met by state and local efforts. The inherent weakness of Education Revenue Sharing, moreover, is that it is based on the assumption that state and local educational authorities now stand ready to meet their responsibilities in fulfilling these needs once they are freed from the morass of red tape inherent in these Federal programs.

This leads me to a much broader concern I have with the concept of Education Revenue Sharing as an appropriate way for the Federal government to help solve the problems of American elementary and secondary education. What evidence there is, does not indicate that the most serious problems of education are a result of over-dominance by the Federal government. If anything, these problems persist and have worsened partially because of the Federal government's inability to have a significant impact on education at the state and local levels. An identical conclusion could be drawn of the states vis-a-vis local school districts.

This point may be demonstrated by examining some of the problems encountered in implementing compensatory education programs funded through ESEA Title I. This program has not had the educational impact which many educators had anticipated. There

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are many reasons for this not the least of which is the inability of the Federal government to insure compliancy with the intent of this legislation. Let me cite one example which illustrates this point. In the first years of this program, school districts spread the Title I funding so thin that less than \$100.00 per child was expended. This problem is treated in the Fourth Annual Report of the National Advisory Council on the Education of Disadvantaged Children as follows: "...many school administrators have spread their limited funds over very large groups; the average Title I expenditure per child during 1965-66 and 1966-67 was \$96.00 and \$99.00 respectively -- hardly enough to make a significant difference." This problem is being overcome only after a vigorous effort by the United States Office of Education in the past three years to effect an adequate concentration of services on the most needy children so that the program would begin to show significant educational results.

A weak Federal role in the implementation of Title I is further highlighted in the conclusions of a study conducted by Washington Research Project and NAACP Legal Defense and Educational Fund, Title I of ESEA: Is It Helping Poor Children? I would like to quote in part one paragraph from the summary of that report.

"In this report we have tried to spell out Title I requirements and match them against what is actually happening in many districts. We found that although Title I is not general aid to education but categorical aid for children from poor families who have educational handicaps, funds

appropriated under the Act are being used for general school purposes; to initiate system-wide programs; to buy books and supplies for all school children in the system; to pay general overhead and operating expenses ..."

Additionally, Mr. Chairman, it should be noted that the last two Annual Reports of the National Advisory Council on the Education of Disadvantaged Children recognize these problems and call for a strengthening of the Federal role in the implementation of this program.

Two of the most serious problems currently confronting education are the inequitable distribution of education funds among and within school districts as well as those related to racial discrimination. Partially, at least, both of these problem areas are rooted in the decentralized nature of the American school system. Recent state supreme court rulings in California have dramatized the inequitable nature of our present system of school financing. A Federal district court ruling on September 27 concerning segregation problems in the public schools of the city of Detroit followed by the same courts' order to the Michigan Board of Education to develop a metropolitan school district to create an integrated school system demonstrate the relationship between local autonomy in education and the problems of racial discrimination. I find it difficult to understand how a legislative proposal which encourages further decentralization relative to the Federal role can be a viable answer to such problems.

Finally, Mr. Chairman, I would like to call the Committee's attention to a recent study by the Harvard Graduate School of Education, The Effects of Revenue Sharing and Block Grants on Education, which treats these matters in depth.

I would now like to address myself to the effect of S.1669 on the nonpublic school sector of American education. The history of nonpublic school efforts to obtain public assistance for the performance of a public service to over five million American school children would indicate that Federal involvement in education has been beneficial to their cause. As a minority on the American educational scene, it is interesting that we share this feeling with minority groups within public education. Consequently, we are very wary of any weakening of Federal control over programs authorized by Congress.

The following facts are offered in evidence of our concern:

1. Throughout most of the twenty-five year history of the National School Lunch Program more than half of the states were unable to administer the program for the nonpublic schools. The Federal government had to assume this responsibility.
2. Until the 1970 ESEA amendments consolidating the NDEA V-A testing program with Title III of ESEA, forty-one states were unable to administer the testing

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program for the nonpublic schools. Once again the Federal government has had to become directly involved.

3. Currently there are a number of serious problems involving the inequitable participation of nonpublic school children in ESEA Title I in Missouri, Nebraska, Louisiana and New York.

In short the nonpublic schools' only recourse has been Federal action to insure that the Congressional intent of the law is carried out at the state and local level.

In light of such history, I have a number of concerns about S.1669. I consider the language referring to the involvement of nonpublic school children too weak and consequently providing inadequate safeguards to insure equitable participation of such children. Six years experience with ESEA has taught us that legislative language must be as free from misinterpretation as possible. Section 7 (a) of S.1669 relating to the participation of nonpublic school children contains little more than a hortatory note that nonpublic school children should be given an opportunity to participate. This language is open to a wide diversity of interpretation at the state and local levels and could be greatly improved.

The withholding provision of Section 7 (b) is inadequate. If the Secretary should determine that the provisions of state law do not prevent a state agency from distributing funds to nonpublic school

children but the state persists in refusing to distribute such funds, then there is nothing which the Secretary may do. There is no provision which would give authority to the Secretary to withhold funds when there is a substantial failure to provide services required by Subsection (a) (1).

There is no provision requiring the state to give assurances that it has complied with the law with respect to nonpublic school children. Thus there is no basis for a mechanism which would afford the Secretary an opportunity to make provision for children in nonpublic schools.

Section 6 (d) provides that 30% of each of the amounts allotted to any state for vocational education, the handicapped and supporting materials and services may be made available for other educational purposes. The state may even exceed this 30% limitation if it demonstrates to the satisfaction of the Secretary that it furthers the purpose of the Act. This transfer privilege strikes at the heart of the services which are technically available to children in nonpublic schools. If there is to be a transferability provision, then it must be limited in such a way that it would not deprive nonpublic school children of an opportunity of adequate participation.

Section 18 (a) provides that all revenue shared with the states shall be accounted for as Federal funds. This language is ambiguous. If it is the intention of the Administration to earmark the shared revenues as Federal funds, then specific language should be inserted to accomplish this end. If this is not the intent, then it will probably be necessary to insert provisions reserving a certain amount of money for nonpublic school children. This reservation of funds should be in accordance with private school population and credit should be extended to the state on the basis of evidence of the extent to which there has been effective participation by nonpublic school children.

Finally, we feel that there is a basic inequity in this legislation in regard to the consolidation of funds from P.L. 81-874 popularly known as aid to Federally impacted areas.

Children of Federally-connected families in nonpublic schools should be counted and benefit equally with children in public schools. This would be true for children whose parents live and work on Federal property. If the Federal government is paying a substantial part of the cost of educating a Federally-connected child in a public school, it should pay the same proportion of the cost of educating a similarly situated Federally-connected child in a nonpublic school.

In summary, Mr. Chairman, I feel that the following parts of this Bill would have to be changed before we could consider giving it our support:

1. The language referring to nonpublic school participation must be made explicit in terms of mandating full and equitable participation of private school children.
2. The "by-pass" or "withholding" provision should not only apply in a case in which a state is unable by law to provide for participation, but in any situation at a state or local level where there is a substantial failure to do so.
3. The legislative language should insure that Federal monies are not commingled with those of the state or establish a mechanism to reserve a certain amount of the funds to be expended only for the purpose of providing services to nonpublic school children.
4. Provision should be made for nonpublic school children to benefit from impacted area funds.

In closing, Mr. Chairman, may I point out that in a recent statement submitted to the House Ways and Means Committee, the United States Catholic Conference supported increased Federal funding for educational programs which benefit all American elementary and secondary school students. This could be effected by expanding the

funding of present education programs as well as including that percentage of funds which the Administration projects would be used from General Revenue Sharing for educational purposes in an Education Revenue Sharing Bill.

In conclusion, then, S.1669 raises difficulties which, while by no means beyond solution, do require careful study and sensitive handling. The United States Catholic Conference has no objection in principle to revenue sharing or any comparable plan for reducing the financial burden of the states and localities. It is concerned, however, that state constitutions -- or constitutional interpretations -- as well as the attitudes and mind-sets of some public officials, will in some areas create serious obstacles to equitable participation by nonpublic school pupils in educational aid programs financed with Federal funds under revenue sharing. Experience under the Elementary and Secondary Education Act of 1965 is not particularly reassuring in this regard, since, as various studies indicate factors such as these have in many states made it difficult or even impossible for students in nonpublic schools to participate equitably in ESEA benefits. If Education Revenue Sharing were to become a reality, it would be imperative that the Federal legislation make adequate provision for whatever "by-pass" procedures might be necessary to insure the equitable participation of nonpublic school students, and that in addition adequate administrative procedures be devised and implemented to guarantee the same result.

Mr. Chairman, I am grateful for the opportunity afforded by the Committee to speak on this important legislation. My colleagues and I stand ready now to answer any questions you may have.

Senator PELL. Thank you very much for your full testimony. It is quite interesting, the witness before you opposes the bill because she felt that it supported nonpublic schools too much and you oppose it because you believe it doesn't support them enough. So maybe, while I have not made up my own mind about the bill yet, but maybe the fact that you two have such differing views might mean that the bill is a middle course. Do you think that there is any merit to that thought?

Dr. D'ALESSIO. That the bill is a middle course?

Senator PELL. Yes; the bill follows a middle course.

Dr. D'ALESSIO. As I pointed out—

Senator PELL. As you know, personally I rather lean in your direction but I think what we here should try to work out legislation that is generally acceptable to the mainstream of the United States.

Dr. D'ALESSIO. As I pointed out, Senator, the U.S. Catholic Conference is not in principle opposed to education revenue sharing or to any method of getting Federal moneys to the local and State educational agencies so long as there are adequate safeguards within the legislation and with administrative remedies to insure the equitable participation of nonpublic school students in these programs.

Senator PELL. But the bill as written you would oppose; is that not correct?

Dr. D'ALESSIO. Yes; in accordance with my testimony.

Senator PELL. Exactly, do you agree with Mrs. Frieder in her conclusion that all child benefit funds are really funds which are helping institutions?

Dr. D'ALESSIO. No; of course, I would have to take an opposing position. These funds are due to the children because they are children of citizen parents and citizens themselves and are entitled to these funds because they qualify under the intent and congressional policy inherent in the legislation.

