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THE POLITICS OF GENERAL REVENUE SHARING:
THE NEW FEDERALISM IN URBAN PERSPECTIVE

by
John C. Daley

A dissertation submitted to the Faculty
of Urban Studies in partial fulfillment
of the requirements for the degree of

DOCTOR OF PHILOSOPHY

Portland State University
1974

TO THE OFFICE OF GRADUATE STUDIES AND RESEARCH:

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May 29, 1974

AN ABSTRACT OF THE DISSERTATION OF John C. Daley for the
Doctor of Philosophy in Urban Studies presented May 29,
1974.

Title: The Politics of General Revenue Sharing: The New
Federalism in Urban Perspective.

APPROVED BY MEMBERS OF THE DISSERTATION COMMITTEE:

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Dennis L. West

The research problem for this dissertation was to determine the affects of President Nixon's New Federalism in four Pacific Northwest cities. More specifically, the dissertation sought to determine and explain the effects of the State and Local Fiscal Assistance Act of 1972, a basic component of the New Federalism, in Seattle, Tacoma, Portland and Eugene. The central goal of revenue sharing and the New Federalism is to decentralize government in the

American federal system. The central fear of those who oppose the effects of such decentralization is that the poor and minority groups of America may be discriminated against by local special interest groups. The purpose of the dissertation was to see the extent to which the goals of the proponents and the fears of the opponents have so far been realized in the revenue sharing experience of four cities. A comparative case study approach was used whereby the General Revenue Sharing experience of each city was described and analyzed in terms of the goals of the New Federalism and the fears of its opponents.

The data used for this investigation was obtained from taped interviews with city officials in each of the four cities. A questionnaire was prepared for the interviews which included questions pertaining to federal-state-city relations in terms of grants-in-aid, the fiscal condition of the city, the decision-making process used in the city for allocating revenue sharing funds, who participated in the decision-making process, who benefitted from revenue sharing in the city and the overall satisfaction or dissatisfaction with the concept of the New Federalism and revenue sharing.

In addition to the data collected from city officials who were directly involved in the city revenue sharing process, additional data was obtained from those in-

interviewed showing how the revenue sharing money was dealt with. It should be noted that these city officials were administrative personnel as well as elected officials.

The results of the dissertation showed that the decentralization of American government sought by the Nixon Administration has so far not been obtained through General Revenue Sharing insofar as these four cities are concerned. The money from General Revenue Sharing was not adequate for these cities to meaningfully gain increased power and independence from either their states or the federal government. The fiscal requirements of these cities due to inflation, labor costs, demands to compensate for cutback categorical grants of the federal government and inadequate urban tax bases made the infusion of General Revenue Sharing money too small to allow the cities to undertake dramatic "new" departures because of these funds. Seattle and Eugene did undertake housing programs and Portland saw revenue sharing funds as "freeing up" other monies so the city could undertake a new neighborhood participation program, but as a rule these cities found the demands from traditional city services plus the increased burden of having to fund cutback federal categorical grant programs as using up all their funds including revenue sharing.

The dissertation laid particular emphasis on the

question of whether local poor people and minorities were deliberately included in the decision-making processes over revenue sharing and in the programs funded with revenue sharing funds. It was found that Tacoma especially sought to develop a decision-making process that was inclusive of representatives from all segments of the city and that Seattle had perhaps the least inclusive decision-making process. But there was not a direct correlation between degree of citizen-wide participation and benefits from revenue sharing going to all citizens equally.

Although General Revenue Sharing is only one part of the New Federalism it appears that for the decentralization of American government to be meaningful, General Revenue Sharing will have to be dramatically increased in funding and supplemented with Special Revenue Sharing to take up the slack from cutback federal categorical grants intended for the human and community services areas.

If the major goal of the New Federalism, decentralization, has not been accomplished so far, then the major fear of opponents has not been realized either. The dissertation demonstrates a commitment on the part of the City Council majorities in each city to preserve the progress made in recent years to improve the lot of America's poor and minority citizens. These groups, while sometimes having not been greatly involved in the revenue sharing

decision-making processes, were recognized as deserving a part of the revenue sharing funds. The fear that without the federal government's specific prodding local special interests would act to ignore the interests of local minorities and the poor was not confirmed by this study.

PREFACE

Most of the data collected for this study was obtained through taped interviews of city officials in Seattle, Tacoma, Portland and Eugene. The interviews took place in the summer of 1973. Each subject was asked for permission to tape the interview and all consented. When the author was asked not to include some material, the request was, of course, honored. Thus, no "off the record" information is included in this study.

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CHAPTER I

INTRODUCTION

When the history of the Nixon Administration is written, it will be filled with Richard Nixon's accomplishments in the foreign policy area and the desperate trauma of the Watergate Affair. His Administration is not noted for either its emphasis on, or accomplishments in, domestic affairs, yet President Nixon has set goals for his Administration in the domestic area that are of the utmost significance. Starting with election slogans in the 1968 campaign and carrying through to his 1974 State of the Union address, President Nixon has set forth as the major goal of his domestic policy the balancing of the distribution of power among the levels of government in the American federal system. His goal has been nothing less than the decentralization of the American political system. This, of course, is a huge undertaking. In spite of the pronouncements of the 1974 State of the Union message that the corner had been turned in returning power, funds and responsibilities to the states and communities of America from Washington, D.C., this study will indicate that little real decentralization has taken place so far.

It is no secret that the national government in our system has become immensely more powerful in the federal structure since the inception of the income tax and the dynamic policies of the New Deal. To substantially shift power back to the states and cities would take strong leadership from a determined President and the utmost cooperation from Congress, as well as the support of the nation's governors and mayors. Those in positions of social and economic power at all levels of the system would also have to commit themselves to the effort for it to succeed. Power tends to entrench itself in political, social and economic institutions. If the current balance of power among the levels of the federal system is benefitting certain interests, and it is, it can be expected that these interests will try to keep the balance the way it is. Hence, a meaningful reversal of that power balance would take a sincere commitment on the part of many individuals, groups and institutions. An historical accounting of the Nixon Administration's domestic policy may show that it was unable to muster the force, influence or cooperation necessary to carry out its basic domestic goal, the decentralization of the American federal system.

That conclusion may be premature. After all, revenue sharing, a basic tool used by the Nixon Administration in the implementation of its domestic policy, has

only been in operation for about two years. Furthermore, the Administration has three more years in which to achieve its goals. Even if the President should not serve out his term, there is no indication that the basic outlines of his domestic power redistribution goal would not be shared by Vice-President Ford. Because the goal of the Administration is nothing short of trying to reshape the power balance of the federal system, it is important to make some analysis of what progress has been made in that effort so far. Such an analysis is the purpose of this paper.

The city will serve as the unit of direct analysis in this paper. This may seem a bit strange, since most interpretations of American federalism indicate a political system divided between the national government and the states. The United States Constitution does not mention the urban area as having any legal being, rights or obligations in the federal system. Judge Dillon made the point very clear when he proclaimed that cities "...owe their origins to, and derive their powers from, the (state) legislatures."¹ Dillon's word on the subject has

¹This is the famous "Dillon Rule." It is discussed at length and contrasted with the opinion of Judge Cooley, who felt cities had an inherent sovereignty of their own, in Anwar Syed, The Political Theory of American Local Government, (New York: Random House, 1968), p. 68.

become the legal "rule" that has firmly established cities as the legal subjects of their state governments. Yet, as we shall see later, events have driven cities to the necessity of dealing directly with the federal government. The need for money and expertise to help the city deal with its pressing needs has established a political, social and economic relationship between the cities and the federal government that can allow one to consider the urban area as a distinct element in the federal system. This simply means that Washington, D.C., deals not just with the government of the State of Oregon, for example, but it may have independent relations with the City of Portland as well. President Nixon recognized this development within American federalism when he proposed the decentralization of the system and revenue sharing. When speaking on the subject, he mentions the need to return power, funds and responsibility to the states and also to the cities. Consequently, it is within this special federal context that we study revenue sharing and how it has affected the balance of power in the American federal system.

