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[COMMITTEE PRINT]

93D CONGRESS
2d Session
} HOUSE OF REPRESENTATIVES

REPLIES BY MEMBERS OF CONGRESS TO A QUESTIONNAIRE ON GENERAL REVENUE SHARING

INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE

OF THE

COMMITTEE ON GOVERNMENT OPERATIONS

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LETTER OF TRANSMITTAL

HOUSE OF REPRESENTATIVES,
INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C., April 8, 1974.

Hon. CHET HOLIFIELD,
Chairman, Committee on Government Operations,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Transmitted herewith for use of the Committee on Government Operations, the Congress, and the interested public is a document titled, "Replies by Members of Congress to a Questionnaire on General Revenue Sharing."

This document was prepared by the subcommittee staff from the information obtained from Members of Congress through a questionnaire survey on the Federal Government's new general revenue sharing program. The information provided by the Members is reported here in both tabular and analytical form. The survey was undertaken late last year pursuant to the subcommittee's charge to study relations between the Federal Government and the States and their political subdivisions.

While I believe this is an important document containing highly useful information, it does not, of course, necessarily reflect the views of the committee or of its individual Members.

I respectfully request that this document be made a committee print.

L. H. FOUNTAIN, *Chairman.*

PREFACE

With the enactment of the State and Local Fiscal Assistance Act of 1972, the Federal aid system was expanded for the first time to encompass all the 50 States and 38,000 units of local general government. Prior to 1972, Federal financial assistance had been channeled by formula and project grants to the 50 States and to many, but by no means even a majority, of the local units of general government.

Few developments in the history of intergovernmental fiscal relations have generated as much interest as the enactment of general revenue sharing. Congress provided $30.2 billion to be distributed on the basis of one-third to the States and two-thirds to their local governments over the 5-year period beginning January 1, 1972, and ending December 31, 1976. The act was signed by the President on October 22, 1972, and the first payments were sent to recipients in December 1972. Just over a year later, payments amounting to $11.2 billion covering entitlement periods for 1972, 1973, and part of 1974 had been distributed.

General revenue sharing is essentially unconditional aid which may be spent with a minimum of Federal control. Despite the statutory requirements that local governments restrict their expenditure of shared revenues to certain high priority categories and report on the uses of this money, there is little likelihood of identifying the actual impact of these expenditures with any degree of certainty. This is so because these funds are often substituted for local money which is then used for purposes unrelated to the expenditure categories specified in the law. Similarly, the real impact of State revenue sharing expenditures, which are not restricted to any priority categories, may be diffused by the substitution of Federal funds for State money in particular program areas. Nevertheless, it is evident that analyses of expenditure patterns will be made and inferences will be drawn.

This survey was made to provide an added perspective for such evaluations, as well as to answer some of the questions which have been raised by State and local officials about general revenue sharing. It is intended to obtain and record the impressions of the Members of Congress on the underlying purposes, as well as certain of the provisions and effects, of this program while it is still in its early stages. To this end, each Member of the House and Senate was requested to respond to a brief questionnaire, the results of which are reported in this publication.

It is my hope that this information will contribute to the continuing dialog on Federal assistance policies and to the search for new approaches for improving the effectiveness of Federal grant programs. This was an objective of hearings held in January and February of this year, representing the first phase of a broad examination by the subcommittee of President Nixon's "New Federalism."

The subcommittee is deeply grateful to the Members of the House and the Senate who took time from their busy schedules to respond to the questionnaire. The subcommittee also acknowledges with gratitude the very able assistance provided by Will S. Myers and John D. Gambill of the Advisory Commission on Intergovernmental Relations staff in the preparation of the questionnaire and in the analysis of the data for this committee print.

L. H. FOUNTAIN,
Chairman, Intergovernmental Relations Subcommittee.

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INTRODUCTION

In mid-September of 1973, every Member of the House of Representatives and of the Senate was sent a letter and a questionnaire concerning certain aspects of the general revenue sharing program (Public Law 92–512) and the Federal grant-in-aid system. By January of 1974, almost 40 percent of the membership of Congress had responded.

The total of 208 replies includes 13 Members who communicated with respect to the questionnaire but did not actually answer the questions posed in it. These respondents include four who avoided indicating any position on the issues, three who stated they were opposed to revenue sharing, and six who addressed one or more issues related to the subject. The 13 were counted as "no response" on all questions, except in those few instances where a respondent's position could be clearly related to a particular issue.

The responses to each of the questions are shown in the tables in part 2. Part 1 contains an analysis of the questionnaire replies.

Blanks and unclassifiable answers have been recorded as "no response." The tables report not only the total number of responses for each question, but separate totals for Members of the House and Senate, for Democrats and Republicans, and for four regions of the country. The four regions are:

Northeast.—Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania.

South.—Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, Texas.

North Central.—Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, Kansas.

West.—Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, California, Alaska, Hawaii.

The 208 replies include completed questionnaires from two respondents who did not identify themselves. These two replies are included in the total but excluded from the count of respondents by particular categories because they could not be classified.

That the respondents were reasonably representative of the makeup of the Congress can be seen from the tables in appendix I, where they are classified by their congressional body, party affiliation, and geographical region. It should be noted, however, that the Members from the Northeast did not participate in this survey to the same extent as the Members from other sections of the country. Also, the Senate is less represented (36 percent) than the House (39 percent), and the Democrats as a whole participated to a lesser extent (36 percent) than the Republicans (41 percent). It should be noted, further, that while 55 percent of the House respondents were Democrats, 58 percent of the Senate respondents were Republicans.