Senator PELL. I appreciate your comments and I think that the problem and the plight of the nonpublic schools is very acute. I'd appreciate the help of your group in working with this subcommittee when we have a hearing on that subject. We must find some legislative means to be of assistance to the children in those schools.

Dr. D'ALESSIO. This is exactly our point.

Senator PELL. On a completely separate subject, I would be very interested if you would feel free to comment on it, on this question of the so-called school prayer amendment. Senator Scott has offered one in the Senate and I think Representative Wiley has one in the House and it talks about the fact that there should be no inhibition on a nondenominational prayer in a public building. Well, I get worried at the thought of a nondenominational prayer because the school committee that is predominantly Catholic might have in its nondenominational prayer a reference to the Virgin Mary.

Then there is an election and that school committee is defeated. The next school committee is predominantly Protestant and amends the prayer leaving out the Virgin Mary but would leave in Jesus.

Then that school committee is defeated in an election and a predominantly Jewish committee succeeds it and then Jesus is amended out. There is a problem in defining what is a nondenominational prayer. I think this amendment, if passed, could open up a bit of a Pandora's box. I am not sure. I am interested in your views. Adoption

of such an amendment could hurt the cause of ecumenism which has moved so far ahead in the past 10 years, greatly thanks to Pope John. I wonder if you have any comments on this amendment?

Dr. D'ALESSIO. By coincidence, we do have a copy of the USCC news release. May I read it?

Senator PELL. I would like you to read it into the record.

Dr. D'ALESSIO. The U.S. Catholic Conference has gone on record in opposition to the so-called school prayer amendment which is currently before the House of Representatives. The Conference position was announced by Bishop Joseph L. Bernady, USCC General Secretary, who said and I quote:

I wish to emphasize that the Conference is not opposed to the concept of prayer in public buildings, nor unconcerned about the vitally important matter of meeting the religious needs of children who attend public schools. Our opposition to this amendment is based on the conviction that it would accomplish nothing on behalf of the goals it purports to serve and would present a threat to the existing legality of denominational prayer. The text of the proposed constitutional amendment on which the House is expected to vote November 8 states that—

Then it includes the amendment. Bishop Bernady's quote continues:

The subtle implication of the amendment, therefore, is that denominational prayer in public buildings is unconstitutional. This is contrary to present law. Denominational prayers are used in many public ceremonies, and in many parts of the country public buildings are rented by churches for denominational services. The proposed amendment would only serve to threaten the existing practice and worsen the present day situation. Moreover, the amendment cannot be justified as a school prayer amendment. The amendment does not say anything about state sponsorship of a prayer in public schools as part of the regular school day. This is the very thing that the Supreme Court found unconstitutional in school prayer cases.

Passage of the amendment might lead many to think that something serious has been done about the problem of religious education of public school children. In fact, nothing of any moment would have been achieved.

Senator PELL. I appreciate that. Do any of you three have any personal comments on this?

Reverend BREDEWEG. In the realm of personal comments, at this particular time it seems that the question of religion and the question of education are being intermingled in such a way that it might be prudent not to contribute to that consternation until the terms are better defined. Personally, I don't know what one means by non-denominational prayer.

Senator PELL. Exactly, that is one of the problems.

Also just from the viewpoint of benefit to the child, I think back to my own days in the church school and you rattled your prayers without really thinking what you were saying but if you were forced to be silent for 30 seconds, I think you plumbed your soul maybe a few millimeters more than was otherwise the case. Senator Dominick?

Senator DOMINICK. Dr. D'Alessio, when I was trying to find out what the attitude was of the Catholic educators on previous bills, I found that there were about four different groups. Can I ask you a simple question as to whether you represent all four groups?

Dr. D'ALESSIO. Specifically, I can only think of two groups offhand. As you know, Senator Dominick, the U.S. Catholic Conference is the conference of the Catholic bishops of the United States and, as such, the conference represents the attitude of those bishops in areas such as legislation, among others. In addition, sitting to my right is Father

Frank Bredeweg of the National Catholic Educational Association. I would say in this instance we are at least speaking for both organizations.

Senator DOMINICK. Reverend Bredeweg would you agree with that?

Reverend BREDEWEG. Yes. Just to clarify the distinction in case there is a difficulty, NCEA is an educational association of approximately 12,000 schools. The USCC is a more hierarchically aligned and constructed organization. NCEA is a professional educational association.

In regard to special revenue sharing and its implications for general revenue sharing, NCEA would like some assurance that nonpublic school participation will be more beneficial to nonpublic schools than previous Federal legislation. This has nothing to do with intent. The Federal intent has always been that benefits should be equally distributed and shared. However, the formula and procedure to accomplish this have not yet been discovered.

This is understandable when you have 47 million public school students and 5 million nonpublic. The program must be structured for the 90 percent rather than the 10 percent. However, there is a need to develop an approach which allows considerable flexibility to nonpublic schools as they develop programs suited to their particular circumstances.

There seems nothing in this particular proposal to effect this. We would like to see a separate allocation of the nonpublic school share on the local level. We realize that funds must be distributed under public auspices, but this does not preclude local allocations and accounting.

Senator DOMINICK. With all due respect, you will never get that through Congress in the foreseeable future. We will get right in the middle of the church-state debate the minute you try that. We have been trying for a long time to work around this on the pupil-benefit basis but you heard what my own constituent, Mrs. Frieder, from the Jewish Ladies National Council of, said they are very concerned that this bill goes too far, so a special bill, it will never get anyplace. The art of politics is the art of possible measures.

Reverend BREDEWEG. There is, for example, an advisory council in this bill. One of the members is from the nonpublic sector. Could he not have the responsibility and some authority to oversee nonpublic interests?

Senator DOMINICK. We might be able to make some adjustment in the advisory council or things of that kind. That is possible.

Mr. MONAHAN. Senator, earlier you said that one of the basic concepts incorporated in this bill was the ESEA method of providing benefits to the children in nonpublic schools. I think it may not have been as explicit as we would have liked in the formal testimony but this bill doesn't go as far as the ESEA, for example, the kind of bypass provision that has been written into the language referring to the participation of nonpublic schoolchildren.

The bypass provision in title 3 of ESEA goes much beyond the situation in which a State is prohibited by law to provide services to nonpublic school children. It stipulates that at a district or project level if there is failure to provide services for any reason, a bypass may be used. We construe this as a much more acceptable type of mechanism

than what is written into the bill which has been submitted to the committee. This is the sort of thing we are concerned about.

Senator DOMINICK. I suppose that could also be modified if the effect of it is to lessen the amount of the pupil benefit ratio we have in ESEA now because it is not designed in any way to cut down the educational benefits in this bill. We are trying to increase them, but we are also trying to diversify.

I gather that what you are saying, all three of you, is that you think the Federal Government ought to retain control of the school?

Mr. MONAHAN. Not necessarily control of the school.

Senator DOMINICK. Control of the programs that are going to be funded by the Federal moneys. Supposing we just cut them out, then what financial position would you be in?

Mr. MONAHAN. I think our position is that the Federal Government should play an active role in insuring that the purposes of the legislation are carried out, and not withdraw its responsibility. I think this particular proposal whereby the State plan is only submitted to the Federal Government for information, does constitute a significant withdrawal of Federal responsibility.

Senator DOMINICK. Let me interrupt you there. On the top paragraph on page 3, you have specifically pointed out the problem which is not only inherent in the private schools, but is also inherent in the public schools. You have the most enormous amount of people who are applying for Federal categorical grants. We have qualified educators in Government here in the Office of Education all day long, doing nothing but shuffling papers, not putting their educational expertise to work at all.

This is one of the reasons, and I think a very compelling reason, for trying to get away from this categorical grant type of approach. Do you agree with that?

Mr. MONAHAN. Yes; we very definitely agree with that. We agree with consolidation from the point of view of good management. On the other hand, what we are raising questions about is how you consolidate. The Congress, in the last amendments to the Elementary and Secondary Education Act, consolidated several programs. There are many Congressmen who were interested in consolidating more. This proposed bill is only one approach.

We question whether or not this kind of massive consolidation is really justified in the way in which the administration proposes.

Senator DOMINICK. Why wouldn't it be far more effective in providing the necessary financial aid to children, whether they are public schools or private schools to provide the money, and then let the people in the area use it the way they think would most benefit that area.

Mr. MONAHAN. Again you have to go into the particulars of the bill. For example, in regard to the 30-percent transferability provision, as we pointed out in our testimony, in this regard if now even public schools officials are not involved in any way in determining the policy decisions that affect how these funds are transferred at the State level (it should be noted that you can transfer more than 30 percent of the funds if you justify it to the Secretary), it is very possible the funds could be transferred from one area where we have had a great deal of involvement because that is how our schools are structured to another area of service not being provided by our schools.

Say, for example, a State wanted to transfer 30 percent or more of the funds out of the support services category that they receive, into the vocational education category. What safeguards would we have to insure that we would get fair treatment here when our high schools are not primarily established for vocational education but for an academic program and college preparation.

So this is another problem we see with the way this bill is written. This is only one example of what we are talking about. We are told by the Office of Education officials that we could protect our interests through participation on a statewide advisory council where we are given one seat. We have had experience an advisory councils such as those set up through ESEA title III, and it is a very tough way to protect your interests in this way.

Senator DOMINICK. There is no doubt about that. I am one advisory member on this committee, and I know it is tough. I would like to, if I can, divert from your expertise on private schools and go over, if I may, with your knowledge of the public school system. Looking at the public schools alone, do you think revenue sharing would be a helpful measure for improving the quality of public school education?

Dr. D'ALESSIO. I can only answer that very generally, Senator. As I told Senator Pell earlier, I think that any legislative enactment, any Federal posture, any Federal action, that would deliver money and resources to the State and local educational agencies in terms of the public schools, is desirable. Now, whether or not revenue sharing, education revenue sharing, is specifically that vehicle in terms of the public schools, I would not be prepared to say.

Mr. MONAHAN. I would add what I think has been emphasized by many of your witnesses, that special revenue sharing does not provide any additional Federal funds for the public school systems that are in bad need of additional help from some source. General revenue sharing, which is supposed to be related to this, from the administration's point of view, provides additional funds only if the States and localities choose to spend it on education. This is based on a projection by the administration that State and local governments are not spending about 40 percent of their funds on education; consequently, they will be expected to spend 40 percent of these new moneys for education.