The task of this paper is to describe and explain how four cities have dealt with General Revenue Sharing through use of a comparative approach. General Revenue Sharing was created through the passage of the State and

Local Fiscal Assistance Act of 1972. It is the keystone of the Nixon Administration's plan for a "New Federalism," the term given for the effort to divert more "funds, power and responsibility" to the "states, communities and people" of America in a decentralization effort. A fuller description of the General Revenue Sharing Act and a detailed description of the New Federalism will be taken up in Chapter II and Chapter III of this study. For now, it is important to point out that in the past two years, states, cities and counties all over this nation have been receiving General Revenue Sharing checks. Consequently, it is possible for us to study what effect General Revenue Sharing has had so far. Four cities have been chosen for this study. They are Seattle and Tacoma, in the State of Washington, and Portland and Eugene, in the State of Oregon. Why study cities instead of states or counties? Why these cities?

America is an urban society and has been for over a hundred years. The basic political, social and economic issues of the day are manifested most dramatically in urban areas. Questions of race relations, poverty, inflation, crime and transportation are daily addressed by urban governments and by other public and private urban institutions. The economic plight of our cities is an old story. As Americans have flocked to the city, the city

has found itself in dire financial distress trying to meet the demands for services by all its new inhabitants. Demand for services combined with high wage demands on the part of city employees and inflation have added to the fiscal woes of cities. The political institutions of the city have also been under fire in terms of whether or not they are representative of, and responsive to, all the citizens of the city. In other words, the city is where the great social, economic and political issues of the day meet. Therefore, it is fitting that the city be the focus of a study that seeks to examine how the Nixon Administration's plans to meet these issues through a decentralization of government are working.

Seattle, Portland, Tacoma and Eugene are part of what can be called the "development belt" of the Pacific Northwest. Moving north from California and west from the rest of the nation, thousands of Americans in recent years have discovered the Pacific Northwest. Its comfortable (if damp) climate together with its relatively unpolluted environment have beckoned many. One feature that certainly has appealed to some is how uncrowded the region is. Washington and Oregon together contain only about five million people. Especially since World War II, the economic climate of the region has been generally healthy, offering job opportunities to those who might

want to move there. Each of the four cities in this study are located along Interstate Highway Five, the main land transportation arterial going north and south on the west coast. Most of the population and most of the non-agricultural industry of the Pacific Northwest are located in the greater metropolitan areas of these four cities. They do have significant differences, however.

Seattle is by far the largest of the four cities. Its population as of the 1970 census was about 531,000 people. The population is very heterogenous, as it is made up of persons from many races and socioeconomic backgrounds. The Boeing Company makes its home in Seattle and dominates the economic scene, not only of Seattle, but of much of Washington and the rest of the Pacific Northwest. At times, the Boeing Company has employed well over a hundred thousand people in its Seattle area plants. Seattle and other towns in the Pacific Northwest are the home of many other businesses, large and small, which supply the Boeing Company with materials needed in the aerospace industry. As many of those interviewed in this study indicated, as Boeing goes, so goes the economic climate of the entire Pacific Northwest. In the late 1960's the Boeing Company laid off thousands of employees because Congress decided not to fund the further development of the Supersonic Transport plane. Seattle began to suffer a severe

economic recession and the reverberations were felt throughout the Pacific Northwest. Seattle, then is an important city in our study of General Revenue Sharing and the New Federalism because it is the economic heart of the region and because it is a large city with a heterogenous population with all the usual challenges and problems faced by big American cities.

Tacoma, Washington, is located about thirty-five miles south of Seattle along Interstate Five. Tacoma had a population of 154,000 in 1970. Although considerably smaller than Seattle, Tacoma has quite a large minority population. This is because the city has two large Armed Services bases and many of the personnel associated with these bases are of minority races, especially Blacks. Tacoma lives in the shadow of Seattle and has throughout its history. Seattle's port facilities and general environmental location seem to have given it advantages over Tacoma. The larger minority population of Tacoma is an important reason for including the city in our study. Another is that the town's size puts it into a population category quite separate from the other three cities. It therefore allows us to study General Revenue Sharing in several different sized cities.

Portland, Oregon, is the second largest city to be studied. As the largest city in Oregon, it is still quite

a bit smaller than Seattle. Its population in 1970 was 380,000. Portland has a very diversified economy and therefore, unlike Seattle, is not dependent upon one large industry for its economic prosperity. Those interviewed in Portland for this study, however, indicated that during the Boeing recession of the late 1960's, Portland, too, felt the effects. Portland's population offers us another size variation for studying the effects of General Revenue Sharing in urban America.

Eugene, Oregon, is the smallest city to be studied. As of 1970, Eugene had a population of about 78,000. At the foot of the "development belt," Eugene is the home of the University of Oregon and several medium-sized businesses and industries. Agriculture and wood products industries are especially prominent. About three hundred miles south of Seattle along Interstate Five, and about one hundred miles south of Portland along the same route, Eugene offers still another population variation for our study.

This study will try to make a genuine effort to compare the experiences these four cities have had with General Revenue Sharing. It will not only describe the political experiences of these cities with General Revenue Sharing, but also explain the differences and similarities in their experiences. A simple description of

what went on without identifying or explaining the similarities or differences of these cities' experience would not really contribute to an explanation of politics and public affairs or an understanding of the progress of the New Federalism. Comparison, in other words, is a vital part of explanation. The cities studied in this paper offer enough variation in their socioeconomic and political environments that through comparing their General Revenue Sharing experiences, we may come to some explanation about the effect of General Revenue Sharing in urban America.

A major public policy program like revenue sharing is bound to have significant economic, social and political ramifications for every city receiving the funds. It is very important to emphasize that this study will be primarily interested in the politics of General Revenue Sharing. The conclusions we will reach on General Revenue Sharing with regard to these four cities will be largely based on the responses given by City Hall officials interviewed in each city. Some are politicians and some are administrators, but they were asked questions having primarily to do with the political decision-making process used in each city as it decided how to allocate General Revenue Sharing funds. Also, they were asked whether they felt the political power balance was being affected by the Nixon revenue sharing program. Although political

aspects of the revenue sharing experiences of these cities are emphasized in this study, social and economic aspects are not ignored.

As we shall see, Nixon's New Federalism promises to return "funds, power and responsibility" to the states, cities and "people" of America. Who are the "people"? We will be concerned in this study with the social consequences of General Revenue Sharing in terms of which people in these cities participated in deciding where the revenue sharing money should go and which people in the city seem to be benefitting from the allocation of General Revenue Sharing funds. These are political questions. They are also social questions in terms of the inclusion or exclusion of some social groups in the revenue sharing experience.

The economic aspects of General Revenue Sharing will also be examined. It is too early in the revenue sharing experience to make a thorough-going evaluation of the real economic impact of revenue sharing on the fiscal problems of city government and the distribution of income within the city's population. Therefore, this study limits itself to how City Hall officials interviewed feel about the economic condition of their city and the impact they feel General Revenue Sharing has and will have on that condition. Also, we will examine how each city has allocated

its General Revenue Sharing funds within its current general fund budget. Examining where the General Revenue Sharing funds were allocated and in what amounts should tell us something about the economic impact of General Revenue Sharing in each city.

The political, social and economic conclusions arrived at in this study, then, will be based on the opinions of City Hall officials interviewed in each city plus an analysis of the decision-making and budget data given the author pertaining to the city's experience with General Revenue Sharing. Because of the dramatic significance of President Nixon's goal to shift the drift of power back to the states and cities away from Washington, D.C., the importance of a study which seeks to evaluate the progress of such a program is clear, but it must be acknowledged that the conclusions summarized and evaluated in the last chapter of this study should be taken in proper perspective. As mentioned earlier, this analysis of General Revenue Sharing is an early one. The program itself is very new. For the conclusions in this study to have added meaning they should be evaluated and compared with similar studies in other cities in other parts of the country. Also, if this study were followed up by a later study, in three years, for example, when the Revenue Sharing Act expires, a more thorough evaluation of the progress of the

Nixon Administration's efforts at decentralization might be made. The Congress, however, has called for data from which it can decide whether to expand or eliminate federal revenue sharing and a study of this sort can supply some data. Also, as indicated above, the significance of the Nixon effort in itself requires a study evaluating its effect.

We have seen that it is the politics of revenue sharing that will be emphasized in this study. This will be done through evaluating the General Revenue Sharing experiences of each of these four cities in terms of the goals set forth by the Nixon Administration for the New Federalism and the fears held by opponents of the New Federalism. The goals and fears of the New Federalism will provide us with a theoretical framework with which to describe and explain the General Revenue Sharing experiences of Seattle, Tacoma, Portland, and Eugene.