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PART 1.—ANALYSIS OF RESPONSES

Question 1.—Tax Reduction

Soon after the first payments were distributed, the press reported the frequent use of revenue sharing funds for tax reduction and other purposes which, although legal, appeared to some observers at variance with the intent of Congress in enacting this legislation. It was suggested in some quarters that if these practices were widespread, Congress might hesitate to renew the law when it expires at the end of the first 5 years (December 1976). Question 1 sought to ascertain how Members viewed the use of revenue sharing funds for tax reduction (or the avoidance of tax increases).

The Members who expressed an opinion indicated by a large margin that tax reduction is a desirable use of revenue sharing funds. Noticeable differences of opinion were apparent, however, among the categories of respondents. For example, Republicans held by a 3 to 1 margin that tax reduction is a desirable use, while Democrats indicated by a fairly narrow margin that such use is undesirable. The responses also revealed differing views by region. The Northeast supported tax reductions by a wide margin, the North Central did so by a lesser margin, and the South and the West were almost evenly split. This pattern closely parallels the level of taxes in relation to personal income in the respective regions and the intensity with which the local property tax is used. There was a marked difference in the overall positions of the House and Senate on this question. Representatives viewed tax reduction as desirable by a very large margin, while the Senators were about evenly divided. Occasionally, Members would draw distinctions between undesirable and desirable tax reduction, between reduction of progressive versus regressive taxes, and between reducing taxes or avoiding tax increases.

Question 2.—Reactions to Five Specified Uses of Revenue Sharing Funds

Questions 2 and 3 were designed to determine whether Members would react adversely to particular identified uses of revenue sharing and to obtain indications of the types of expenditures they found especially undesirable.

In question 2, five actual (but by no means typical) uses of revenue sharing funds were listed, and Members were asked to indicate by checkmark whether they regarded each such use as "frivolous" or undesirable.

A majority of respondents (123 or 59 percent) checked one or more items. The item most frequently checked was constructing a public golf course, and this use was checked most frequently by all categories of respondents. The sharing with private enterprise of the cost of free off-street parking in the central business district drew the least criticism from almost all categories of respondents.

However, despite the absence of any provision for indicating general approval of the 5 cited uses, 19 Members specifically stated (in answer to questions 2 or 3) that none of the items listed were frivolous or undesirable, or that it was not the role of Congress to make such determinations. On the other hand, the omission of a checkmark beside any use could not be interpreted as approval of that use, since some Members did not attempt to answer every question.

In addition, six respondents indicated the difficulty of their judging the desirability of particular revenue sharing uses without viewing the needs of a community in relation to other considerations. One Member said in this connection:

> It is difficult to determine what is "frivolous" unless a picture of the needs of the community is available. Certainly a public golf course would be frivolous in a community with serious housing problems.

As expressed by another Member:

> Constructing a public golf course would be regarded as frivolous or undesirable if local problems in more populated parts of the country need fiscal support.

Still another Member stated:

> "Frivolous" can only be considered relative to what the Federal Government is spending money on. In times of budgeting "restraint," more things would be categorized as frivolous than in other times.

Question 3.—Frivolous or Undesirable Expenditures

The survey included two questions in which the Member was asked to supply the answers rather than simply check one or more of several alternative positions. The first of these open-ended questions asked for a description of any specific expenditures that have been made or are planned from general revenue sharing funds which the Member would regard as frivolous or undesirable.

Only 13 Members reported specific examples of revenue sharing uses they would classify in this way. Included were such things as spending money for a sports stadium, moving a cemetery, paying the cost of travel to Washington to protest the revenue sharing allocation formula, purchase of vacant land in a city for park use, paying for the construction of decorative water fountains in a park, constructing a municipal skating rink, enacting State income tax rebates amounting to approximately the State's share of general revenue sharing funds, and constructing libraries ("there are too many more vital needs").

An additional 18 Members who did not identify specific examples of frivolous or undesirable expenditures did comment on the general philosophy of what constitutes such expenditures.

A number of Members who appeared strongly committed to the general revenue sharing concept took umbrage at the question itself. One respondent said, for example, "The concept of revenue sharing presupposes that it is none of the cotton-picking business of Congress to second-guess local decisions." Two other Members expressed essentially the same sentiment, while another Member noted more

sedately: "If revenue sharing is to be meaningful, the States and localities must decide upon their individual priorities. It would be presumptuous of us as Members of Congress to decide which of their priorities is frivolous."

Two respondents took pains to recognize the legitimacy of the acts of locally elected officials. "One community's 'frivolity' may be another community's 'necessity.' Local officials have been elected to make these determinations," wrote one respondent. The other respondent was more explicit: "What difference does it make if a 'frivolous' project is financed through local property tax or Federal revenue sharing? Local officials are accountable to their constituency."

Some of those Members who indicated their general opposition to revenue sharing in question 3 kept their responses short and pungent. The specific uses of revenue sharing that were frivolous or undesirable were described tersely by one respondent: "All of them." Another respondent wrote: "I consider all expenditures of someone else's money to be undesirable." A Member described the frivolous use of revenue sharing as "reduction of taxes without improvement or expansion of services." In the view of another Member, "Frivolous expenditures would be monuments, stadium, or other expenditures which do not contribute to the welfare of the most needy (lowest 40 percent on the income scale for the community)."