So, it is a very questionable proposition at best. I think, if I recall correctly, in our testimony before the House Ways and Means Committee, we pointed out that the insurances in general revenue sharing were not adequate. That is, there are inadequate insurances in general revenue sharing that these moneys in fact would be spent for education. As you pointed out earlier today, there is tremendous competition for limited funds among welfare, education, health and various other interests in any given community.

To try to respond to your question revenue sharing is of dubious value as far as any new financial help to education is concerned.

Senator DOMINICK. I suppose theoretically it is, but in State legislatures, one of the most organized groups, by and large, is the educational group. They always seem to get their share of State funds. I don't think there is any doubt about that, whether it is 40 percent or not is doubtful. For the purposes of the record, of course, there is a \$200 million addition to the categorical programs in hold harmless funds. It should be considered, I think, new money.

I think your comments are helpful. One of the things that bothered me all the way through is this Federal impacted area aid. You comment on that on page 10 of your statement in the last two paragraphs. You say that there is a basic inequity in this legislation in regard to the salvation of funds from Public Law 81-874, Aid to Federal impacted areas. Then you go on to say children of federally connected families in nonpublic schools should be counted and benefit equally with children from public schools.

Let me ask you this, is that done now?

Mr. MONAHAN. No, it is not, Senator.

Senator DOMINICK. It is not done today.

Mr. MONAHAN. No.

Dr. D'ALESSIO. Senator, I think our point is that the same forces and factors cause the same strain on the nonpublic schools as on the public schools in federally impacted areas. We simply have to live with that.

Senator DOMINICK. Well, you are no worse off under this bill than you would be under the existing law is the point I was making.

Dr. D'ALESSIO. That is correct.

IMPACT AID

Senator DOMINICK. There is some difficulty with your logic, I don't know whether it is logic or conclusion which supports the theory behind 874 that you are replacing what would otherwise be tax funds available for the public school district. They would not be available in most cases for private schools anyhow, so therefore the theory that you should stay within the public school realm on this. Now you do have a point here that where children live and work on Federal property and parents live and work there too, by and large the schools in that area are, as I remember it, to which the children go are public schools, are they not?

Dr. D'ALESSIO. Yes.

Senator DOMINICK. Are there any private schools in fact located on Federal property?

Reverend BREDEWEG. Not that I know of.

Dr. D'ALESSIO. Not that we know of.

Senator DOMINICK. With the exception of mission schools on the Indian reservations.

We have had objections for the record, Mr. Chairman, to the new formula under 874 as provided in this bill, largely from those school districts who are obtaining somewhere in the neighborhood of from 50 to 85 percent of their total revenues from impacted area aid. This of course will drastically affect impact aid and they are concerned because they are not quite sure how they would come out within the State on the revenue-sharing concept, be it special or be it general. We may have to take another look at that situation, as far as the formula is concerned.

I think that is worthwhile keeping in mind as we go along in trying to determine whether or not this is the formula that we want to use. In every administration since I can remember, at least since I have been here in Congress, has recommended amending 874 formula but up to today, Congress has totally resisted doing this and I have been active in resisting it.

Senator PELL. Principally because the devil we know is preferable to the devil we don't.

Senator DOMINICK. I think one of the things we might think about and I broached this before, is trying to do it on a declining basis in the class B group: that is the children of families working on Federal property and going to school off the Federal reservation. The fact of the matter is that most of those families if they are living off the Federal property, by the time the second year comes around are starting to pay taxes, either property taxes, assessment taxes, whatever it may be.

As a result they are into the tax stream again even though the Federal reservation itself still remains tax exempt. I think we may have to work on that and have a declining scale.

Senator PELL. I think we ought to consider our individual problems, too. I know in my State and actually in the community where I live, this would cause a very real hardship. I recognize the present inequity of a system whereby a county, such as Montgomery County receives large diffusions of Federal funds. It is not fair from the viewpoint of schools in the District.

Senator DOMINICK. Of course this is one of the real problems that we have got.

Senator PELL. District schools don't have the taxes.

Senator DOMINICK. That is all the questions I have, Mr. Chairman. I appreciate it.

Senator PELL. At this point I order printed all statements of those who could not attend and other pertinent material submitted for the record.

(The material referred to follows:)

[Telegram]

PITTSBURGH SECTION NATIONAL COUNCIL OF JEWISH WOMEN,
Pittsburgh, Pa., November 10, 1971.

Senator CLAIBORNE PELL,
Senate Office Building, Washington, D.C.

Strongly oppose S. 1669. Education revenue sharing erodes historical principle of separation of church and state.

Mrs. A. R. MARMINS,
Legislative Chairman.



OREGON BOARD OF EDUCATION

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TOM MCCALL
GOVERNOR

November 3, 1971

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Superintendent and Executive
Officer of the Board

JESSE FASOLD
Deputy Superintendent and
Secretary of the Board

The Honorable Robert Packwood
Senate Office Building
Washington, D. C. 20510

Attn: Carol Crawford

Dear Bob:

It is my understanding that Congress is now renewing its consideration of Special Revenue Sharing as an alternative to the present program of categorical education grants to the states and local schools. The Oregon Board of Education supports the objectives of special revenue sharing as expressed by H.R. 7796 and S. 1669 but strongly objects to one provision that would designate the state executive office as the administering agency for the program. In Oregon, as in other states, the State Board of Education is the agency charged with responsibility for administration of elementary and secondary education programs and is the agency generally held accountable for educational results. If the state education agencies are to be held accountable for results, they must have control of the allocation of resources within the general guidelines that accompany federal grants.

The Oregon Board of Education supports provisions of the proposed education Revenue Sharing Act that would greatly reduce and combine the many categorical programs now in existence and which would permit greater flexibility to allocate funds so that the most pressing needs identified within the state and local school systems could be met within priorities established by Congress.

The Oregon Board administers eighteen separate programs and sub-programs each having its own set of regulations, application and reporting forms, and administrative procedures. Different funding and application dates make it most difficult to coordinate the use of resources for the most economical and productive uses.

Educational priorities supported by the major categorical federal programs now in existence are very much in agreement with priority needs that have been identified in Oregon. Our own assessment of needs indicate that supplemental support is required to expand

Hon. Robert Packwood

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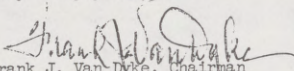
November 3, 1971

career education, to improve primary education and the teaching of reading, to improve education of the educationally disadvantaged, and to strengthen educational management capabilities at both the state and local levels. The difficulty lies in working our way through the maze of paper work and differing requirements that make it most difficult to coordinate the programs in such a manner as to bring various funding sources to bear upon our most pressing needs.

I might add that the program consolidation envisioned by H.R. 7796 and S. 1669 would go a long way toward simplification of federal aid to education, but falls short of all that needs to be done in this regard. In addition to the programs that would be brought together under H.R. 7796 and S. 1669, there are numerous programs under other Public Laws that provide assistance to the schools. These include programs administered by such agencies as the OEO, HUD, Department of Labor, Employment, and the Social Security Administration, in addition to several aid to education programs administered by various bureaus of the Office of Education, whose programs are not included in S. 1669 and H.R. 7796. Perhaps it is too much to expect that this could all be accomplished at one time, but should be considered in bringing better order to federal aid to education.

Please call upon the Oregon Board for any supportive assistance that we may be able to provide you in efforts to improve federal aid program procedures.

Very truly yours,


Frank J. Van Dyke, Chairman
Oregon Board of Education

FJV:wgd



STATE OF NORTH CAROLINA
GOVERNOR'S OFFICE
RALEIGH 27611

ROBERT W. SCOTT
GOVERNOR

December 22, 1971

The Honorable Claiborne Pell
U.S. Senator
Chairman, Subcommittee on Education
325 Old Senate Office Building
Washington, D.C. 20510

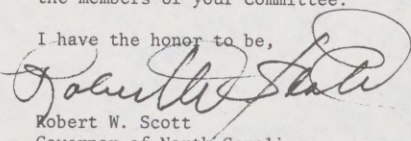
Dear Mr. Chairman:

As Governor of the State of North Carolina and Chairman of the Education Commission of the States, I have been concerned with the direction of Special Revenue Sharing measures under consideration by the recently adjourned first session of the ninety-second congress and which, presumably, will come before the next convening ninety-second session. S. 1669, the proposed Education Revenue Act of 1971, is a case in point.

The enclosed testimony on S. 1669 will, I think, adequately inform your Subcommittee of my convictions with regard to this measure. I take this opportunity to express my deep appreciation to you and the distinguished members of your Committee for providing for the record to remain open to receive my comments. I believe that the modifications suggested therein have validity and that if given consideration by your Committee will serve to provide the congress and the nation with a more acceptable measure and a more workable ordinance after its passage.

Again, accept this expression of my gratitude both to you, Mr. Chairman, and to the members of your Committee.

I have the honor to be,


Robert W. Scott
Governor of North Carolina
Chairman, Education Commission of the States, 1971-72

RWS:mcs

December 20, 1971

Statement of the Honorable Robert W. Scott, Governor of North Carolina and Chairman of the Education Commission of the States, to the Subcommittee on Education of the Committee on Labor and Public Welfare, United States Senate

Mr. Chairman, Members of the Committee, as Chairman of the Education Commission of the States, I appreciate the opportunity to present this statement on S. 1669, the proposed Education Revenue Act of 1971.

The Education Commission of the States was formed by the Compact for Education in 1966, for the purpose of encouraging effective working relationships among governors, state legislators, and professional and lay people from all elements of the educational community. Forty-three states and territories are now members of ECS. We recognize the primary responsibility of state government in the field of education, and the need for imaginative and effective leadership from the states in the improvement and reform of educational policies, and the development of better means of financing education.

The potential impact of passage of a revenue sharing bill for education is enormous. The decisions of the Congress on this subject and on other bills pending in the Congress to carry out the President's revenue sharing proposals will determine the fundamental relationships between the Federal Government and the States for years to come. The adoption of revenue sharing, as a concept of government, would truly alter the structure of American Government -- to the great advantage of the American citizen.