The goals of the Nixon Administration as it pursues the New Federalism and the fears held by those who oppose that program have very significant economic and social dimensions to be sure, and they will be examined, but our emphasis is political because what President Nixon is especially attempting is a political decentralization of power in America. His major tool is the economic device of revenue sharing. Nixon realizes that it is the econo-

mic situation of cities and states which has weakened them. The fact that they do not have the money to handle their social and economic problems has made them continually turn to Washington, D.C., for help. Washington often grants the money, but with strings attached. This has further made the cities and states beholden to the national government, so at the heart of any political decentralization effort must be a program to give the cities and states adequate funds whereby they can deal with their problems with less dependence on the federal government. Hence, we have the Nixon Administration's program of revenue sharing.

To set the stage for an evaluation of General Revenue Sharing in these four cities, therefore, Chapter II of this study will examine some of the financial difficulties the cities are having and the programs developed by the national government to aid them, with a special emphasis on categorical grants-in-aid. At various times, the national government has also given block grants, grants with few, if any, strings attached, to cities and states. The State and Local Fiscal Assistance Act of 1972 (General Revenue Sharing Act) is such a grant. Chapter II will also examine block grants and look at some detail at the General Revenue Sharing Act itself.

Chapter III will develop the conceptual framework

for our evaluation of General Revenue Sharing by explaining the goals of the New Federalism and the fears held by its critics. Chapters IV through VII will contain the case studies of each of the four cities. At the end of each case study will be a "Sub-Conclusions" section where that particular city's General Revenue Sharing experience will be summed up and evaluated in terms of the conceptual framework of Chapter III.

Chapter VIII will pull together the experiences of all four cities and analyze these in terms of the goals of the Nixon Administration for the New Federalism and the fears of those who dread the accomplishment of those goals. We will see the extent to which Nixon's goals seem to have been reached and why and/or the extent to which the fears of the critics have been realized and why.

If the author has one distinct bias, it is concern for the fate of the disadvantaged in America as the New Federalism takes effect. In recent years important strides have been taken in this country to insure civil rights for all citizens and to try and develop programs to help the poor. Are these advances to be supported and strengthened under the New Federalism or are they to be abandoned and left to recede? Throughout this paper, a special effort is made to pay particular attention to this issue.

We now move to a look at the fiscal plight of urban America and the device of categorical and block grants used by the national government to aid the cities.

CHAPTER II

THE FINANCIAL PLIGHT OF URBAN AMERICA: THE FEDERAL RESPONSE

I. FROM RURAL TO URBAN AMERICA

Thomas Jefferson hoped that the United States would remain largely a rural society. He felt Americans had the best chance of establishing a strong democracy if the people remained the virtuous creatures rural life allowed them to be. While there is no underestimating the importance of rural life and the development of agriculture in contributing to the basic strength of America, the nation is definitely urban. By 1920, more Americans were living in towns and cities of over 2,500 population than in the countryside. Since that time, economic depression, the mechanization of farms and the tremendous growth of urban-based businesses and industries has accelerated the movement of people from the countryside to the urban area. The Great Depression, together with the great droughts of the 1930's in the mid-west, drove many farmers off the land. Either they could not afford to keep up payments on their farms or the top soils eroded or blew away, making it impossible to continue farming. Where could they

go? The answer was the city. Some went clear across the country to California, while some just went to the nearest city, but the city offered a chance to perhaps get a job and start a new life. For some it simply offered a chance for survival. The depression was raging in the cities, too, however. The influx of rural Americans into urban centers only exacerbated an already difficult situation, but in spite of the hardship, many former rural dwellers stayed in the city as they had nowhere else to go.

The mechanization of American farms meant that machines began to do the work that many individuals were formerly needed to perform. Therefore, men who only knew how to perform low-skill farm jobs went to the city to try to make a living. The cities were confronted with the problem of how to employ, house and educate these people.

Among things Americans are best known for is their industrial capacity as a nation. Businesses and industries drew huge numbers of people to the cities in which they were located. Some men left the farm and came to the city even if they were not driven off by the Depression or mechanization. Some simply wanted more money and the jobs in the new factories and business of the city seemed to promise greater wealth. For these reasons and others, then, Americans have flocked to the cities to such an ex-

tent that by 1960 the U.S. Census Bureau classified seven out of every ten Americans as city dwellers. The same source predicts that by 1980 perhaps ninety percent of America's population will be living in urban areas.

As the cities of America have grown they have found that their populations have grown more heterogenous. This can be explained in terms of three migrations that have occurred to the cities. . The first and oldest migration was by white families who moved, as we have seen, from the farm to the small town and then from the small towns to the larger cities. More recently, these "original" white urban settlers have made up the middle and upper-middle classes of American society. As members of these groups, many are finding life uncomfortable in the core of large cities and are moving in great numbers to the suburbs. One reason they are moving, it seems, is because of the other groups of people who moved into the city behind them.

The second migration to the cities involved large numbers of immigrants primarily from the rural areas of Europe. They came to the "promised land" of America seeking jobs and political freedom. They were "different" from those already settled in the cities in that they were foreigners and often Catholic. This "difference" caused them great hardships due to discrimination on the part of

the established "WASP's." Over time, however, most of these peoples have integrated into the social, economic and political structure of America. One reason they were able to become integrated into the system was the demand on the part of business and industry for low-skill labor at the same time these people were coming to this country. Thus, the new arrivals made some money, found adequate housing and educated their children. This afforded many the mobility they sought into the "establishment."

The third and most recent group to migrate to the cities is the twentieth century movement of Blacks, as well as Puerto Ricans, Mexican-Americans and whites from depressed areas such as Appalachia. By the time these people began to arrive in urban areas, the businesses and industries that used to absorb newcomers now found it difficult to employ these latest arrivals. Certainly part of the reason was outright discrimination against people of a different color, but in addition, America had become technologically sophisticated and no longer required the same large numbers of low-skilled employees. What were needed were highly skilled men and women who could work at jobs that often required many years of specialized and expensive training. The Blacks and others who now came to the city did not have such training and thus found themselves relegated to lives of unemployment or underemploy-

ment. Of course, many were able to find jobs and integrate into the mainstream of the American system, but many others found themselves living in the discarded housing of better off citizens who had moved to wealthier neighborhoods or to the suburbs to get away from the industrial and increasingly blighted core of town. The vehicles of mobility which enabled members of the second migration to integrate into the society and live the good life, then, were not and still are not available to large numbers of persons who made up the third migration into America's cities.

II. THE COSTS OF GROWTH

These migration patterns are directly related to the fiscal plight of America's cities. Middle class and upper-class citizens who have left the core of the city and moved to the suburb have taken with them two important things. First, they have taken the dollars that would accrue to the city through the property tax it would collect if the core of the city still had well-maintained and high-value homes. The tax base of the city has shrunk because the poor now live in the core and their property tax payments are lower because their property's assessed value is less, largely because the homes are in such disrepair. A primary source of income to the city is thus

diminished once those with wealth leave the city. Also, these same persons are likely to be socially and politically concerned citizens. If they would stay in the city they could use these abilities to help solve the city's problems. Also, some are specialists in social work and could significantly help the poor of the city core. The loss of money and expertise when middle-class and upper-middle-class citizens move out of the heart of the city has meant, therefore, that the city has had to find other ways of getting these resources. With the latest migration to the city, accompanied by the loss of other citizens to the suburbs, the financial needs of the city have increased dramatically. As might be expected, the poor are very needy and can't afford to pay for much themselves. Therefore, they have a great need for public, that is, city services. It is an expensive matter to provide those services. The poor are often in need of publicly supported health care programs, day-care programs, pre-school programs and particularly good regular school programs to enable their children to "catch up" with children from wealthier families who have been going to better schools in better neighborhoods all their lives. The poor often need more police patrols and more fire protection due to the high crime rate in urban cores and the poor quality of dwellings in core areas. The poor are simply

more needy in every way and to provide for them is an increasingly difficult challenge for urban government.

At one time, one could argue that the only function of city government was to provide for the basic protection of the lives and property of its citizens. Today's cities, however, find themselves being called upon to do more, and not just for the less well-off elements of the urban population. Wealthier persons want the city to furnish and maintain parks and recreation programs. They want the city to support the arts and help clean up the air and water. They want the city to provide good public transportation systems and provide an economic incentive for business and industrial growth by keeping the property tax low. They also want the city to be representative of their needs and perform its functions efficiently. This often calls for a large bureaucracy which is very expensive.