Several respondents utilized the question of specific undesirable uses of revenue sharing to express their misgivings about the program in greater detail:

One Member wrote:

> The merits of public expenditures tend to be relative. In the order of things I regard Government expenditures for golf courses as frivolous. Some recipients of general revenue-sharing funds are investing the funds in U.S. Government obligations. They are lending the funds back to the Federal Government with interest. While I do not consider such investments "frivolous or undesirable," I do think they help demonstrate that general revenue sharing is "frivolous" and "undesirable."

Another respondent focused on the trade-off Congress must consider:

> This question points out a major problem with general revenue sharing. If we place further restrictions on the use of revenue sharing funds, we would create another situation in which a Government program becomes bogged down in paperwork and redtape. On the other hand, however, the so-called frivolous use of revenue sharing funds implies that some communities do not need the Federal assistance. At a time when the Congress and the administration are concerned about holding down Government spending, can we afford to send millions of dollars to States and localities for expenditure on services which are not necessary?

Concern about redtape caused one Member to express his feelings in this way:

> I believe the principle of revenue sharing is good, but as with any program of this scope, when you promulgate enough regulations to prevent abuse, you end up with a lot of confusion.

Taking cognizance of initial reports that capital outlays are the dominant local use of revenue sharing funds, one Member explained his misgivings about the future of revenue sharing as follows:

> Another factor leading to large-scale capital investments from revenue sharing is the fact that capital investments are politically the least risky in nature. Whereas socially-oriented projects may involve high risks and low political returns, capital investments are politically neuter and have a known political return. This situation, I believe, will mean that revenue sharing in the long run will tend to draw local governments away from official commitments of any nature, not only because Federal funds are restricted, but also because there is absolutely no reward for local governments to engage in whatever risks may be involved. In other words, I simply do not believe that local governments are going to be willing to engage themselves in projects that would alleviate national concerns without having some reward or initiative from the Federal Government. Almost by definition, revenue sharing thus becomes a means to eliminate not only Federal but also local participation in projects intended to alleviate poverty, disease, and other social ills with which we are all too familiar.

Question 4.—Purposes of General Revenue Sharing

This second open-ended question was structured to obtain from Members the one or more objectives they felt general revenue sharing was intended to accomplish. Fully 172 of the respondents provided written replies to the following question:

> Would you indicate below what you believe to be the primary purpose or purposes of the general revenue sharing provisions enacted in 1972?

Despite the large response, it would be erroneous to assume this necessarily implied agreement with the concept of revenue sharing. The question deliberately avoided any implication that a reply meant agreement or disagreement. The intent was to identify major program objectives as perceived by the Members.

Two basic purposes emerged from most of the replies:

1. To shift some decisionmaking from Washington to State and local governments, and
2. To help finance local services and/or relieve the pressure on local property taxes.

By our analysis, 73 Members emphasized State and local decisionmaking, while 48 Members emphasized the financial effects of revenue sharing on State and local services and taxes. In addition, another four respondents stressed both points.

Typical comments from Members who emphasized State and local decisionmaking were:

> To enable State and local units of government freedom in determining their own priorities of public needs and services.
>
> To return the decisionmaking function of government to the lowest possible echelon of capable government.

Cut out redtape (it hasn't). Increase local control (it has).
To reduce redtape and Federal bureaucratic regulation.

Illustrative of the responses stressing the financial impact of revenue sharing on State and local services and taxes were the following:

To supplement State and local tax efforts.
To finance basic municipal services.
To help local communities help themselves.
Lessen the ad valorem tax load.
Help local and State government meet unmet needs and to keep up with increased cost of services.
To assist governments of the central cities, which are caught in the dilemma of having to provide more, and more expensive services, with a tax base that is becoming further depleted.
Ease fiscal burden of local government—alert local citizenry to the need to have an active voice in the spending of local budgets.

An additional 47 respondents referred to purposes of revenue sharing which did not fit readily into the two broad classifications specified above. While some of the identified purposes were related in varying degrees to those categories, others were quite different.

Four of these respondents simply identified capital improvements as the purpose. Another mentioned jails and "construction of other facilities which are not available through matching funds and as a result receive lower priority, but are needed just the same."

Four Members felt the law itself specified the purposes, and their replies referred to the law or to the high priority expenditure categories.

Five Members indicated, in various ways, that the purposes of revenue sharing are related to tax sources and the distribution of tax burdens. They spoke of sharing with State and local governments the generating power of the Federal personal and corporate income taxes. One respondent put the purpose succinctly: "Equalize State shot at the revenue pie with that of the Federal Government." Another respondent wrote: "To shift as much as possible the burden of paying for government services away from the burdensome and unfair local property taxes and towards the more progressive Federal income taxes." Still another respondent expressed the purposes in these few words: "Tax reform, decentralization."

Six respondents indicated a desire to have revenue sharing directed toward the inner-city and social problems. Another Member wrote that "some of it should be used for replacement or expansion of social programs." Another specified "inner-city decay, better pay for firemen and policemen, mass transit" as the purposes to be served by general revenue sharing. Another Member identified the following specific purposes: "Tearing down vacated or deserted property; clearing off all vacant land owned by the city; repairing streets; costs of keeping alleys, streets, and so forth, clean and free of debris. General upkeep of city for benefit of all citizens." The focus on the city and its problems was evident in another reply that listed these purposes: "Relieve the property tax, make homeownership attractive, stem flight from the cities."