The Education Commission of the States, in a number of policy statements, has supported the concepts of grant consolidation as essential to a more flexible and logical system of Federal assistance for education. Secretary Richardson's statement before this Committee on S. 1669 aptly describes the

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ludicrous situation produced by the multiplicity of programs that exist under current laws, and is an excellent exposition of the need of consolidation. S. 1669 would streamline present processes by combining 33 existing formula grant programs concerned with secondary and elementary education into one program that would provide assistance in five broad areas of national concern; cut away many of the red tape requirements of the present programs; and give the States greater flexibility in planning and deciding on the application of Federal funds to their particular needs.

However, S. 1669, would not, in and of itself, provide for increased Federal assistance to States or school systems; it would not provide any general support funds for education; and it would not transfer full authority over the funds which it authorizes to the states. In short, despite its title it is a grant consolidation bill rather than a revenue sharing bill. This is not to deny the worth of grant consolidation, which ECS strongly supports, but rather to clarify what we are talking about.

A fundamental premise of this legislation is that the states should have the authority and opportunity to develop a comprehensive plan for the use of these funds. I would point out, however, that approximately 60 per cent of the funds made available under S. 1669, including all funds for disadvantaged children and children living on Federal property, would be passed through to the local education agencies. Only the remainder would be subject to authority of State Government. These would be retained at the state level for the operation of state-wide programs and for distribution among local education agencies, according to relative needs for the types of assistance available, in accordance with a State Plan for each fiscal year developed in consultation with a State Advisory Council which must be broadly representative of the educational community in the state and the public.

This Committee and, indeed, everyone concerned with the future of education in the country must note a strong trend in increased state involvement and responsibility in the field of education. A number of states have taken steps administratively or legislatively toward state funding of education. This trend recognizes the limits of the real property tax as a means of financing local school systems and recognizes the right, as yet unfilled, of every child to equal educational opportunity without regard to place of residence. As seems to be ever the case, the judiciary has also taken a role in this process. Recent decisions of the Supreme Court of California and Minnesota are reflections of this trend.

As the trend toward full state funding of education continues, as we believe it will, these pass through provisions may become obsolete. I would urge this Committee to take account of this in framing the legislation before you, so as to permit maximum discretion on the part of state government to accommodate to the demand for, and to facilitate the development of, uniform educational opportunities throughout the nation. If a pass through provision of funds for disadvantaged children is considered necessary, there should be at least some mechanism for appropriate adjustment as states move in the direction of full state funding.

We have some reservations about the degree of administrative discretion in the basic formula for allocating funds to the States. Heavy weighting of children from low income families as a factor undoubtedly has validity in measuring fiscal capacity of the recipient state and the magnitude of its educational responsibility. However, S.1669 does not define low income families, but rather vests in the Secretary authority to define the term in accordance with such criteria as he may prescribe. Since this legislation is premised

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on the elimination of arbitrary Federal controls and administration, and the establishment of a clearly defined program of assistance for the states, such executive latitude is out of place.

Also, the 10 per cent reservation of discretionary funds under S. 1669 is not in keeping with the philosophy of either revenue sharing or grant consolidation. If the states and local education agencies are in a better position to judge the needs and priorities than is the Department of Health, Education and Welfare, it is difficult to see the justification for a discretionary fund which would be in excess of ^{JB 300 \$M} ~~\$~~ million in the first full year even at the current inadequate levels of funding. Further this does not take account of the funding anticipated for the proposed National Institute of Education.

Beyond these suggestions for modification of S.1669, we urge this Committee to examine the basic premise of the Bill, in the context of the General Revenue Sharing proposal, and consider making this legislation the vehicle for implementing a much broader program than it now contains. Secretary Richardson and other officials of the Administration have testified that the legislation as drafted is "open ended" with respect to funding, but it is clear from the FY 1971 budget that it is not regarded as a vehicle for major increases in Federal support for education. The funds which would flow to the states and local educational agencies under its authority would be those which currently are available under existing Federal programs, albeit with fewer strings.

Spokesmen for the Administration have repeatedly indicated that advocates of more substantial Federal support for education should look to general revenue sharing for such support. I would submit that a number of considerations argue for amendment of S.1669, to provide for Federal support for education which is broader in application and more substantial in amount than now contemplated.

First, General Revenue Sharing, which would be established at 1.3 per cent of the Federal individual income tax base and produce approximately \$5 billion in the first full year, would not entail as much support for education as might be supposed. Half of the money would be earmarked for local general purpose governments. Presumably, this would exclude school districts except where schools are operated as an integral part of a city or county government, or where such local governments voluntarily make payments to school districts. In theory, Federal revenues shared with municipalities and counties should reduce their dependence upon real property taxes, allowing school districts to raise their levies. However, this would be a most awkward procedure, running counter to the whole concept of revenue sharing, which is to reduce dependence upon real property taxes; and it would be inconsistent with the principle of educational equalization, by tending to force school districts to rely on widely disparate tax resources.

This means that most, if not all, of the money which might be contemplated for education out of general revenue sharing would come from the funds allocated to the state governments. While education would undoubtedly have the highest priority on these funds in the states, the President's General Revenue Sharing proposal contemplates that only half of the funds to be available under that program would be subject to the authority of the state governments.

Second, it is only fair to say that prospects for early initiation of General Revenue Sharing are not good. The proposal has been pending in the Congress for a year without visible movement toward passage, and the States and local educational agencies which bear more than 90 per cent of the costs of elementary and secondary education need help now.

I would like to suggest to this Committee that it amend S. 1669 to provide for a further category of assistance -- an authorization of unrestricted funds for education to be administered under state authority and funded for the first fiscal year at the rate of \$2 billion. I suggest this figure as a result of some very simple arithmetic. Secretary Richardson has noted that approximately 40 per cent of state and local expenditures are for elementary and secondary education and he has suggested that this pattern may reasonably be expected to continue with funds made available under General Revenue Sharing. \$2 billion is 40 per cent of the \$5 billion expected to be available in the first full year of General Revenue Sharing. These funds would be authorized for allocation to the states by formula, possibly the formula proposed for General Revenue Sharing, and would be available for any educational purposes in accordance with the State Plan required by S. 1669. An automatic payment of Federal revenues, as contemplated in the President's General Revenue Sharing proposal, of course, would be highly desirable. But under the circumstances, it would be better to proceed along the authorization and appropriation route now, than to wait for the ultimate.

In further support of this proposition, I would emphasize that, while the categories of assistance included in S. 1669 are valid, they do not provide any support for the general improvement of education, including the rapidly increasing costs of teacher salaries. As Governor of a state which has a number of school districts with a high incidence of children from low income families, I know from first-hand experience that what these districts need is general operating support and that such support would be of primary benefit to disadvantaged children. It is certainly desirable to have special programs for disadvantaged children, but in some cases this approach puts the cart before the horse when the schools are severely handicapped by very limited

budgets for general operations.

The inclusion of a state-administered general aid program in this legislation would lend strong support to the movement toward state equalization in education. It would also greatly facilitate the development of cooperative programs among districts and, indeed, further school district consolidation where warranted. It would slow or halt the upward spiral of local property taxes which clearly are inadequate and inequitable.

The categorical assistance envisioned in S. 1669 reflects an effort to put together a workable program which is acceptable to the many interests which have affected Federal education legislation in the past. ECS is in accord with its purposes and philosophy. We would urge, however, that you carry this philosophy one step further and truly transform this legislation from a grant consolidation bill to a special revenue sharing bill for education.

Mr. Chairman, revenue sharing is not a matter of the states asking the Federal Government to solve their problems. The states and local education agencies bear more than 90 per cent of the costs of elementary and secondary education; however, they are dependent upon very inelastic sources of revenues. Where support for education is based largely upon real property taxes which are slow to increase, the result is a perpetual fiscal crisis for states and local education agencies. State income taxes are limited substantially by the revenue taken by the Federal Government which increases one and a half per cent ($1\frac{1}{2}\%$) for every one per cent increase in personal income. This means that the Federal Government gets more tax revenue without the painful necessity of increases in the tax rate. It also means that the tax siphons off from the taxpayer an increasing percentage of his ability to pay. The

demand for revenue sharing results from this major, built-in, deficiency in the Federal tax structure.

As has been noted, 40 per cent of state and local budgets go for elementary and secondary education. This will rise in the years ahead as state government answers greater program and fiscal responsibilities for education.

This statement is to urge the relief from the bind in which the states find themselves and to pledge that the states in turn will do their part to deliver good quality education. I hope that this Committee will receive these suggestions in the constructive spirit in which they are offered. If the Education Commission of the States can be of any help in your further deliberations on these matters, please let us know.

WASHINGTON OFFICE.

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December 10, 1971

Hon. Claiborne Pell, Chairman
Subcommittee on Education
Committee on Labor and Public Welfare
U.S. Senate
Room 4230 New Senate Office Bldg.
Washington, D.C. 20510

Dear Senator Pell:

On behalf of the American Library Association, I should like to request that the enclosed statement be made a part of the record of the hearings of your Subcommittee on S. 1669, the Educational Revenue Sharing Act of 1971.

Copies of this statement are being sent separately to the Chairman and Members of the full Senate Committee on Labor and Public Welfare.

Sincerely,

Germaine Krettek
Germaine Krettek
Director
ALA Washington Office

GK:eb1
enc.

ADULT EDUCATION ASSOCIATION *of the* U.S.A.

LEGISLATIVE POLICIES COMMITTEE

Steering Committee

Anita L. Martin, CHAIRMAN
 Albert Adams, ASSOCIATE CHAIRMAN
 Thomas E. Hamilton, ASSOCIATE CHAIRMAN

98 Love Lane
 Weston, Massachusetts 02193

January 10, 1972

The Hon. Claiborne Pell, Chairman
 Subcommittee on Education
 United States Senate
 Washington, D.C. 20510

Dear Mr. Pell,

I wish to submit the following statement for inclusion in the hearing record for S. 1669, The Education Revenue Sharing Act, in behalf of the Adult Education Association of the U.S.A.:

My name is Anita L. Martin, of 98 Love Lane, Weston, Massachusetts. I am Chairman of the Legislative Policies Committee of the Adult Education Association of the U.S.A., whose board has asked me to prepare this statement expressing the views of the Association.

For the past twenty years I have been a free-lance consultant in adult education, primarily working with design and development of adult education systems for a variety of institutions, organizations, industries, communities, states and federal programs.