Two other factors have tremendous impact on the fiscal plight of cities. One is inflation. The other is labor costs. As we will see in the case studies which follow, inflation and particularly the increased wage demands of city employees are a substantial drain on the city treasury. Thus, from all segments of the urban population come demands that require a great deal of money to meet. To examine more thoroughly the expenses of

cities it might be useful to distinguish between two broad categories of expenditures: current operations and capital outlays. The first refers to the cost of running the various departments and agencies and providing services to the citizens. The second includes appropriations for the acquisition or construction of public buildings, parks, sewers and other facilities and for the purchase of major items of equipment such as fire trucks.

Figure 1 below shows the average distribution of current operations expenditures in the thirty-eight most populous urban areas of the United States during fiscal 1966. Education dominates the spending pattern, with

<u>Category</u>	<u>Percent of Expenditures</u>
Education	43.5
Health and Welfare	17.3
Police and Fire	10.8
General Administration	4.4
Streets and Roads	3.9
Sewage and Sanitation	3.8
Parks and Recreation	2.5
Debt Service	4.5
Other	9.3

Figure 1. Percentage distribution, by function, of current expenditures of local governments in large SMSA's. SOURCE: "Local Government Finance in Selected Metropolitan Areas, 1965-1966," U.S. Bureau of the Census.

health and welfare a poor second. Police and fire protection run third with about eleven percent. Bollens and Schmandt in their work, The Metropolis, indicate that these proportions tend to vary with the population of a

city. The greater the size of an urban area, the greater percentage of the budget is spent on health and welfare, police and fire protection, waste disposal and parks. In smaller urban areas, however, there is less money spent on such services and often education runs as high as sixty-five percent of total current operation outlays.¹

As America has become more an urban society over the years, the expenditures for current operations have, of course, increased dramatically. This growth has also required cities to enlarge their physical plants, that is, increase their capital outlays. Along with the demand for more policemen, firemen, teachers and other workers has also been the need for additional classrooms, police and fire stations, roads and parks. As Bollens and Schmandt report, in 1967, local expenditures for capital outlays, including publicly owned utilities, total almost \$13 billion, over one-third more than in 1962. Educational facilities led the expenditures, taking about one-third of the total. The next greatest expense was locally operated utilities, and third was streets and roads. Table 1 shows 1967 urban area expenditures for capital outlays. Because this data is somewhat dated, it does not reflect what probably has become in very recent years a major capital

¹John C. Bollens and J.J. Schmandt, The Metropolis, (New York: Harper and Row, 1970), p. 268.

expense for cities: environmental projects. The recent movement to clean up the air and water has brought demands to the City Council to do their share. Hence, substantial sums have doubtless been spent in this area.

TABLE I
LOCAL GOVERNMENTAL EXPENDITURES
FOR CAPITAL OUTLAY
1967

Function	Amount (millions)	% of Total
Education	\$ 4,313	33.3
Streets and Roads	1,888	14.5
Local Utilities	2,044	15.8
Health and Hospitals	299	2.3
Sewerage	1,093	8.4
Housing, Urban Renewal	966	7.5
Parks, Recreation,		
Natural Resources	664	5.1
Airports and Harbors	361	2.8
All Other	1,334	10.3
TOTAL	\$ 12,962	100.0

SOURCE: U.S. Bureau of the Census, Governmental Finances in 1966-1967, (Washington: U.S. Government Printing Office, 1968).

Capital requirements will vary from city to city and also from central city to the suburban areas. In the core area, for example, it is likely that the major physical needs will be for renewal of blighted areas, replacement of worn-out public structures and utilities and modernization of the transportation system. In the suburbs, capital outlays are mainly for new school buildings, streets and roads and park and recreation lands.²

²Ibid., pp. 271-2.

According to Bollens and Schmandt, capital indebtedness of state and local governments combined has grown at a rate of over six percent annually while the national debt has been increasing by less than two percent. "On a per capita basis, the accumulated debt of the two lower levels in 1967 was \$544 for every person in the country, while the similar figure for the national government was \$1649. During the ten year period from 1957 to 1967, the outstanding long-term obligations of local units more than doubled (from \$37.3 billion to \$76.4 billion)."³ It is clear, then that running a city is a very expensive business and becoming more so as time goes on. If cities had no trouble raising the revenue to pay for these increased expenses, there would be little to worry about, but as we have just seen, the indebtedness of cities in the capital outlay area alone, is increasing dramatically. Now that we know that the demand for city resources is very great and growing, it is necessary to examine where cities obtain the revenue they need to provide the services demanded by their citizens. It will become clear that obtaining enough money to support city expenses is the number one problem of local government. As we will see in the case studies that follow, just balancing the budget is a major fiscal difficulty.

³Ibid., p. 273.

As Bollens and Schmandt suggest in The Metropolis, in a real sense, national, state and local governments are competitors for the tax dollar. Each level has to try to draw more from existing revenue sources and impose new taxes to meet new responsibilities. In this competition, a kind of division of revenue sources has developed among these three levels of government in the federal system. Most of the federal funds are derived from income taxes on individuals and corporations, states depend heavily on sales and gross receipt taxes and, since about 1900, the general property tax has been acknowledged as the almost exclusive domain of local government. It is important to note, also, that other units of government such as county government and special districts such as school districts are also competing for the citizen's tax dollar.⁴

Since colonial times, the general property tax has provided the historical base of support for local government. Prior to 1932, the property tax was providing almost three-fourths of the general revenue of local governments. In recent decades its importance has somewhat declined due to increased state and federal aid to cities as well as other forms of taxation now used by cities. Today it is estimated that the property tax finances only about forty-three percent of the aggregate budget of local

⁴Ibid., p. 255.

governments.⁵

After World War II, cities found that mounting needs, along with rising costs and protests by property owners over the prospect of their property taxes increasing, led local officials to try to find other source of local revenue. Among the newer sources of local government revenue are taxes on utility and business gross receipts, gasoline and other motor fuels, motor vehicles, cigarettes, alcoholic beverages, income and retail sales. The last two have provided substantial sums to large central cities.

In addition to taxes, local governments receive funds from fees, permits and user charges of various kinds. Some cities, for example, provide sewage and water service to their citizens, who pay the city a fee based on the use of the service. Local taxes and fees, however, do not seem to provide enough revenue for cities to keep up with increasing costs and demands. Cities have had to turn to state and federal governments for fiscal assistance.

III. FEDERAL AID TO CITIES

The states and the federal government have financial difficulties of their own. Nevertheless, they have repeatedly come to the aid of cities. In the competition

⁵Ibid.

for the citizen's tax dollar the state and federal governments get a large enough share and collect it in an efficient enough manner that they have seen it as their responsibility to help cities meet their financial burdens. Since the early 1930's, the states and federal government have slowly but steadily helped finance, or have financed completely, many programs at the local level. In 1942, local government received a total of \$1.8 billion in state and federal aid. By 1967, the amount had increased to over \$22 billion, enough to provide more than one-third of the total general revenue of local governments.⁶ Table II is a summary of municipal government finances from 1957-1967. It shows municipal, state and federal sources of income for the city.

In every category in Table II, the rate of increase was enormous for the ten year period. Total revenue for municipalities doubled between 1957 and 1967, the federal contribution by a factor of nearly five-fold. Yet, in spite of the federal contribution, the cities of America still face a severe financial crisis. The added revenue from increased populations within the cities and the revenue from the federal government cannot keep pace with expenditures. In a book by the National Urban Coalition entitled Counterbudget, the gravity of the fiscal crisis

⁶Ibid., p. 263.

TABLE II
SUMMARY OF MUNICIPAL GOVERNMENT FINANCES
1957-1967

	(in millions of \$'s)			62-67	57-67
	1967	1962	1957	% inc.	% inc.
Revenue Total	24096	16794	12047	43	39
General Revenue	19283	13127	9285	47	41
Intergov'tal Revenue	5081	2668	1756	90	52
(from State only)--	4001	2128	1489	88	43
Gen'l Rev, own sources	14202	10459	7529	36	39
Taxes	10507	7940	5908	32	34
Property	7351	5812	4297	26	35
Sales and					
Gross Receipts	1645	1303	934	26	40
General	977	866	602	13	14
Selective	669	437	332	53	32
Other	1511	824	676	83	22
Charges and Misc.	3695	2519	1621	47	55
Utility Revenue	4043	3136	2378	29	32
Water Supply	1807	1453	1079	24	35
Electric Power	1467	1114	810	32	38
Gas Supply	228	170	114	34	49
Transit	542	399	375	36	6

SOURCE: 1967 Census of Governments, Vol. 4, No. 4,
"Finances of Municipalities and Township Governments,"
(Washington: U.S. Government Printing Office, 1969), p.11.

was summarized:

...To help meet this recurring crisis, federal and state aid to cities increased by more than 400 percent between 1955 and 1968, yet such aid still amounted to only 23% of city revenues in 1968, compared to 15% in 1955...