Six replies focused on the connection between general revenue sharing and other Federal assistance. One respondent wrote that revenue sharing was intended to provide greater local financial support for those programs that involve increasing dependence on Federal grants. Another stated that revenue sharing was "To supplement * * * not to replace existing Federal programs." Another Member, however, took the opposite view—that revenue sharing was "not to be in addition to current financial aid from the Federal Government but in place of this aid." Another respondent stated that the purpose was "To retard the tendency to seek Federal funding for every conceivable 'need'." Still another respondent wrote that "Revenue sharing should have been on a tax credit basis. Revenue sharing should be used as a substitute or in lieu of categorical grants. Unfortunately, we have revenue sharing and local governments still want the categorical grants."

One Member wrote that the purposes were, specifically, "(1) For economic development. (2) Improvement of law enforcement."

The replies that stressed such purposes as increased services, reduced pressure on the local property tax, a shift in the locus of decisionmaking from Washington to the States and localities, and the level and distribution of tax burdens were perhaps best summed up by one Member as follows:

> (1) To ease the fiscal burden on State and local governments;
> (2) To provide funds to State and local governments so they set and achieve their own priorities;
> (3) Begin new programs to meet uniquely local problems;
> (4) Simplify revenue collection; and
> (5) Relieve States and cities of dependence on regressive property taxes.

To 15 respondents, the publicly stated purposes of revenue sharing were so much window dressing. These replies ranged from short statements such as "to reelect officeholders," "to buy support for Federal actions," "for political purposes only," through longer statements such as "It provided State and local officials the ecstasy of spending more without the agony of having to ask their constituents for increased revenues."

Revenue sharing's potential appeal to voters was stressed as the purpose by six of these respondents. As one Member expressed it:

> To buy votes, sir! We appropriated dollars under the act, which dollars we never had collected in taxes. * * * we inflated the economy with more deficit spending—everybody knows this, so who are we kidding?

Deficit spending concerned other Members, too. One Member wrote:

> The question in my mind is who is going to assist the Federal Government in meeting its financial affairs.

Another wrote:

> Revenue sharing was a political gimmick dreamed up by the present administration and it is an abdication of the Congress' responsibility to oversee the expenditure of public

> funds. I think the primary purpose of the Federal revenue sharing act was to share funds that did not exist and I opposed it strongly.

Four respondents viewed revenue sharing as the "antigrant" grant. The purpose of revenue sharing, according to this view, was so that "the present administration could use this revenue sharing device to curtail funding in many important areas." Another Member varied this theme; he wrote:

> The *political* purpose, clearly, was to make it appear that we were leaving the decisionmaking to local communities as to the manner of spending dollars. Legislative history made it equally clear that the money was to be used for projects otherwise impossible or delayed for lack of funds.

Another Member explained the purpose as follows:

> Real purpose is to place less money in the community while publicizing the fact that the local governments and States now have the money and discretion to support the programs that are needed in the community. In this way the administration can effectively cut back on programs and on spending while the State and local government officials are left with the same problems but no money.

Summing up the case against revenue sharing, one Member provided the following description of its purposes:

> The purpose of general revenue sharing was to return "power to the people." That purpose was acclaimed by such unlikely bedfellows as President Nixon and Abbie Hoffman. Appealing as it did to a broad spectrum, including mayors and Governors, in an election year, general revenue sharing received less scrutiny than it deserved. Its effect, I fear, is to break down accountability at all levels of government and make the States and local governments more than ever dependencies of the Federal Government. The Federal Government could grant financial assistance to the States and localities and at the same time fulfill Federal responsibilities by, for example, reforming the welfare system. It could through block grant programs, for example, for regional mass transit systems and community development, provide money and also incentive to reform. It could reduce Federal taxes and permit a greater tax effort by State and local units. While professing to grant power to the people, general revenue sharing has the reverse effect. It invites a breakdown of accountability and waste. Few public necessities are met by money alone. All general revenue sharing offers is money; it locks us into the status quo.

While several Members wrote letters indicating that it was their policy not to respond to questionnaires, other letters left no doubt as to the attitude of the respondents concerning general revenue sharing. One such letter stated:

> The record will reveal that I opposed revenue sharing.

I am convinced that it is destructive of responsible representative government and the democratic process. Hence, I could not conceive that my answers to the questionnaire you sent would contribute anything useful to your study or to knowledge generally.

Question 5.—Are Funds Thinly Spread Among Too Many Local Units?

When revenue sharing as a form of unconditional Federal assistance was originally proposed in 1964 by Dr. Walter W. Heller, then Chairman of the Council of Economic Advisers, and further refined by a Presidential task force headed by Dr. Joseph A. Pechman of The Brookings Institution, it was intended to help stimulate the economy by earmarking an anticipated Federal surplus for distribution to the States. Payments would be made only to State governments which, at their discretion, could allocate a portion of these funds to local governments.

It subsequently became evident that in order to enact revenue sharing legislation, provision would have to be made for payments to at least the larger local governments. When revenue sharing became law, payments were guaranteed to all States and to practically all general purpose local governments. The inclusion of virtually all units of general government in the revenue sharing program has given rise to complaints that administration is unnecessarily costly; that many small governments must spend disproportionate amounts for publishing planned and actual use reports; that nonviable units of government are sustained past their useful life; that defunct units are resurrected to an ailing life; and that government reorganization, consolidation, and reform are hindered or at least not aided.