Members of the Adult Education Association have been concerned for many years with problems of illiteracy and undereducation of adults in the United States. The Delegate Assembly has unanimously gone on record many times since the first introduction of legislation for a Federal program for Adult Basic Education in the Economic Opportunity Act, Title II-B, in 1964, in support of Federal legislation for adult basic and high school education.

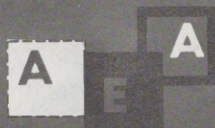
AEA-USA is therefore, not surprisingly shocked by the possible repeal of the Adult Education Act of 1966 as amended if S. 1669, The Education Revenue Sharing Act, should pass in its present form. We have been unable to discover why the repeal was written into the Act and we do not discount the possibility that it was inadvertent. Both Mr. Quie and Mr. Prouty who introduced the House and Senate versions said that they personally did not believe that it should be repealed. We hope that the proposed repeal resulted ~~solely~~ from a staff member unfamiliar with adult education including the Act simply because it mentioned elementary and secondary education, not realizing the possible effects. We cannot rest on that hope, however, and therefore outline our objections to S. 1669 in its present form.

The United States was far behind most nations in taking action to eliminate adult illiteracy and undereducation. It was not until the Economic Opportunity Act of 1964 that the first legislation was passed providing for Federal support and

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ADULT EDUCATION ASSOCIATION of the U.S.A.

LEGISLATIVE POLICIES COMMITTEE



Steering Committee

Pell...1/10/72...p. 2.

Anita L. Martin, CHAIRMAN

Albert Adams, ASSOCIATE CHAIRMAN

Thomas E. Hamilton, ASSOCIATE CHAIRMAN

encouragement of adult basic education, even though nearly 25 million American adults had less than an eighth grade education. It was not until 1969 that The Adult Education Act of 1966 was amended to include support for adult secondary education, even though another 40 million American adults had not completed high school. Appropriations have been under a third of the amounts authorized: only a few million adults have thus been able to be enrolled in adult basic education programs and even fewer in adult secondary programs, which have scarcely begun.

The need for adult basic and secondary education programs is increasing, both as a result of increased immigration and also of continuing school drop-outs: it is doubtful if we are even maintaining our ground, ~~even~~ while Japan and Russia are among those nations which have virtually eliminated functional illiteracy.

It has been said by some that under S. 1669 the states would receive the same amount of money as they are now receiving for adult education, ~~xxx~~ which is true, and that states could even allocate more funds to adult education: that it would be up to those concerned to put pressure on the states for adult education. We believe that this is an unrealistic point of view. First, those in need of remedial adult education are least likely to lobby or exert pressure. Second, in most states adult educators simply are too few in number and without the resources of time, money and political know-how to be able to exert enough influence. Third, most of the states simply have other pressing needs in education for children and youth for which the better-educated parents will lobby ardently, backed by time, money and political know-how.

Most states have shown little inclination to develop remedial adult education programs on their own initiative. California, North Carolina, South Carolina, Indiana, Michigan, Texas and Puerto Rico have made firm commitments both in terms of public policy and in terms of hard cash appropriations. ^{but} We have reason to believe that as many as two-thirds of the states would drop their programs without the present Federal incentive, and allocate the funds to children and youth.

It is also a fact that as economic pressures increase, adult education support in states and local communities decreases. In Massachusetts our Director of the Bureau of Adult Education estimates that in the past year, 35 per cent of the programs in the Commonwealth have been severely cut back, with many being completely eliminated. Mr. Harold V. McNulty also noted that the poorer the community and the greater the extent of undereducation among adults, the more likely were cutbacks. He further commented that in a number of cases, the only programs continued were those supported by Federal funds or those which were completely self-supporting.

In addition to the possibility of repeal of the Adult Education Act of 1966, we find a number of other problems of concern to adult educators in the present wording of S. 1669:

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ADULT EDUCATION ASSOCIATION of the U.S.A.

LEGISLATIVE POLICIES COMMITTEE



Steering Committee

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Anita L. Martin, CHAIRMAN

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Thomas E. Hamilton, ASSOCIATE CHAIRMAN

- 1) All sections concerning allotments and distribution of shared revenues refer to 'average daily attendance' of children, 'per pupil expenditure', and so forth. This does not necessarily include adult students and is also an ineffective measure of adult participation, tending to reward poor teaching (the longer you keep an adult in class, the more money you get) and discounting more effective methods of adult learning such as independent study, small group study in conjunction with radio or television, and so forth.
- 2) Although 'educationally disadvantaged and handicapped children' are a priority, we doubt if many states yet accept the evidence of Headstart, ESEA and the Coleman Report that education programs for the children alone, without involving their parents and their adult living environment, have much long-range effect.
- 3) We see no recognition that repeal of the Adult Education Act of 1966 would affect many other programs resulting from other legislation, particularly in areas of welfare, job training and corrections.
- 4) By repealing the Adult Education Act of 1966, the National Advisory Council on Adult (Basic and Secondary) Education would be abolished. The Council, which recently named Gary Eyre as Executive Director, has already performed notable service in bringing together information about the 28 or more Federal programs in adult basic education and should certainly not be dissolved at a time when the Right To Read program is just getting into gear and when further knowledge about the relationships of reading to other dimensions of adult basic education is essential.

Members of AEA-USA directly involved with adult remedial education will be glad to provide the Subcommittee with any further information it requires about the possible effects of S. 1669 for the nation's undereducated adults. In the meantime, the Subcommittee might wish to consider alternatives such as the following:

- 1) Delete any reference to the Adult Education Act of 1966,
- 2) Add adult education as a program priority,
- 3) Include adults in the allocation and distribution formulae, and/or
- 4) Recommend a separate revenue sharing act for adult education.

Respectfully submitted,

cc: Dr. Alfred Storey, Pres., AEA-USA.
Charles Wood, Exec. Dir., AEA-USA
Thomas Hamilton, Assoc. Chrmn, LPC

Anita L. Martin
(Dr. Anita L. Martin)
Chairman, Legislative Policies Committee
Adult Education Association of the U.S.A.



Statement of the

**CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA**



on: S. 1669, Education Revenue
Sharing Act of 1971

to: Education Subcommittee, Senate
Labor and Public Welfare Com-
mittee



by: James E. Conner, ED, D

date: November 16, 1971



The Nation's largest business federation representing local and state chambers of commerce, trade and professional associations, and business firms.

STATEMENT
on
S. 1669
EDUCATION REVENUE SHARING ACT OF 1971
for submission to the
EDUCATION SUBCOMMITTEE
SENATE LABOR AND PUBLIC WELFARE COMMITTEE
for the
CHAMBER OF COMMERCE OF THE UNITED STATES
by
JAMES E. CONNER, ED.D.*
November 16, 1971

The National Chamber supports the philosophy and the intent of S. 1669, embodying the Administration's special revenue sharing proposal for education which seeks to consolidate 32 categorical programs into six broad classifications. But, considering that there are currently over 100 categorical programs administered by the Office of Education, the proposal does not go far enough. This view gains added credence if we consider that at least 26 other federal agencies administer significant categorical programs in education running into billions of dollars, much of which is spent on duplicative efforts.

The history of federal assistance to education reveals that the present morass of categorical assistance programs had its beginning in the National Education Defense Act, enacted in response to the threat of our nation's loss in a science and technology race with Russia. Later, a different rationale provided the impetus for greater federal involvement in education. This involvement took form in a series of titles and programs designed to correct known educational deficiencies. Some programs have yielded beneficial results, although cost effectiveness/benefit data are rare. Other programs, most notably Title I of the Elementary and Secondary Education Act, have failed to correct deficiencies among the disadvantaged.

Difficulty in Monitoring Programs

The most significant message emanating from OE's reports is the admission that discoveries of malpractices were not made until years after the monies were spent. The lesson is clear: In the rush to correct social and educational ills, adequate program monitoring and control failed to be built into legislation. In

*Senior Associate for Education, Chamber of Commerce of the United States

short, the twin concepts of responsibility and accountability were excluded. With the almost unchecked growth of narrow categorical programs, proper monitoring of federal programs is impossible unless more federal watchdogs are employed. But this will surely result in more federal interference in, and greater control over, the affairs of state and local education agencies. Thus, by even a rough analysis of the concept of categorical aid, we begin to see just how tangled a web even the best intentions can weave.

For example, grants may be made under 38 authorizations in support of "instruction," under 37 authorizations for assistance to "low-income pupils," and under 22 in support of "reading instruction." This totals 97 authorizations in a single purpose area! Little wonder that "grantsmanship" has become one of the fastest growing specializations in education.

One large city school superintendent expresses his ambivalence over the pleasures and pains of categorical programming with a story of the mountain lion, who in spite of his love of hunting, pauses midway in his pursuit of a skunk to remark: "I think I've enjoyed about as much of this as I can stand!"

Indeed, evidence is mounting that state and local education agencies have "enjoyed" about as much categorical assistance as they can stand. It is becoming obvious everywhere that the American people are finding such programs far too inefficient and costly.

Priority Distortion and the Decision-Making Process

The Federal Government's contribution to education is only 7 percent. However, the power of that relatively small percentage to push state and local education agencies in various directions is formidable. The lever to move and direct educational priorities is the categorical grant. But in all too many instances, categorical programs have led to unbalanced growth in the schools. Some programs are surfeited with funds, even while other programs suffer malnutrition. Often there is an attempt to correct deficiencies by increasing the number of categorical programs. Thus, the Federal Government supported science and mathematics while neglecting the humanities. Humanities gained federal support, even as support for basic skills was neglected. The gifted were celebrated by grants for research and program development as the "average" student was all

but ignored. The "mining" operation designed to dig up the gifted from the student population found its ultimate expression in "Project Talent." Then came the Coleman Report which pointed to the nation's neglect of the disadvantaged. More recent studies point to these programs' failure. The cycle of misdirected action and belated reaction continues.