Assuming that the present level of federal grants-in-aid to states and localities is maintained (\$30 billion), we estimate that the state-local revenue gap in 1975 will be approximately \$67 billion.⁷

The importance of state and federal aid to the city cannot be underestimated, but even though that aid has increased dramatically over the years it does not seem to be enough to rescue the city from severe fiscal troubles. The dependence of urban America on federal aid especially is evident from a careful look at Table II and the above statement from the National Urban Coalition. Realizing how much cities, and states, too, need federal aid to meet their needs, the federal government has developed two basic types of aid programs: categorical grants-in-aid and block grants. Although our primary interest is in block grants because General Revenue Sharing is of that type, it is also important to understand categorical grants. The New Federalism and the revenue sharing program of the Nixon Administration is in part a reply to those who have criticized categorical grants to states and cities.

⁷Robert S. Benson and Harold Wolman, eds., Counter-budget: A Blueprint for Changing National Priorities, 1971-1976, (New York: Praeger Publishing, 1971), pp. 121-123.

Categorical Grants-in-Aid

The basic issue involved in a state or city receiving categorical grants-in-aid from the federal government is not just that federal money is coming in, but also federal controls. In the last twenty years or so, grant-in-aid programs have become a most important source of federal influence over state and local policy.⁸ Approximately one-sixth of all state and local government revenues are from federal grants of this type.⁹ The money is paid through a great number and variety of programs. There are several hundred programs in existence today. A state or locality could apply for money for anything from vocational training programs to a program for mine drainage and solid waste disposal. A major problem faced by both cities and states is keeping up with available programs and determining their purposes and requirements. And, although there are a great number of categorical grants available, most grants of this sort go to states and cities for welfare and highways. The amount of money taken in by states and communities in categorical grants has increased rapidly over the years and so has dependence of states and communities on those federal funds.¹⁰

⁸Thomas R. Dye, Politics in States and Communities, (Englewood Cliffs, N.J.: Prentice Hall, 1973) p. 53.

⁹Ibid.

¹⁰Ibid., pp. 53-55.

As we have seen, the financial crunch of state and local government is one important reason there has been a growth in federal aid to these levels of government. There are other reasons as well, however. Some who argue in favor of categorical grants-in-aid center their arguments around the greater progressivity of the federal tax structure. Programs that are funded by state or local funds are funded on a tax structure that is regressive or only mildly progressive, but if the money is funded through a federal program it is funded on a more progressive basis. This may explain, in part, why many "liberal" Congressmen favor federal grants-in-aid to states and communities.

Another argument in favor of such an aid program suggests that it provides the national government with an opportunity to try to provide a uniform level of public service throughout the nation at a minimum or basic level. For example, a categorical grant could be established to provide a minimum level of existence for the poverty stricken regardless of where they live. Or, a program could try to establish equality in educational opportunity throughout the nation.

The mere availability of categorical grant funds would allow the national government to have great influence, even control, over state and local government, but categorical grants have specific guidelines attached to

them that make the "control" aspect of such grants more direct. Thus, when the national government decides it has a particular interest (for example, highway construction, poverty or urban renewal) it can make funds available for those programs and then require the states and localities to strictly follow federal guidelines in order to keep the funds or get more of them. In effect, categorical grants permit the national government to set national goals and priorities in all levels of government without formally altering the federal structure. The acceptance of these federal funds, then, means that state and local officials are left with less freedom of choice than they would have had otherwise. Thomas Dye sums up the situation this way:

In short, through the power to tax and spend for the general welfare, and "conditions" attached to federal grants-in-aid, the national government has come to exercise great powers in many areas originally "reserved" to the states -- highways, welfare, education, housing, natural resources, employment, health and so on.¹¹

Of course, categorical grants have enabled cities and states to provide many services to their citizens that they would not have otherwise been able to afford. One of the most important of these is the development of regional planning and regional councils of government. In order to get some categorical grants, local government had to dem-

¹¹Ibid., p. 58.

onstrate they were engaged in planning for their future development. Yet this extensive grants-in-aid program has helped create a centralization of power in Washington that has created much controversy. For example, federal grant programs have frequently been seen as working at cross-purposes with one another. The federal public housing programs have tried to provide low-rent housing for the poor, but federally funded urban renewal programs have often torn down low-rent housing! Another criticism of this sort of grant programs is that it tends to create an administrative quagmire in Washington and in the states and cities. A great deal of time and money is spent at the local level in applying for and administering grants and the result is much inefficiency on the part of many bureaucrats. An effort to deal with this problem has been the development of integrated grant accounting. A city will make a broad request for aid to the federal government and the government will transfer requests for specific programs to the government agency responsible for that program. Hopefully, this will alleviate the extreme fragmentation of categorical grants now plaguing local government.

Finally, and most critically for our purposes, the categorical grant-in-aid system assumes that federal officials are better judges of goals and priorities at all

levels of government than state or local officials. As Thomas Dye has put it, "State and local officials do not determine what activities in their states and communities will receive federal money, federal officials determine these priorities."¹² This notion of federalism may be exaggerated. Certainly many major public policy decisions are made at the state and city levels. Yet Dye's point is an important one. Even if some decisions are made at the state and local level, most major ones, he is suggesting, are made at the federal government level. Dye continues by suggesting that whether federal officials or state and local officials are better judges of public goals and priorities is a "political question." That is, of course, very true and the controversial nature of that political question is demonstrated by America's experience with a series of categorical grant-in-aid programs all committed to a War on Poverty.

The Lyndon Johnson Administration took the political position that a top priority of American public policy should be the elimination of poverty in the United States. With this goal in mind, the Administration finally got through Congress the Economic Opportunity Act of 1964. The Act authorized a number of antipoverty programs and gave the Office of Economic Opportunity great flexibility

¹²Ibid., p. 59.

in dealing with state, local or private organizations. The Act's most distinctive creation was the "Community Action Agency" a nonprofit agency and independent of local government, designed to coordinate a locality's social service resources related to the poverty question and to utilize them in a Community Action Program to alleviate poverty. The Community Action Program was to be developed and administered with the "maximum feasible participation" of the residents in the local area. The point was to enlist those who knew most about the plight of the poor, the poor themselves, to establish meaningful ways to deal with the poverty problem in their area. Perhaps the most controversial aspect of the Act was that grants were made directly to the Community Action Agencies. A state governor could veto a contract between a Community Action Agency and Washington, but that veto could be overridden by the Office of Economic Opportunity director in Washington, D.C. In essentially bypassing local government and local elites and giving great amounts of federal aid to local service agencies, War on Poverty categorical grants alienated the local power structure. Control over financial resources is an important element of political power, and no local government official or local elite is going to appreciate the loss over the local disbursement of federal categorical grants.

The War on Poverty categorical grants were distinctive, then, because they were grants directly to social service agencies and not to state and local governments. Not only had the Johnson Administration decided that the national government had the right to decide that it ought to be national policy to eliminate poverty, it also decided that state and local governments were not the best administrators of such a policy. The job was to be done by local social agencies with the participation of the poor themselves.

In the early 1970's, the Green Amendment to an appropriations bill for the Office of Economic Opportunity enabled local government to take over Community Action Agencies unilaterally. In spite of this development, local political leaders were wary of the possibility of being bypassed in future federal programs that seek to deal with local problems.

The controversial goals and design of the War on Poverty categorical grants combined with observations as to whether the programs were doing much for the poor after-all, led some to question the whole system of categorical grants as a means of helping local government address its fiscal difficulties. We have seen that other objections to categorical grants already existed. They tended to create a giant bureaucracy in Washington and also in the states and cities. State and local governments were

drowning in governmental red tape. Many objected to the national control over local policy that categorical grants gave the federal government. Some also objected to the idea that the national government was the best judge of what needed to be done at the state and local level. These objections to categorical grants led some politicians to search for another means by which the federal government could aid the financially pressed states and localities. By the time of the Presidential campaign of 1968, serious alternatives to categorical grants were in the works by all major candidates. Richard Nixon, who, of course, was to win that Presidential election, advocated a system of block grants that would supplement and then later replace most categorical grants. The block grant itself was not a new idea, but dissatisfaction with categorical grants was so widespread that it appeared the time had come for a further look at block grants as a way for the federal government to help states and cities.