Yet, those Members expressing an opinion rejected by a wide margin the idea that revenue sharing money is spread too thinly. There were sharp divisions however, between categories of respondents on this question. The Republicans strongly disagreed with the proposition, while the Democrats favored it by a small margin. The House Members strongly rejected the proposition, while the Senate Members were almost evenly divided. The Northeast rejected the proposition by an overwhelming margin and the South by a majority of two to one; the other two regions rejected it by smaller margins.

Several Members remarked in this connection that they knew of no fair alternative or politically acceptable alternative to distributing money to so many local units. Responses of this nature came from Members who checked "agreed," as well as from those who checked "disagreed," or neither.

Question 6.—Distribution of Funds Between State and Local Governments

In each State, a fixed one-third of the total State entitlement goes to the State government and two-thirds to units of local government. After this local share has been divided among county areas, it must then be subdivided between the county level and the municipal (city,

village) level, as well as the town or township level if one exists, in each county. This division between county and subcounty levels is based solely on the ratio of county government taxes to total county, municipal, and township taxes levied in that county.

Question 6 was designed to determine whether Members would approve a distribution of the funds between each State and its localities based on the ratio of State tax collections to total State and local tax collections.

State governments, on the average, raise more than 50 percent of combined State-local revenues; none raises less than 40 percent. Local revenue for educational purposes is excluded in computing the relative tax effort of units of local government under the present act and presumably would be excluded also under the arrangement contemplated in question 6. If State revenues were treated in the same way, it would then be necessary to exclude the portion associated with educational support.

By a margin of more than two to one, the respondents opposed changing the present distribution formula. Republicans opposed the change by a wider margin than Democrats, and the Senate by a greater margin than the House. However, an unusually large number of respondents had "no opinion" on this question. The question, it should be noted, related to a relatively technical matter which Members may have been reluctant to consider without determining how the change would affect their districts and States.

Question 7.—Appropriate Mix of Various Types of Grants

By adoption of various grant instruments, the Federal aid system has come to consist of three elements: categorical grants, broader-purpose block grants, and general revenue sharing. Question 7 sought to determine the attitudes of Members on the current use of these three types of aid mechanisms.

Only 12 percent of the respondents thought the Federal aid system as presently constituted has the right balance.

By a margin of greater than 3 to 1, the Members who responded supported the view that the Federal Government relies too heavily on categorical grants. However, while this was overwhelmingly the position of Republicans, only a small majority of Democrats thought that categorical grants are overutilized.

Over three times as many Members thought that too little use is made of block grants as thought that block grants are used too intensively. This preference for block grants was indicated by all categories of respondents.

In the aggregate, Members were almost evenly divided on the question of whether too much or too little use is being made of general revenue sharing. Democrats, on the whole, felt there is too heavy reliance on general revenue sharing, while Republicans felt there is too little. By less decisive margins, Members of the House felt there is too little use of general revenue sharing and Senators felt there is too much. On a geographical basis, a majority of respondents from each region except the West thought there is too little reliance on general revenue sharing.

Question 8(a).—Remove Restrictions on Purposes of Local Expenditures

The act requires that local governments spend revenue sharing funds for ordinary and necessary operating and maintenance expenditures within eight functional areas: public safety, environmental protection, public transportation, health, recreation, libraries, social services for the poor or aged, financial administration, or on any type of capital expenditure permitted by State or local laws. State governments, however, are not subject to these restrictions. Parts (a) and (b) of question 8 asked Members whether they felt this situation should be changed, either by eliminating the aforementioned restriction on local governments (part a) or by imposing a similar restriction on State governments (part b).

By a margin of 90 to 77, the Members favored eliminating the specification of high priority expenditure areas for local governments. Republicans decisively favored this change, while Democrats, by a lesser margin, opposed it. Representatives indicated a preference for the change, but Senators were opposed. Members from the South, and to a lesser extent the North Central States, favored the change. Members from the West and Northeast opposed it by small margins.

Question 8(b).—Restrict State Expenditures to High Priority Purposes

Members decisively rejected the idea of the Federal Government specifying high priority uses of revenue sharing funds for the States, as it does presently for local governments. Republicans overwhelmingly opposed the change while Democrats supported it. Strong opposition was evident in both chambers and in all regions except the West, where this change was opposed by a more narrow margin.

Question 8(c).—Remove Prohibition Against Using Funds To Match Federal Grants

Both State and local governments are subject to a statutory prohibition against using revenue sharing money as a source of the funds required in some programs to match Federal dollars. This question asked whether that restriction should be eliminated. Elimination of the prohibition against using revenue sharing funds for matching was generally opposed by all categories of respondents. Three Members, however, commented that this prohibition is meaningless, since State or local governments can simply rearrange the designated source of funding for various programs so as to be in technical compliance with the law.

Question 8(d).—Exclude Local Governments Which Provide Few Public Services

The idea of excluding from revenue sharing participation those smaller units of general local government that provide limited public services was opposed by all categories of respondents; almost every category rejected it by a very decisive margin.

In this connection, four Members expressed concern that local governments receiving very small amounts of revenue sharing are required by law to spend a disproportionate part of their assistance for publishing reports on the uses of these funds.

PART 2.—RESPONSES TO INDIVIDUAL QUESTIONS, BY RESPONDENT CATEGORIES

Question 1

The initial reports on the uses of revenue sharing funds indicate that the payments have enabled some recipient governments to reduce taxes (or avoid tax increases) as permitted under this legislation. Do you regard this as a desirable use of revenue sharing funds?