The point is: We do not need a national school board operating from the deep, inaccessible recesses of the federal bureaucracy. Bureaucrats, for all their good intentions and humanity, cannot know the problems of state and local education agencies, except in a general way. By engaging in narrow-gauge programs, the Federal Government has often blunted initiative and imagination, even as it reaches out a helping hand. The determining of needs too often is denied the people most closely affected. What we see in the whole web of laws, regulations, and guidelines is a paternalistic mentality, which starts with the premise that the federal bureaucrats know what is best for the local educators and that the answer to educational problems is a liberal dose of money -- usually administered in a hurry. Its harvest is waste, confusion, and loss of initiative.

Administrative and Managerial Function Distorted

Categorical programs have had the serious effect not only of mauling educational priorities at the state and local levels, they impede efforts by successive U. S. commissioners to organize for greater efficiency and effectiveness. Special purpose programs have resulted in a fragmentation of administrative organization and function. Federal staff people are deprived of a sense of a common mission and often find themselves involved in parallel and duplicative activities. Indeed, there is serious question whether these highly qualified professionals are needed to perform what has become largely a paper-shuffling operation.

The Flood of Paper

Categorical programs have given rise to a national preoccupation with paper. Commissioner of Education, Sidney P. Marland, Jr., once stated that an estimated 75% of staff time in the Office of Education is spent "massaging" paper. He forecasts that, should the Administration's consolidation proposal be enacted, two-thirds of the current O.E. staff time would be freed to provide greater technical assistance to states and localities.

There is something ludicrous in the "tribal dance" spawned by federal programming. Eight-inch documents are required within the Office of Education to process each federal project. Add to this state plans needed to qualify for funds, plus clarifying documents to local school districts, not to mention the flow of paper back to the Federal Government, and education grows more and more remote from children.

To the question: "How much of the federal education dollar reaches the child in the classroom?" the Office of Education acknowledges it does not have the answer. This is perhaps the most damning admission of all, for if OE does not know, Congress which must make hard decisions on how to allocate scarce resources, cannot know. Indeed, it is irresponsible to continue spending money in the absence of an answer to such a fundamental question.

We see demonstrated an inadequate concern for requiring information related to the cost effectiveness and cost benefits of programs. One can well conclude that there is an inattention to cost effectiveness in the Office of Education. Consolidation of programs is a necessary move in the right direction, but it is obvious the American people must be able to obtain information on what tax dollars are buying in education.

Dr. Alexander Schure, President of New York Institute of Technology, sees the information gap widening with each increase in educational expenditures:

We are not prepared to characterize all our efforts in education to date as total failure. Our problem is that we do not know where or whether we have failed or not. We have poured millions of dollars into hundreds of programs and collected mountains of unusable data. A larger investment will only generate more undecipherable data because we do not have the capacity to relate the data from one system to data from another among the myriad of systems tests administered by our schools.

Obviously, additional federal expenditures for education cannot be justified until there are some fundamental reforms. Reforms cannot be dictated from Washington; the states are best equipped to encourage the necessary changes in administration and management. But a state or local education agency cannot be expected to exert influence without the wherewithal to do so. S. 1669 has the virtue of fostering state initiative and planning and reducing Office of Education control to a minimum.

It is only logical to recognize this by giving states enlarged authority. It is notable that the improved ability of state education agencies to plan, manage, and assess their programs is due in large measure to enlightened federal legislation: Title V of ESEA which is designed specifically to strengthen state education agencies.

There are other features of S. 1669 which require attention. Certainly the provision for "advance funding" under Section 14 is necessary if states are to undertake long-range planning and program commitments. The provision to allow a certain percentage of transfer of funds from one purpose to another should foster increased program flexibility and resource mobility. Section 14 of the Act should promote responsiveness to local conditions.

Section 19, which permits interstate agreements, deserves support, for there are many educational enterprises which will benefit from cooperative efforts between and among states.

The National Chamber opposes Section 15 of S. 1669, because it adopts the principle of the Davis-Bacon Act concerning "prevailing wage rate." Our experience with this approach has shown that prevailing wage rates in reality mean the highest union rate in a given area and are not actually measured by a "prevailing standard. In practice, this forces many non-union and union contractors to pay the highest union-negotiated rate on a project regardless of the individual circumstances of the contractor. The net effect is inflationary construction expense.

Accountability

Congress has the opportunity -- as it considers consolidating federal education programs -- to develop requirements for stricter accountability by all administering agencies and by the recipients of federal funds. Belated public disclosures of malpractices in federal programs are inexcusable. From the start, Congress must require a strict accounting, requiring data on the benefits of federal programs related to costs. Admittedly, such a requirement cannot presently be met by the Office of Education.

Humaneness, as well as prudence, argue for more accountability in federal programs. Recent studies by the Office of Education of Title I, ESEA programs are eloquent testimony to the bankruptcy of programs based solely on good intentions and massive spending. Ironically, the Office of Education has little data to substantiate whether its programs have been effective or not.

But care must be exercised to be sure the "cure" is not worse than the "disease." Certainly, the need for stricter accountability by federal bureaus in the administration of programs is essential. States are beginning to adopt accountability legislation which may well serve as a model for the Federal Government. State and Federal Governments should function as co-equals in developing clear accountability codes and procedures. Guidelines need to be developed and might include the following;

1. There should be an adequate description of the proposed program along with a management plan.
2. A detailed plan of measurement should be devised to assess both the cost benefits and cost effectiveness of programs.
3. States should be assisted to develop plans and the necessary mechanism for independent accomplishment audits. Independent accomplishment audits should be conducted for all programs included under S. 1669.
4. The Office of Education should be required to submit to Congress specific and measurable program objectives.

It is suggested that all authorizations and budgetary requests, involving continuing or new legislation (including amendments), be based on documented information. It is further recommended that accountability requirements be established by the dispensing agency (Office of Education) and by all grant recipients.

Summary

The Office of Education is currently involved in many activities which contribute little toward advancing improved education for students. Categorical programs have locked some highly competent professionals into a recurring "paper massaging" ritual. And because of the diversity of categorical programs with their multiplicity of guidelines, it is difficult for the Office of Education to know where it is going or where it has been. Indeed, it is evident that categorical programs force the agency to accumulate information of little use in making wise managerial decisions.

The National Chamber believes the basic philosophy of the "Education Revenue Sharing Act of 1971" (S. 1669) is sound. It is obvious, however, that the Federal Government has a significant role to play in providing technical assistance to states. Movement away from predominately clerical activities by OE to technical support activities should be possible with passage of S. 1669.

As important as philosophy and good intentions may be, they alone are not sound foundations upon which to build programs. In fact, to believe solely in the power of ennobling social philosophy has led to much "dry well" federal legislation. When the "ennobling myth" is joined with the "massive-spending-will-solve-anything myth," you have optimum conditions for waste, misappropriation, and disillusionment.

The Administration and sponsors of S. 1669 are to be commended for advancing a far-reaching education proposal. Our nation has advanced well beyond the point where a paternalistic Federal Government can solve complex problems by remote control. The move toward returning responsibility and authority to the people must be set down as an event of noble dimensions. The principal beneficiary of your enlightened action is the nation's children.



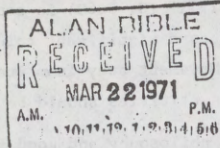
BURNELL LARSON
SUPERINTENDENT OF
PUBLIC INSTRUCTION

STATE OF NEVADA

Department of Education

CARSON CITY, NEVADA 89701

March 18, 1971



The Honorable Alan Bible
United States Senate
Washington, D. C.

Dear Senator Bible:

This will summarize the Nevada State Department of Education's point of view with reference to proposed actions regarding grant consolidation legislation and "special educational revenue sharing".

At a meeting in Miami Beach, Florida, the Honorable Elliot L. Richardson made a presentation to all chief state school officers which was very much appreciated because of its candor and the strong references he made to the key roles of state education agencies.

Subsequent regional meetings conducted by the U. S. Office of Education have disclosed more of the thinking behind "special educational revenue sharing", and I have become somewhat concerned regarding the directions toward which enabling legislation appears to be headed. Let me therefore reiterate special elements of concern in the whole matter of grant consolidation and "special educational revenue sharing".

1. The term "special educational revenue sharing" is ill-defined and misleading.
2. The proposed legislation seeks to circumvent legally constituted authority and responsibility for education, namely the state boards of education and state education agencies.
3. The proposed legislation could conceivably fragment and disorganize educational efforts.
4. It proposes no new assistance. An apple by another name is still an apple.
5. The "no loss" provision will not protect allocations for Nevada in future years, as long as these are to be based on populations alone.
6. The incentive proposals will provide less money for states less able to increase tax revenues.

In previous years I have indicated to you that the Nevada State Department of Education favors consolidation of aid programs with similar characteristics and purposes. This would permit consolidation of administration at the state level and most likely reduce recording and reporting requirements. The proposed legislation does not provide for reasonable or judicious consolidation.

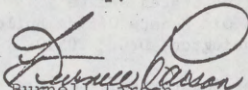
The Honorable Alan Bible

The appended paper presents the rationale for the position of the Department in this matter.

I feel that all of us in the various states should be provided with preliminary legislative specifications issued prior to meetings and regional conferences so that each of us would thereby have an opportunity to review and comment upon those specifications before the legislation is finally submitted.

I very much appreciate all of your past efforts on behalf of education and also this opportunity to present the preceding position statement for this department.

Sincerely,


Burnell Larson,
Superintendent of
Public Instruction

BL:ms
Enc.



A Helping Hand

Great Falls Public Schools

Special Education Center

801 Second Avenue North

Phone 406-761-5800, Ext. 275, 276

Great Falls, Montana 59401

May 3, 1971

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The Honorable Claiborn Pell
United States Senate
325 Old Senate Office Building
Washington, D.C. 20510

Dear Senator Pell:

I understand that certain measures are now being considered by the Senate Subcommittee on Education concerning revenue sharing and block grants. I am project director for two Title III programs in Great Falls for emotionally disturbed and gifted children. I am quite concerned about what might happen to these types of programs should block grants be made to states.

Title III has allowed us to try new ideas such as these and provide some very valuable and needed services for youngsters, who too often have been forgotten and overlooked. I have a strong fear that a block grant can too easily become a political football and these particular interests of innovation would be lost in the shuffle.

I therefore ask your cooperation in maintaining Title III as a separate entity in the federal education program. As final appropriations for ESEA Title III are now being negotiated, I urge you to approve at least 230 million dollars, which represents 40 per cent of the 575 million dollars authorized for fiscal year 1972.