Block Grants

Generally, a block grant is federal funds made available to a city or a state with few if any guidelines directing how the money is spent. States and localities would be free, with such a grant, to use the money accord-

ing to their own estimates of their needs. In recent years the principal use of block grants has been in the Model Cities program, where the grants go directly to cities to again deal with the poverty problem, and in the law enforcement grants under the Crime Control and Safe Streets Act of 1968, where the grants are channelled primarily to the states. As will be discussed more fully later, opponents of block grants contend that state and local governments are not adequately staffed to assume the huge bureaucratic responsibility of deciding where block grants should go and then administering the allocation. Critics of block grants also fear that some cities and states might not deal fairly with minority interests without the watchful eye of the federal government upon them. We saw earlier that categorical grants are a prime means whereby the federal government can establish national priorities and enforce them throughout the country. Those critical of block grants fear for the interests of the disadvantaged once the federal government gives up the categorical grant tool of looking out for their interests. Another common argument against block grants is that a governmental entity should have wide latitude in spending only those monies they have been able to raise themselves. Only in this way will they act responsibly in allocating the funds. The accumulated opposition to

block grants historically has been substantial enough to restrict that sort of federal aid to local government to a relatively low level. The Bureau of the Budget estimated that block grants would amount in fiscal 1969 to \$249.4 million, out of a total grants-in-aid of \$20.3 billion.¹³ Revenue sharing, a type of block grant and the type which concerns us in this study, has a long history among American federal aid schemes.

The first major federal revenue sharing program was in 1836 when the federal government split most of the surplus in the Treasury among the states. But revenue sharing, until recently, never really caught on, probably because there were few federal Treasury surpluses and national politicians and bureaucrats were reluctant to relinquish large amounts of money and the attached political power to other levels of government. Since 1958, however, several revenue sharing proposals have been made in and out of government. As suggested above, dissatisfaction with categorical grants and the overall financial crisis of state and local government drove politicians and fiscal experts to seek a new means of aiding local government. The revenue sharing plans that have been offered in Congress since 1958 have provided for an auto-

¹³Congressional Quarterly, (Washington, D.C.: Congressional Quarterly Service, Spring, 1970), p. 118.

matic distribution of a portion of federal tax revenues to the states and local government, with few, if any, strings attached. The Congressional Quarterly suggests that their research shows Republicans have generally favored replacing categorical grants entirely with funds from revenue sharing, while Democrats have most often seen revenue sharing as only a supplement to existing categorical grant programs.¹⁴

Former Representative Melvin Laird (R, Wisconsin), now Special Assistant to President Nixon, has been credited with having introduced in 1958 the first bill which embodied many of the features now considered to be essential aspects of revenue sharing. Laird's bill provided for the automatic return of a portion of federal revenues to the states with only a few conditions attached.

Laird's bill did not get far in Congress, but the concept was picked up again by Walter W. Heller in 1960. From 1961-4 he was chairman of the Council of Economic Advisors. As Carr, Bernstein, Murphy and Danielson suggest:

(Heller) was seeking a means of relieving the fiscal pressures on the states and localities, of increasing their fiscal independence, of supplementing programatic grants with unconditional assistance, and of insuring that more

¹⁴Ibid.

of the annual increments of federal income taxes produced by the growth in GNP was spent for domestic public sector needs.¹⁵

Under the Heller plan, one percent of federal income tax collections would be placed in a trust fund to be distributed to the states primarily on the basis of population for their unconditional use. Heller believed the plan was a good one because it would not only aid state government financially, but it would relieve the "fiscal drag" on the economy resulting from a higher growth rate of federal tax revenues than of federal expenditures.¹⁶

Initially President Johnson endorsed the plan in 1964 but backed off when protests from liberals, labor and urban interests objected to unconditional grants to state governments and insisted that federal assistance continue to use federal resources according to national priorities and national standards. Instead, Johnson embarked on his "creative federalism" scheme to consolidate and streamline categorical grants and to seek greater consultation with local and state officials in the development and administration of federal grants. Two major block grants did come out of Johnson's Administration,

¹⁵Robert R. Carr, et al., Essentials of American Democracy, 6th ed. (New York: Holt Rinehart and Winston, 1971), pp. 88-9.

¹⁶Congressional Quarterly, Spring, 1970.

the Omnibus Crime Control and Safe Streets Act of 1968 and the Model Cities Program, but these are not revenue sharing block grants.

Creative federalism did not seem to satisfy the advocates of revenue sharing. Their ranks grew in the 1960's as is witnessed by the National Governor's Conference endorsement of revenue sharing in 1965. In 1967 one fifth of the members of the Ninetieth Congress cosponsored revenue sharing bills and a Gallup Poll reported that 70 percent of the American people favored the concept.¹⁷ As the 1968 Presidential campaign progressed, both candidates endorsed revenue sharing concepts. Finally in 1969, President Nixon proposed to distribute \$500 million in additional federal aid to the states, with the allotment for general revenue sharing rising to about \$5 billion by 1976. Revenue sharing fit well into President Nixon's conception of a "New Federalism" that would reduce Washington's direct involvement in domestic programs. At first the President met with resistance from the cities because he proposed that revenue sharing funds be funneled through state capitals. Urban interests refused to support the program until the Administration agreed that a sizeable proportion of the shared revenues would be

¹⁷Carr et al., Essentials of American Democracy, p. 89.

earmarked for direct delivery to counties and cities. A revived administration revenue sharing bill included that provision.

The Nixon Administration, in its belief that state and local governments have the real responsibility for the detailed policy development and administration of many functions that the federal government has taken upon itself since the New Deal, has set about to design a comprehensive revenue sharing program. The Administration, therefore, has proposed that Congress pass General Revenue Sharing and Special Revenue Sharing packages. General Revenue Sharing became law in 1972 and Special Revenue Sharing is still being debated in Congress.

In 1971 the Administration presented its revenue sharing package to Congress. The Administration's plan called for sharing \$16 billion in federal revenues. The amount would include \$5 billion in "new money" in the form of General Revenue Sharing carrying virtually no restrictions, and \$11 billion for Special Revenue Sharing. The latter would be financed by dismantling some 100 existing grant programs with narrow purposes, and replacing them with some six broad categories of existing grants-in-aid, urban development, rural development, education, transportation, manpower training and law enforcement. The money would be allocated to the states

on the basis of population and tax effort, and they would divide up the funds so that one-third went to the state government and two-thirds would be divided among the local governments (cities and counties, also on the basis of population and tax effort). States and local governments would be free to spend the funds as they chose in each category (as it turned out, General Revenue Sharing established very broad categories as does the proposed Special Revenue Sharing), subject only to the requirements of federal civil rights laws.

As stated above, General Revenue Sharing was supposed to be "new money" in state and local treasuries. It was not supposed to replace presently established categorical grants. Its intention was simply to help out the financially hard pressed state and local governments by using the superior taxing ability of the federal government to raise funds to be distributed and finally spent at the state and local level. Because this was the stated purpose of General Revenue Sharing and because so much pressure from governors and mayors around the country was put on Congress to give them this aid, the program got through Congress without much trouble. Congressman Wilbur Mills (D, Arkansas), Chairman of the House Ways and Means Committee, had long opposed the concept of giving money to spend to units of government that had not raised the money, but he, too, finally agreed to support

the Local Fiscal Assistance Act of 1972, which is the formal name for the General Revenue Sharing Act. Special Revenue Sharing is another story.