Desirable _____ Undesirable _____ No opinion _____

	Desirable	Undesirable	No opinion	No response
	NUMBER OF RESPONSES [1]			
Total	106	72	8	22
House	90	58	8	14
Senate	15	14	0	7
Democrats	40	50	7	12
Republicans	65	22	1	9
Northeast	23	7	1	1
South	29	27	4	11
North Central	33	19	2	5
West	20	19	1	4
	PERCENT OF RESPONSES			
Total	51	35	4	10
House	53	34	5	8
Senate	42	39	0	19
Democrats	37	46	6	11
Republicans	67	23	1	9
Northeast	72	22	3	3
South	41	38	6	15
North Central	56	32	3	9
West	46	43	2	9

[1] Total for each category does not add to total responses because 2 Members did not identify themselves.

Question 2

Some State and local officials have expressed concern that Congress may not renew revenue sharing because of reports that some localities have used funds for "frivolous" purposes. Please indicate by check-mark which, if any, of the following uses of revenue sharing funds you would regard as "frivolous" or undesirable:

(*a*) Purchasing land for bike and hiking trails_____

(*b*) Constructing a public golf course_____

(*c*) Sharing with private enterprise the cost of free off-street parking in central business district_____

(*d*) Increasing salaries of State or municipal employees_____

(*e*) Making contributions to an employee pension fund_____

	(a)	(b)	(c)	(d)	(e)
	NUMBER OF RESPONSES				
Total	50	95	42	70	63
House	45	78	32	59	54
Senate	5	16	9	10	8
Democrats	33	58	28	39	34
Republicans	17	36	13	30	29
Northeast	5	14	5	8	8
South	26	30	16	23	23
North Central	10	29	9	20	17
West	9	21	11	18	15
	PERCENT OF RESPONSES				
Total	24	46	20	34	30
House	26	46	19	35	32
Senate	14	44	25	28	22
Democrats	30	53	26	36	31
Republicans	18	37	13	31	30
Northeast	16	44	16	25	25
South	37	42	23	32	32
North Central	17	49	15	34	29
West	20	48	25	41	34

Questions 3 and 4

Responses are not adaptable to tabulation. (See pp. 4–10 for discussion of these questions.)

Question 5

Some 38,000 units of local government now receive revenue sharing payments. It is alleged that because so many local governments receive revenue sharing payments, the funds are spread more thinly than is desirable. What is your opinion of this allegation?

Agree_____ Disagree_____ Don't know_____

	Agree	Disagree	Don't know	No response
	NUMBER OF RESPONSES[1]			
Total	61	107	19	21
House	49	94	13	14
Senate	11	12	6	7
Democrats	46	41	7	15
Republicans	14	65	12	6
Northeast	4	22	4	2
South	16	33	10	12
North Central	24	31	2	2
West	16	20	3	5
	PERCENT OF RESPONSES			
Total	29	52	9	10
House	29	55	8	8
Senate	31	33	17	19
Democrats	42	38	6	14
Republicans	15	67	12	6
Northeast	13	68	13	6
South	23	46	14	17
North Central	41	53	3	3
West	36	46	7	11

[1] Total for each category does not add to total responses because 2 Members did not identify themselves.

Question 6

Revenue sharing funds are divided between the county government and eligible local governments within a county in the proportion that county taxes bear to total local taxes collected within that county (excluding taxes for education). Revenue sharing funds are divided between the State government and local governments in each State in the fixed ratio of one-third for State government and two-thirds for local governments. Would you favor amending Public Law 92–512 to provide for a division of revenue sharing funds between the State and its local governments on the basis of the ratio of State tax collections to total State and local tax collections?

Favor_____ Oppose_____ No opinion_____

	Favor	Oppose	No opinion	No response
	NUMBER OF RESPONSES [1]			
Total	35	74	73	26
House	31	56	64	19
Senate	4	16	9	7
Democrats	20	30	43	16
Republicans	15	42	30	10
Northeast	2	15	12	3
South	14	18	25	14
North Central	14	20	20	5
West	5	19	16	4
	PERCENT OF RESPONSES			
Total	17	36	35	12
House	18	33	38	11
Senate	11	45	25	19
Democrats	18	28	39	15
Republicans	16	43	31	10
Northeast	6	47	38	9
South	20	25	35	20
North Central	24	34	34	8
West	11	43	37	9

[1] Total for each category does not add to total responses because 2 Members did not identify themselves.

Question 7

The Federal Government is presently using three types of grants for assisting State and local governments—categorical, broader-purpose block grants, and general revenue sharing. In your opinion, does the Federal aid system as presently constituted have:

(*a*) Approximately the right mix of these three types of grants?_____ or

(*b*) (1) Too heavy reliance on categorical grants?_____

(2) Too little reliance on categorical grants? _____

(*c*) (1) Too heavy reliance on broader-purpose block grants? _____

(2) Too little reliance on broader-purpose block grants? _____

(*d*) (1) Too heavy reliance on general revenue sharing? _____

(2) Too little reliance on general revenue sharing? _____

	(a)	(b1)	(b2)	(c1)	(c2)	(d1)	(d2)
	NUMBER OF RESPONSES						
Total	25	95	28	23	83	49	50
House	22	77	24	20	64	36	44
Senate	3	17	3	2	18	11	6
Democrats	18	25	23	12	38	39	6
Republicans	7	69	4	10	44	8	44
Northeast	6	13	5	3	12	5	8
South	9	27	5	7	22	11	15
North Central	7	36	6	6	27	14	15
West	3	18	11	6	21	17	12
	PERCENT OF RESPONSES						
Total	12	46	13	11	40	24	24
House	13	45	14	12	38	21	26
Senate	8	47	8	6	50	31	17
Democrats	17	23	21	11	35	36	6
Republicans	7	71	4	10	45	8	45
Northeast	19	41	16	9	38	16	25
South	9	26	5	7	21	11	15
North Central	12	61	10	10	46	24	25
West	7	41	25	14	48	39	27

Question 8a

If the Congress were to extend the general revenue sharing program, would you favor:

Giving local governments the same flexibility in the use of revenue sharing funds as the States now have (i.e., eliminate the specification of high priority areas of expenditure)?