I also invite you to visit, not only the Title III projects here in Great Falls but the others which exist in our state any time you have the opportunity. Information regarding these programs is available from Mr. Harold Rehmer, ESEA Title III Supervisor, Office of the Superintendent of Public Instruction, Helena, Montana.

Thank you for continuing your interest in education and consideration of my request regarding Title III.

Sincerely yours,

W. L. Findley, ED.D.
Supervisor of Special Education

WLF:tr

NATIONAL



ASSOCIATION OF STATE BOARDS OF EDUCATION

1575 SHERMAN • SUITE 604 • DENVER, COLORADO 80203 • 303/825-3573

March 31, 1971

DAVID T. TRONSGARD
Executive Secretary

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T E L E G R A M

Honorable Elliott Richardson
Secretary, Department of Health,
Education and Welfare
330 Independence Avenue, S. W.
Washington, D. C. 20201

and

Dr. Sidney Marland, Commissioner
U. S. Office of Education
400 Maryland Avenue, S. W.
Washington, D. C. 20202

The National Association of State Boards of Education (NASBE) consists of the several hundred elected or appointed members of the state and territorial education agencies responsible for elementary and secondary education, including in many cases vocational and special education and in some cases post-secondary education as well.

NASBE is following with deep interest the formulation and progress of legislative proposals to implement President Nixon's General and Special Revenue Sharing program. A good many NASBE members attended the recent U.S.O.E. regional conferences at which administration plans were outlined and discussed.

The NASBE Executive Committee has authorized me to convey to you not only our urgent concern about avoiding any possible ambiguity in legislative language relating to administration of federal education funds flowing to the states but also to convey our strongest endorsement of a clear legislative mandate insuring that Special Revenue Sharing funds for education and, any General Revenue Sharing funds determined by the States as applicable for educational programs, are to be administered by the state agency already responsible for public elementary and secondary education.

Honorable Elliott Richardson
 Dr. Sidney Marland
 Page 2
 March 31, 1971

Thus NASBE firmly believes in principle that federal funds can be utilized to a maximum effective when carefully blended with state funds allocated to local education agencies.

We, of course, appreciate the courtesies the United States Office of Education has accorded NASBE. We also appreciate the efforts you have taken to keep us informed. We shall be pleased to cooperate in any way we can in the formulation of definitive legislation.

James H. Rowland
 President, NASBE

cc: House and Senate Education Committee members ✓
 State Boards of Education Presidents and Chairmen
 NASBE Board of Directors



ASSOCIATION OF STATE BOARDS OF EDUCATION
 1575 SHERMAN • SUITE 604 • DENVER, COLORADO 80203 • 303/825-3573

DAVID T. TRONSGARD
 Executive Secretary

April 30, 1971

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Dr. Sidney Marland
 Commissioner of Education
 U. S. Office of Education
 400 Maryland Avenue, S. W.
 Washington, D. C. 20202

Dear Commissioner Marland:

Members of the National Association of State Boards of Education continue to have serious concerns regarding at least two aspects of the proposed Education Revenue Sharing Act of 1971. They are concerned that the proposals to date do not explicitly designate state boards of education "or those bodies legally responsible for public elementary and secondary education" as the agencies for the receipt and administration of any special revenue sharing funds for education. They are not comfortable with any wording allowing the possible appointment of some new or competing agency. Secondly, they question the efficacy of another advisory board. As you well know, lay boards of education were originally created to guarantee that the people will continue to have jurisdiction over education matters. NASBE members are confident that they are capable of exercising prudent and temperate judgments in educational matters.

Enclosed is a copy of the resolution recently adopted at the Northeast Area Conference of NASBE. As you will note, its wording pertains directly to the two points mentioned in my letter.

I would appreciate receiving comments from you regarding these matters. I would very much like to keep my membership informed about how their views are received.

Very cordially,

David T. Tronsgard
 Executive Secretary

DTT/blp

cc: House and Senate Education Committee members
 Representative Wilbur Mills

Resolution Adopted at the Northeast Area Conference
of the
National Association of State Boards of Education
April 27, 1971

The Northeast Area Conference of the National Association of State Boards of Education comprised of the States of Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Maryland, and Delaware examined fully the legislation entitled "Education Revenue Sharing Act of 1971", forwarded by the President to Congress under the date of April 6, 1971. Particular attention was paid to and detailed discussion was held about the language of those portions of the bill relating to the duties and powers of the governors and of the proposed advisory councils.

The Northeast Area Conference of the National Association of State Boards of Education unanimously moved and seconded:

"complete endorsement of the concept of revenue sharing in a form which will result in more adequate financial support for education; and

that all funds from the federal government for the support of elementary and secondary education be administered by the legally constituted state education agency."

Concern was also expressed regarding the lack of provision for maintenance of state financial efforts for public educational programs.

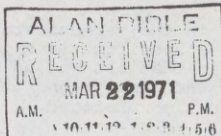


BUNNELL LARSON
SUPERINTENDENT OF
PUBLIC INSTRUCTION

STATE OF NEVADA

Department of Education

CARSON CITY, NEVADA 89701



March 18, 1971

The Honorable Alan Bible
United States Senate
Washington, D. C.

Dear Senator Bible:

This will summarize the Nevada State Department of Education's point of view with reference to proposed actions regarding grant consolidation legislation and "special educational revenue sharing".

At a meeting in Miami Beach, Florida, the Honorable Elliot L. Richardson made a presentation to all chief state school officers which was very much appreciated because of its candor and the strong references he made to the key roles of state education agencies.

Subsequent regional meetings conducted by the U. S. Office of Education have disclosed more of the thinking behind "special educational revenue sharing", and I have become somewhat concerned regarding the directions toward which enabling legislation appears to be headed. Let me therefore reiterate special elements of concern in the whole matter of grant consolidation and "special educational revenue sharing".

1. The term "special educational revenue sharing" is ill-defined and misleading.
2. The proposed legislation seeks to circumvent legally constituted authority and responsibility for education, namely the state boards of education and state education agencies.
3. The proposed legislation could conceivably fragment and disorganize educational efforts.
4. It proposes no new assistance. An apple by another name is still an apple.
5. The "no loss" provision will not protect allocations for Nevada in future years, as long as these are to be based on populations alone.
6. The incentive proposals will provide less money for states less able to increase tax revenues.

In previous years I have indicated to you that the Nevada State Department of Education favors consolidation of aid programs with similar characteristics and purposes. This would permit consolidation of administration at the state level and most likely reduce recording and reporting requirements. The proposed legislation does not provide for reasonable or judicious consolidation.

The Honorable Alan Bible

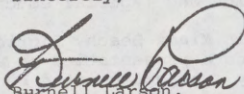
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The appended paper presents the rationale for the position of the Department in this matter.

I feel that all of us in the various states should be provided with preliminary legislative specifications issued prior to meetings and regional conferences so that each of us would thereby have an opportunity to review and comment upon those specifications before the legislation is finally submitted.

I very much appreciate all of your past efforts on behalf of education and also this opportunity to present the preceding position statement for this department.

Sincerely,

A handwritten signature in dark ink, appearing to read "Burnell Larson". The signature is fluid and cursive, with a large, looping initial "B".

Burnell Larson,
Superintendent of
Public Instruction

BL:ms
Enc.

REVENUE SHARING
and the
PROPOSED SPECIAL EDUCATIONAL
REVENUE SHARING ACT

Consolidation vs. Revenue Sharing

The *Special Educational Revenue Sharing Act* proposed by the U. S. Office of Education at regional meetings held the week of March 8-12, 1971 does not represent the concept of revenue sharing. The proposed Act provides for the consolidation of several federal grant-in-aid programs and the title of the act should be changed to more accurately reflect its purpose.

The distinction between program consolidation and revenue sharing is extremely important to those concerned about the need for additional fiscal resources for public education. The distinction is equally important as an indication of the philosophy and intent of the President and the Congress in setting National priorities for education.

The Concept of Consolidation Is Not New

The purpose of program consolidation is to simplify and otherwise improve the administration of categorical grant-in-aid programs designed to solve educational problems of national significance. Categorical legislation recognizes that new problems do evolve in a rapidly changing, complex society and that these new problems demand additional (supplementary) fiscal resources if they are to be solved. The concept of pro-

gram consolidation is not new; in fact, on February 3, 1968, in Chicago, the Council of Chief State School Officers endorsed the concept and agreed to make every effort to implement the program in fiscal year 1969. The program consolidation mission was aborted shortly after July 1, 1968 and the concept quietly faded away only to appear again this March under the misguided title of *Special Revenue Sharing*.

Revenue Sharing and Program Consolidation Are Not The Same

The concept of revenue sharing for education recognizes that state and local governmental agencies do not have access to sufficient fiscal resources to sustain programs and confront the pressing problems and priorities to which they must respond in order to best meet the needs of their constituencies. The intent to provide additional fiscal resources through revenue sharing precludes the identification of categories, priorities, restrictive regulations, etc., at the national level. This concept of revenue sharing could come reasonably close to the "General Aid" program which educators have been seeking from the Congress. Thus, the distinction between Revenue Sharing and Program Consolidation clearly indicates that they are entirely separate programs designed to respond to completely different sets of circumstances and any effort to suggest that the programs are synonymous, or intended to replace one another, is simply fraudulent.

Is The Proposed Consolidation Appropriate?

If program consolidation is to be resurrected, and if the resurrection is an expression of genuine intent to reduce the duplication, fragmentation, and administrivia associated with categorical grant-in-aid programs, then the substance of the *Special Educational Revenue Sharing Act* bears closer examin-

ation. First, the name of the Act must be changed to the "*Program Consolidation Act*" because it does not have any relationship to revenue sharing. The intent to consolidate the administration of compatible programs to simplify application, management and reporting requirements remains a very worthwhile objective; however, caution must be exercised in protecting the fiscal resource and categorical purpose of each program to be included in the consolidation package. The *Special Educational Revenue Sharing Act (Program Consolidation Act)* proposed by the U. S. Office of Education contains a rather illogical hodgepodge of programs which do not afford promise of reducing administrative overburden nor the protection of the fiscal and program integrity of each of the parts. The most glaring example of inappropriate consolidation is the inclusion of parts of *Public Law 874 (School Assistance in Federally Affected Areas)* in the proposed Act. In view of the attitudes expressed by the National Administration and the Congress in recent years toward P. L. 874, the fact that the states have never administered nor received support funds to administer P. L. 874 and the fact that P. L. 874 does not contain categorical constraints for special programs, must cause many to wonder why P. L. 874 was ever considered for consolidation in the proposed *Special Educational Revenue Sharing Act (Program Consolidation Act)*. It does seem much more logical, keeping in mind the purpose of program consolidation, to package those existing categorical programs which have similar educational purposes or objectives.