Those interviewed for this study suggest President Nixon has not been able to get a Special Revenue Sharing package out of Congress partially because Watergate and related difficulties have substantially weakened his influence over Congress. Congressmen, especially Democrats who have felt ignored and even insulted by the President as he carries out an essentially "Executive Branch" foreign policy with little regard for Congress, now see him weakened by scandal and see holding up his legislative program as one way to "get back at him." Even if the President were not weakened by Watergate problems, he would find it difficult to get Special Revenue Sharing out of Congress. The reason is simply that Special Revenue Sharing was specifically designed to eliminate some Great Society programs that liberal Congressmen worked long and hard to see actualized in federal legislation. Such established programs as grants for elementary and secondary education, model cities, a host of anti-poverty programs and urban renewal, would be transferred to states, counties and cities. In the minds of many Senators and Congressmen, these programs were established in the first place because states and cities were not

doing their share to rebuild the cities or help the poor and the minorities to achieve an equal opportunity. It is true, local government did not have the money to do the services required of them and so the categorical grants were instituted. But did local government and local elites really want to address the problems of the less fortunate in their communities? Antipoverty programs are often opposed by powerful local interests.¹⁸

President Nixon said in his August, 1971 New Federalism speech that the purpose of revenue sharing was to return "power to the people," but the question is, which people? National elites who worked hard for Great Society programs and racial minorities and the poor fear that the beneficiaries of existing categorical programs will obtain fewer funds or be bypassed entirely under the revenue sharing program. Although Congress passed General Revenue Sharing, it may not pass Special Revenue Sharing because it seeks to eliminate certain pieces of sacred liberal legislation. No one can argue with the fact that many Great Society and War on Poverty programs have not worked as they were supposed to, or at least in the way that President Johnson led the disadvantaged to

¹⁸Edward Hayes, Power Structure and Urban Policy, Who Rules in Oakland?, (New York: McGraw Hill, 1972).

believe they would work. Much of the money seems to have gotten into the hands of social administrators who have not distributed it or used it to help the needy. But to dismantle the program entirely, including its more successful programs such as Head Start and Model Cities, would and has brought great opposition from liberal Congressmen.

The 1974 Nixon Administration budget in its termination statement on a variety of categorical grant programs indicated that the Administration expects cities and states to continue the programs with revenue sharing funds, both General and Special. If Special Revenue Sharing does not become law soon, it can be assumed that local government will have tremendous demand from social service agencies for the cities' limited General Revenue Sharing funds. The National League of Cities and the U.S. Conference of Mayors on February 3, 1973, said the "magnitude of program cuts in the budget will leave local government far behind their position last year, before General Revenue Sharing was enacted."¹⁹

Implicit in all this is perhaps the most important factor that distinguishes categorical grants from block grants such as revenue sharing. By distributing federal

¹⁹Congressional Quarterly, February, 1973, p. 223.

funds among states and cities with little or no restrictions, the federal government and powerful national interests would forfeit any opportunity to use federal grants as an instrument for achieving national purposes, motivating local tax reform, or encouraging constructive change. Such a policy is essentially a forfeiture of political power from national power centers to local political power centers.

The enactment of General Revenue Sharing, then, is an important public policy issue and one deserving of study. Before examining the theories that will be used to analyze General Revenue Sharing as it has been used in Seattle, Tacoma, Portland and Eugene, and before looking at the four case studies themselves, it is necessary to describe in detail the Revenue Sharing Act itself.

The State and Local Fiscal Assistance Act of 1972

In 1971 when President Nixon offered his revenue sharing package to Congress, that body had for quite some time been debating the merits of such a federal aid scheme. When Secretary George Schultz came before the Senate Finance Committee, as its first witness to testify on the President's bill and the revenue sharing bill already passed by the House, he proceeded to answer some of the "most frequently made" objections to revenue

sharing. It is useful to look briefly at these objections and Schultz's answers because they typify the entire Congressional debate that resulted in the process by which the State and Local Fiscal Assistance Act of 1972 finally became law. The following comes from Schultz's Congressional testimony:

1. How can we share revenues when the Federal Budget is in a deficit? The basic reform and revitalization of our federal system is a No. 1 priority in the nation. The malaise and frustration of the American public require that we redefine our approach to assisting states and local governments, now, today. Tomorrow is too late.
2. Won't revenue sharing actually increase the control of the federal government over the states and localities rather than decrease it? ... The concept of General Revenue Sharing has developed out of a growing concern that the traditional forms of federal aid involve too much federal control. We believe that this less conditional form of fiscal assistance will result in a reduction of federal control and will serve to revitalize the decision-making capacity of state and local government.
3. Doesn't revenue sharing violate a time-honored principle of public finance by divorcing taxing responsibility from spending responsibility? ... (I)t should be recognized that our categorical grants-in-aid programs have in fact done this for some time. Despite the federal controls, the spending under these programs...has been by state and local governments... Congress is making the overall spending decisions by inaugurating the revenue sharing program. Should it find that the goals of revenue sharing are not being achieved, the Congress can change the program or change it as it sees fit.
4. Why not provide a federal tax credit for state and local income taxes? It is our view that the tax credit is an inferior device for fiscal reform and fiscal relief. The beneficiaries of the credit would be, at the outset, local citizens. There would be no fiscal relief to localities, because few have local income taxes. There would

be no fiscal relief to state government. In addition, the tax credit would provide a permanent advantage to high-income states. Others have suggested that instead of revenue sharing, we ought to increase further our reliance on federal categorical grants to states and localities. I cannot imagine a less productive alternative. We do not need more of the same. We do need a basic reform in the way we provide aid to the states and localities.²⁰

Schultz goes on to outline the Administration's basic proposal for General Revenue Sharing and at the same time he notes what the House actually did in passing the State and Local Fiscal Assistance Act of 1972.

1. The President proposed that specified amounts of funds be returned to states and localities each year. In order to assure that these units of government would have an opportunity to order their own priorities and plan their spending, the Administration proposal would have tied the amount to the individual income tax base... The amounts to be distributed (under the House Bill) are not tied to the tax base, but are specified in the statute... The total (revenue sharing money disbursed) over the five years of the program is \$29.8 billion - virtually identical to the five year total under the President's proposal.

2. The President proposed that the funds be distributed to the states and localities on a fair and equitable basis. Specifically, the portion going to the states would have been determined by population adjusted for revenue effort. The portion going to the localities would have been distributed on the basis of local revenue raised relative to the total of all revenues raised in the state. (The House Bill) distributes \$1.8 billion directly to the state governments. Of this total \$900 million would be distributed on the basis of general tax

²⁰George P. Schultz, Secretary of the Treasury, Testimony, Hearings of the Committee on Finance, U.S. Senate, 92nd Congress, 2nd Session, (Washington: U.S. Government Printing Office, 1972), pp. 78-79.

effort in the state and the remaining \$900 million on the extent to which the state relies on the individual income tax.

3. The President proposed that the use of the funds by the states and localities be unrestricted, except that they would have to be expended legally and without discrimination. (The House Bill) includes a nondiscrimination provision and attaches no strings to the use of the \$1.8 billion which goes to the state governments. Local units would, however, have to use the \$3.5 billion allocated them for priority purposes. They can spend the funds for public safety, environmental protection and public transportation programs. Allowable capital expenditures items are: sewage collection and treatment, refuse disposal systems and public transportation.

4. The President proposed that funds within each state be distributed on the basis of relative local revenues. The House Bill contains a series of complex formulas that distribute funds on the basis of population, urbanized population and population weighted inversely by per capita income.

5. Under both the President's proposal and the House Bill, the financial reporting will be simple.²¹

Secretary Schultz finally suggested to the Senate Committee that the Administration would prefer that the Senate make some changes in the House Bill and bring it more closely into conformity with the Administration's original revenue sharing proposal. Specifically, the Secretary asked the Senate to consider replacing the House emphasis on state income taxes as the basis for distributing funds among the states with a provision that would give more money to states with a better overall state and local tax effort. Also, Schultz asked that the Senate consider removing the House restrictions on local uses of revenue sharing funds. The "high priority categories", he felt,

²¹Ibid., p. 80.

should be removed. While making some other suggestions to amend the House Bill, the Secretary indicated the above recommendations were particularly significant and concluded his testimony by saying that the House Bill "bears an essential similarity to the President's proposal" and that he endorsed it but at the same time would like to work with the Senate to improve upon it.²²

A long parade of mayors, Congressmen, Senators and representatives from labor and other special interests, especially urban, came before the Senate Finance Committee to comment on the concept of revenue sharing and sometimes to offer their own amendments to the House Bill. Senator Howard Baker (R - Tennessee) testified in a vein typical of many others.