Favor ____ Oppose ____ No opinion ____

	Favor	Oppose	No opinion	No response
	NUMBER OF RESPONSES [1]			
Total	90	77	14	27
House	76	60	14	20
Senate	13	16	0	7
Democrats	35	48	7	19
Republicans	54	28	7	8
Northeast	13	14	2	3
South	31	19	6	15
North Central	28	24	3	4
West	17	19	3	5
	PERCENT OF RESPONSES			
Total	43	37	7	13
House	45	35	8	12
Senate	36	45	0	19
Democrats	32	44	6	18
Republicans	56	29	7	8
Northeast	41	44	6	9
South	44	27	8	21
North Central	47	41	5	7
West	39	43	7	11

[1] Total for each category does not add to total responses because 2 Members did not identify themselves.

Question 8b

If the Congress were to extend the general revenue sharing program, would you favor:

Restricting the State use of revenue sharing funds to high priority purposes specified by the Federal Government?

Favor _____ Oppose _____ No opinion _____

	Favor	Oppose	No opinio n	No response
	NUMBER OF RESPONSES [1]			
Total	62	108	12	26
House	51	88	11	20
Senate	10	19	1	6
Democrats	45	38	7	19
Republicans	16	69	5	7
Northeast	7	21	1	3
South	19	30	8	14
North Central	18	34	2	5
West	17	22	1	4
	PERCENT OF RESPONSES			
Total	30	52	6	12
House	30	52	6	12
Senate	28	53	3	16
Democrats	41	35	6	18
Republicans	17	71	5	7
Northeast	22	66	3	9
South	27	42	11	20
North Central	31	58	3	8
West	39	50	2	9

Total for each category does not add to total responses because 2 Members did not identify themselves.

Question 8c

If the Congress were to extend the general revenue sharing program, would you favor:

Eliminating the prohibition against using revenue sharing funds as a source of required matching funds for Federal grants-in-aid?

Favor_____ Oppose _____ No opinion _____

	Favor	Oppose	No opinion	No response
	NUMBER OF RESPONSES [1]			
Total	52	117	10	29
House	40	100	9	21
Senate	12	15	1	8
Democrats	26	56	7	20
Republicans	26	59	3	9
Northeast	12	17	0	3
South	17	38	3	13
North Control	11	37	4	7
West	12	23	3	6
	PERCENT OF RESPONSES			
Total	25	56	5	14
House	24	59	5	12
Senate	33	42	3	22
Democrats	24	52	6	18
Republicans	27	61	3	9
Northeast	38	53	0	9
South	24	54	4	18
North Central	18	63	7	12
West	27	52	7	14

[1] Total for each category does not add to total responses because 2 Members did not identify themselves.

Question 8d

If the Congress were to extend the general revenue sharing program, would you favor:

Excluding from participation those smaller general units of local government which provide few public services (e.g., a township in which 70 percent or more of general expenditures are devoted to a single purpose such as highways or welfare assistance)?

Favor _____ Oppose _____ No opinion _____

	Favor	Oppose	No opinion	No response
	NUMBER OF RESPONSES[1]			
Total	57	95	25	31
House	45	82	19	24
Senate	10	13	6	7
Democrats	30	43	15	21
Republicans	25	52	10	10
Northeast	7	19	3	3
South	16	31	10	14
North Central	21	26	4	8
West	11	19	8	6
	PERCENT OF RESPONSES			
Total	27	46	12	15
House	27	48	11	14
Senate	28	36	17	19
Democrats	28	39	14	19
Republicans	26	54	10	10
Northeast	22	60	9	9
South	22	44	14	20
North Central	36	44	7	13
West	25	43	18	14

[1] Total for each category does not add to total responses because 2 Members did not identify themselves.

APPENDIXES

APPENDIX I.—CHARACTERISTICS OF RESPONDENTS

TABLE 1.—NUMBER AND PERCENT OF MEMBERS RESPONDING, BY CONGRESSIONAL BODY, PARTY AFFILIATION, AND REGION

	Number of respondents[1]	Number of Members	Response rate (percent)
Total	208	535	39
House	170	435	39
Senate	36	100	36
Democrats	109	300	36
Republicans	97	235	41
Northeast	32	122	26
South	71	166	43
North Central	59	145	41
West	44	102	43

[1] Total for each category does not add to total respondents because 2 Members did not identify themselves.

TABLE 2.—NUMBER AND PERCENT OF RESPONDENTS FROM EACH REGION, BY PARTY AFFILIATION

	Democratic		Republican		Both parties	
	Number	Percent	Number	Percent	Number[1]	Percent
Northeast	16	50	16	50	32	100
South	46	65	25	35	71	100
North Central	24	41	35	59	59	100
West	23	52	21	48	44	100
All regions	109	53	97	47	206	100

[1] Total for each category does not addto total respondents because 2 Members did not identify themselves.