Will The Proposed Consolidation Be Complete?

Since the expected outcome of program consolidation is improved efficiency and effectiveness in directing resources to problems, some consideration must be given to programs such as those for vocational education which are presently administered by innumerable federal and state agencies. The consolidation of

similar programs and placing them under appropriate administrative authority, that is, educational agencies when the purpose is educational, is in keeping with the basic intent of program consolidation. As it now stands, the Special Education Revenue Sharing Act (Program Consolidation Act) includes only a portion of the categorical aid presently set aside for occupational programs.

Proposed Matching Requirements and Plans for Advanced Funding

The provision for the removal of matching requirements in program consolidation is very desirable, as it will remove some difficult, non-productive accounting nightmares and will not require state and local educational agencies to sacrifice priorities in order to redirect needed resources just to have access to federal funds. The provisions for advanced funding and the removal of arbitrary time constraints from the expenditure period for appropriated federal funds are both very constructive and will solve many problems in planning, program development and program operation for state and local education agencies. The need for timely and sufficient appropriations has been fervently requested for many years and the removal of expenditure time constraints is certainly more in keeping with the educational intent of categorical legislation. Arbitrary fiscal year and grant period time constraints for expenditures all too often prevent the recipient of funds from being able to mobilize and sustain resources for a long enough period of time to really make substantial progress in resolving a problem. The advantage is that problem solving, not time, becomes the most important focal point.

Who Shall Administer This Act?

The *Special Revenue Sharing Act (Program Consolidation Act)* contains a provision which would have the Governor in each state decide which of the state agencies shall administer funds under the proposed Act. The rationale for this provision is not provided, although the same language seems to be

included in what has come to be called the "*General Revenue Sharing Act*" proposed by the President. It is incongruous that an Act which purports to reduce bureaucratic entanglements would ignore agencies established by state government for the precise purpose of achieving the intent of the legislation!

Why would the U. S. Office of Education and the U. S. Congress choose to circumvent a State Department of Education which is governed by a State Board, duly elected by the citizens of the State, and a State Superintendent who serves at the pleasure of the elected Board? This particular provision is difficult to analyze because no apparent method of reason produced it; however, the potentially undesirable consequences of such a provision are evident and should be sufficient to cause it to be changed to the extent that State Educational Agencies become responsible for the administration of educational grants.

Conclusion

In conclusion, *Program Consolidation* and *Revenue Sharing* are two entirely separate programs. The financial plight of education becomes more severe each year and it behooves all governmental agencies to very seriously confront the problem and develop programs that can realistically offer promise of relief instead of merely redesigning administrative procedures to manage existing programs which have never been funded at the level needed to get the job done. The emphasis on both "*Program Consolidation*" and "*Revenue Sharing*" is intended to emphasize, and re-emphasize, the need for continued federal support in the form of categorical aid and the need for new federal revenue support in the form of general aid to education. Revenue sharing is still in the formative stages and many questions remain to be answered regarding apportionment formulae, methods of allocation, administrative policies, etc., before we can be assured that it is the appropriate vehicle for providing

the relief so badly needed in education. Basic concerns about Revenue Sharing include the possible discrimination against states with small populations, vast areas of government-owned lands and tax structures which do not include state income, estate, corporate, etc. taxes. The federal government should not be permitted to pass discriminatory legislation which could force state and local governments to alter their methods of taxation nor impose penalties because of per capita wealth and size of population. It is imperative that State Education Agencies have the opportunity to review more information about Revenue Sharing as the legislation is being prepared. In the interim, we must be cautious of those proposals which are offered as the panacea lest we discover the same inadequate programs brilliantly bound with a new ribbon.

BURNELL LARSON
Superintendent of Public Instruction
Nevada State Department of Education
Carson City, Nevada

Statement of the
American Library Association
for the
Subcommittee on Education
of the
Senate Labor and Public Welfare Committee
on S. 1669,
the Education Revenue Sharing Act of 1971

December 9, 1971

The American Library Association is a nonprofit educational organization of about 30,000 members devoted to the development of libraries to assure the continued educational, scientific, economic, and cultural advancement of people in every walk of life throughout the United States.

With regard to the bill S. 1669, the Education Revenue Sharing Act of 1971, proposed by the Administration, the Association without question favors the concept of program simplification and the goal of correcting the increasingly severe fiscal mismatch between States and localities faced with demands for services which are rapidly outpacing revenues. In addition, the Association would strongly applaud any effective efforts to free States and localities as well as the Federal Government from "strangulation by the bureaucratic red tape required by the scores of individual programs" referred to by the Secretary of Health, Education, and Welfare.

On the other hand, we believe that much of the deplored welter of paperwork and redtape could be substantially reduced by administrative measures, rather than through additional legislation. The "demands of grantsmanship" and accompanying uncertainty referred to by the Secretary are not, we believe, results of the categorical nature of Federal legislation, but rather the consequence of late appropriations, slow apportionment or allocation, and arbitrary withholding of funds. Early enactment of appropriations and advance funding would go a long way toward solving these problems. Long-delayed issuance of USOE regulations and refusals to release funds for expenditure are problems that the Administration can solve with the statutory authority it now possesses. In short, the Association is not persuaded that Education Revenue Sharing would make library funds available more quickly or more surely.

Our strongest objection to S. 1669 in its present form concerns the curious fifth category - "Supporting Materials and Services." Library services have been included in this category with an unlike and disparate group of other programs such as school lunches, counseling and guidance. This categorical conglomeration is totally unjustifiable, in our judgment. School library resources are an integral part of the instructional program and as such are not "supporting" services. They are absolutely basic to the total educational-learning process today. With increasing emphasis on individualized instruction tailored to each student's particular needs, a wide variety of library resources and multi-media learning materials is essential for an effective educational program.

School districts report that 50 percent of elementary schools, and from 45 percent to 67 percent of secondary schools, fail to meet their State standards for school library resources in one or more respects. About 34,000 schools are without school library media centers. It is estimated that 425 million volumes are needed to bring school media centers up to nationally recognized standards, and films, tapes, recordings, and other types of instructional materials are likewise desperately needed to meet the demands of modern teaching-learning methods.

At the same time, the U.S. Office of Education is calling for educational reform and renewal and development of innovative programs, with special priority to be given to programs for the disadvantaged, the handicapped, career education, desegregation, and the right to read. While it is recognized that all these are deserving of substantial support, it must also be kept in mind that if schools are expected to respond successfully to these new directions, additional school library resources and services will be required to undergird these programs. The burden the school library media center must carry in such an educational environment will be substantial. A less structured educational system, based on local and individual needs, requires greater involvement of informal education sources, such as libraries. For example, as the schools focus new programs on career occupation, vocational resource materials must be made available in libraries to properly support these activities

with the latest books, information, and materials available, to help stimulate, broaden and diversify the education of those students opting for career occupations.

It must be kept in mind that the school library media center serves the entire school, it cuts across all subject areas, it serves the students and teachers alike. It is not a narrow, categorical-type program; it serves the entire institution, just as the public library serves the entire community. Federal assistance to school library activities is more nearly general aid to education than any other program of Federal aid. So essential is the library to the school that ALA urges separate earmarking of funds authorized for library activities, rather than consolidation with the programs proposed in S. 1669.

Furthermore, we oppose the distribution formula as presently proposed. Authorizations for program funds would be greatly reduced under this revenue sharing proposal because they would be based on present allocations for the categorical programs they are designed to subsume, and present allocations are only about half of present authorizations. Although the President's message on revenue sharing referred to a hold-harmless baseline by which no State would receive fewer funds than it is presently receiving, this assurance is not incorporated into the proposed legislation. S. 1669 does not hold out any assurance of continuing support in substitution for the ESEA Title II program it is designed to replace. Under S. 1669 States would be permitted to transfer up to 30 percent of the funds available for any one purpose to any other purpose, the only exception being funds for the disadvantaged. Moreover, transfers above the 30 percent limit would be permitted if States demonstrate to the satisfaction of the Secretary that such action would more effectively achieve the purposes of the Act.

Other serious weaknesses in the proposed legislation are also cause for concern. There is no maintenance of effort provision, no requirement that funds supplement rather than supplant local efforts, and no accountability requirement.

The "increasingly evident bankruptcy of the categorical grant-in-aid" device mentioned by the Secretary cannot be satisfactorily solved by consolidation and

-4-

liquidation. Instead both a serious commitment to and long-range application of adequate financial support are required. Federal aid presupposes a substantial national interest. It is perforce stimulative and equalizing in its effects on State and local support. States and communities were free to provide library resources before enactment of Federal laws, but it was the manifest and long-standing disparity of such local support throughout the Nation, as well as the inherent desirability of national support to libraries, that convinced Congress to present States with incentives substantial enough to assure a marked improvement in the quantity and quality of library resources and services in the schools.

Despite the relatively brief period of their operation and the limited funds that have been made available, the elementary and secondary school library programs have been extraordinarily effective in heightening the quality of education. Impressive testimony to this effect is documented in the fifth annual report of the Advisory Council on State Departments of Education, entitled The Federal-State Partnership for Education, most notably in the chapter dealing with ESEA Title II.

However, the unmet needs in relation to the Right-to-Read effort, consumer education, prevention of drug abuse and other national priorities remain so great that to permit any slackening or scattering of Federal support would be unconscionable. This, we fear, would be the untoward result of enactment of S. 1669 in its present form.

Accordingly, the Association favors the specific earmarking of funds for school library resources, textbooks, and other instructional materials, equipment, and services.

* * *

Senator PELL. The hearing is recessed on the call of the Chair.
(Whereupon, at 4:35 p.m., the hearing recessed on the call of the
Chair.)



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The first of the series is a collection of the
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