TABLE 3.—DISTRIBUTION OF HOUSE AND SENATE RESPONDENTS, BY PARTY AFFILIATION

	Democratic		Republican	
	Number	Percent	Number	Percent
House	94	55	76	45
Senate	15	42	21	58
Both Chambers	109	53	97	47

APPENDIX II

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C., September 18, 1973.

DEAR COLLEAGUE: The Intergovernmental Relations Subcommittee is presently engaged in a comprehensive study of the several types of Federal grants made to State and local governments, and of possible approaches for improving the effectiveness of Federal grant programs. General revenue sharing is one of the methods, and the newest, used by the Federal Government to assist the States and their political subdivisions.

Some $8 billion of the $30.2 billion voted by the Congress in general revenue sharing funds have been distributed so far under Public Law 92–512 (the State and Local Fiscal Assistance Act of 1972).

I believe it would be very useful, while general revenue sharing is still in its early stages, to obtain the impressions of the Members of Congress on certain of the provisions and effects of this legislation. I am therefore requesting each Member of the House and Senate to respond to the enclosed short questionnaire. Your responses to the questions will be treated confidentially and will be used only for the compilation of summary information. Members are encouraged to supplement their responses with narrative comment where appropriate.

I will greatly appreciate your cooperation in completing the questionnaire and returning it to the subcommittee as promptly as possible.

Sincerely,

L. H. FOUNTAIN, *Chairman.*

Enclosure.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
INTERGOVERNMENTAL RELATIONS SUBCOMMITTEE
OF THE COMMITTEE ON GOVERNMENT OPERATIONS,
Washington, D.C.

QUESTIONNAIRE FOR MEMBERS OF CONGRESS ON GENERAL REVENUE SHARING

1. The initial reports on the uses of revenue sharing funds indicate that the payments have enabled some recipient governments to reduce taxes (or avoid tax increases) as permitted under this legislation. Do you regard this as a desirable use of revenue sharing funds?

Desirable _____ Undesirable _____ No opinion _____

2. Some State and local officials have expressed concern that Congress may not renew revenue sharing because of reports that some localities have used funds for "frivolous" purposes. Please indicate by checkmark which, if any, of the following uses of revenue sharing funds you would regard as "frivolous" or undesirable:

(*a*) Purchasing land for bike and hiking trails_____

(*b*) Constructing a public golf course_____

(*c*) Sharing with private enterprise the cost of free off-street parking in central business district_____

(*d*) Increasing salaries of State or municipal employees_____

(*e*) Making contributions to an employee pension fund_____

3. Are you aware of any specific expenditures that have been made or are planned from general revenue sharing funds which you would regard as frivolous or undesirable? If so, please describe below:

_____

_____

_____

_____

_____

_____

4. Would you indicate below what you believe to be the primary purpose or purposes of the general revenue sharing provisions enacted in 1972.

_____

_____

_____

_____

_____

_____

_____

_____

5. Some 38,000 units of local government now receive revenue sharing payments. It is alleged that because so many local governments receive revenue sharing payments, the funds are spread more thinly than is desirable. What is your opinion of this allegation?

Agree_____ Disagree_____ Don't know_____

6. Revenue sharing funds are divided between the county government and other eligible local governments within a county in the proportion that county taxes bear to total local taxes collected within that county (excluding taxes for education). Revenue sharing funds are divided between the State government and local governments in each State in the fixed ratio of one-third for State government and two-thirds for local governments. Would you favor amending Public Law 92–512 to provide for a division of revenue sharing funds between the State and its local governments on the basis of the ratio of State tax collections to total State and local tax collections?

Favor _____ Oppose _____ No opinion _____

7. The Federal Government is presently using three types of grants for assisting State and local governments—categorical, broader-purpose block grants, and general revenue sharing. In your opinion, does the Federal aid system as presently constituted have:

(*a*) Approximately the right mix of these three types of grants? _____

or

(*b*) (1) Too heavy reliance on categorical grants? _____
(2) Too little reliance on categorical grants? _____

(*c*) (1) Too heavy reliance on broader-purpose block grants? _____
(2) Too little reliance on broader-purpose block grants? _____

(*d*) (1) Too heavy reliance on general revenue sharing? _____
(2) Too little reliance on general revenue sharing? _____

8. If the Congress were to extend the general revenue sharing program, would you favor:

(*a*) Giving local governments the same flexibility in the use of revenue sharing funds as the States now have (that is, eliminate the specification of high priority areas of expenditure)?
Favor _____ Oppose _____ No opinion _____

(*b*) Restricting the State use of revenue sharing funds to high priority purposes specified by the Federal Government?
Favor _____ Oppose _____ No opinion _____

(*c*) Eliminating the prohibition against using revenue sharing funds as a source of required matching funds for Federal grants-in-aid?
Favor _____ Oppose _____ No opinion _____

(*d*) Excluding from participation those smaller general units of local government which provide few public services (e.g., a township in which 70 percent or more of general expenditures are devoted to a single purpose such as highways or welfare assistance)?
Favor _____ Oppose _____ No opinion _____

9. If you have been called upon to help resolve disputes between the Office of Revenue Sharing of the U.S. Treasury Department and your State or local governments in your district, or have been contacted by constituents questioning the use of revenue sharing funds, would you estimate the number of such contacts since January 3, 1973?

Contacts from:

State officials _____
Local officials _____
Private individuals _____

Member's name _____ State _____

○