The fiscal needs of our state and city and county governments are both urgent and widely known. The steady flow of fiscal resources away from state and local government and toward the central government since the adoption of the 16th Amendment is well known. The exhaustion or near-exhaustion of available revenue bases at the state and local level is well known, as is citizen exhaustion with rising taxes, especially the property tax. Revenue sharing is not a panacea for all of these ills, but it is a very major step indeed in the right direction.²³

Wes Uhlman, Mayor of Seattle, also testified before the Senate Finance Committee and his remarks are worth

²²Ibid., p. 81.

²³Senator Howard Baker, Testimony, Hearings of the Committee on Finance, U.S. Senate, 92nd Congress, 2nd Session, (Washington: U.S. Government Printing Office, 1972), p. 107.

quoting because they are fairly typical of the arguments in favor of revenue sharing offered by the many mayors who testified as well as those offered by urban interest groups.

Existing methods of financing (Seattle's) operations are not able to meet rising demands for services and rising costs of existing services. The City of Seattle is almost totally dependent on the State of Washington for our revenues. The State, in turn, relies heavily upon two of the most unfair and regressive taxes used today, the sales tax and the property tax.

These taxes have been utilized to their limits. For us to raise them any further in our city would be to drive out forever the middle-class homeowner, the businessman and corporations and industries. A resident of our state pays an average of forty percent of his income in one form of taxes or another. Tax reform is desperately needed, and we welcome the provisions of the revenue sharing bill which encourage reform. But it must be remembered that the cities of poorer states have as many needs as the cities of wealthier states. Only the federal government has the resources, the tax structures, the flexibility and the magnitude to perform the kind of tax reform that is necessary.

Seattle contributes in excess of half a billion dollars each year to the federal government in income taxes alone. We are now asking that a small portion of that money be returned to us to save us from financial starvation. The \$10.6 million which we would receive under (the House Bill) will not be a panacea for us. It will not trigger any dramatic transformations. Seattle cannot become a Shangri-La on ten million dollars a year. That is less than a sixth of the money we need to repair our bridges alone.

What this money will do is enable us to survive at minimal levels without further decreasing services to our citizens. We may even be able to rise above the bare essentials and in some places actually display the creativity, diversity and pro-

gressive thinking which comprise the key to the future of urban America.²⁴

A reading of the Congressional proceedings dealing with revenue sharing gives one the impression that the fiscal needs of state and local governments were so great and so real that no Congressional opposition would be significant enough to outlast the numerous supporters of the concept. In October of 1972 the President signed into law the first major piece of legislation in his New Federalism program, the State and Local Fiscal Assistance Act of 1972. It is necessary now to take a detailed look at the Act. We will be able to see that it is substantially like the House version outlined above with a few variations.

Specific Provisions of the Act

The Act authorizes \$30.2 billion to be obtained from individual federal income taxes that is to be disbursed to more than 38,000 states and communities throughout the United States over a five year period. Approximately half of the 1972 payment of \$5.3 billion was disbursed in the fall of that year with the remaining part of the 1972 entitlement being mailed out in January of 1973. This amount is to increase in annual increments for each of the

²⁴Wes Uhlman, Mayor of Seattle, Washington, Testimony, Hearings of the Committee on Finance, U.S. Senate, 92nd Congress, 2nd Session, (Washington: U.S. Government Printing Office, 1972), p. 302.

four remaining years. Therefore, the life of the Act runs five years beginning January 1, 1972. "A total of \$5.64 billion will be paid in fiscal year 1973 in addition to the \$2.6 billion mentioned above; \$6.05 billion in fiscal year 1974; \$6.20 billion in fiscal year 1975; \$6.35 billion in fiscal year 1976 and \$3.325 billion for July-December, 1976."²⁵

The state governments shall receive one-third of the state's allocation. The remaining two-thirds of the state's allocation shall be divided among the various units of local government. "The money will be apportioned to counties, cities, and towns using a formula based on population, the general tax effort factor, and the relative income of these units." The Act allocates monies to States under one of two formulas. Computers have been used to take and apply both formulas for each state and the higher amount will be allocated.

One formula is a three factor formula--the amount received bears the same ratio to \$5 billion as the population of the State multiplied by the relative income factor of that state, multiplied by the general tax effort factor of the state bears to the sum of these products for all states. The other is a five

²⁵These and the following facts and figures on the State and Local Fiscal Assistance Act of 1972 come from "Detailed Fact Sheet on Revenue Sharing," Part I, Department of the Treasury, (Washington: U.S. Government Printing Office, 1973) or from the "State and Local Fiscal Assistance Act of 1972," itself.

factor formula which is based on general population, urban population, per capita income, state income tax collection, and the general tax effort of the state.

The law requires "expenditure and obligation reports." The entitlement reports must be published in general circulation within the geographical areas of each state and local government. The reports are also to be circulated to the communication media such as radio and television. The point, the Act says, is to provide citizens with information regarding the use of revenue sharing money.

The Act also requires that each unit of government receiving revenue sharing funds submit a report at the end of each entitlement period to the Secretary of the Treasury "setting forth the amounts and purposes for which funds received during such period have been spent or obligated." Also, the Act requires that each level of government that plans to receive revenue sharing funds after January 1, 1973, "shall submit a report to the Secretary (of the Treasury) setting forth the amounts and purposes for which it plans to spend or obligate the funds which it expects to receive during such period."²⁶

²⁶"State and Local Fiscal Assistance Act of 1972," Administrative Provisions, Section 121 (a) and (b), 68 Stat. 931.

A specific restriction in the Act is the provision that revenue sharing funds may not be used by state or local government as matching funds for federal programs. Also governments below the state level may not use the funds for education. Also, state and local governments are required to place revenue sharing monies into trust funds and account for them separately from other funds. This is to make it easier for the Treasury Department to make "compliance studies" to assist Congress in assessing the program itself at the end of the five year period. Another fundamental restriction stipulated in the Act is that "no person shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under a program or activity funded in whole or in part with revenue sharing funds."

It will be remembered that the House version of the revenue sharing bill made the provision that local governments could only spend their funds for "priority expenditures." This stipulation remains in the final Act, in spite of Administration objections. Nixon wanted no restrictions on any level of government. Priority expenditures mean:

- (1) Ordinary and necessary maintenance and operating expenses for:
 - (a) Public safety (including law enforcement, fire protection, and building

- code enforcement);
 - (b) Environmental protection (including sewage disposal, sanitation and pollution abatement);
 - (c) Public transportation (including transit systems and streets and roads);
 - (d) Health;
 - (e) Recreation;
 - (f) Libraries;
 - (g) Social services for the poor and aged;
 - (h) Financial administration; and
- (2) Ordinary and necessary capital expenditures authorized by law. No unit of local government may use entitlement funds for non-priority expenditures which are defined as any expenditures other than those included in (1) and (2) above. The chief executive officer of each unit of local government must certify to the Secretary that entitlement funds received by it have been used only for priority expenditures as required by the Act.²⁷

The Act further stipulates that prevailing wage rates must be paid to persons employed in projects in part or fully funded with revenue sharing funds. Also, the federal government can withhold funds to states or localities if they are found in violation of any provision of the Act.

An important part of the Treasury Department's interim guidelines is in Subpart E - "Fiscal Procedures and Auditing." Section (b) says that a unit of government must use or appropriate its revenue sharing funds within 24 months from the date of the receipt of the

²⁷"Fact Sheet," p. 4.

federal check or seek an extension from the Secretary of the Treasury. A more important provision is in Section (b) which says "A recipient government which receives entitlement funds under the Act shall provide for the expenditure of entitlement funds in accordance with the laws and procedures applicable to the expenditure of its own resources."²⁸ This means that units of government receiving revenue sharing funds need use only their regular budget decision-making procedures in deciding who should participate in deciding where revenue sharing funds should go in the final allocations.

The Office of Revenue Sharing of the Department of the Treasury furnishes a document entitled "Questions and Answers Relating to State and Local Fiscal Assistance Act of 1972." The document offers further elaboration as to the precise intent of the Revenue Sharing Act where the Act itself remains ambiguous. One question the document raises is "will any programs be terminated because General Revenue Sharing has begun?" The answer: "no." It adds, "Revenue sharing does not mandate any cuts in existing programs. The purpose of the Revenue Sharing

²⁸"Title 31 - Money and Finance," Part 51, Subpart E, Sections (b) and (c). Department of the Treasury, (Washington: U.S. Government Printing Office, 1972). The document's introductory statement by Secretary Schultz states the doctrine is the "interim regulations" governing the Revenue Sharing Act.

law is to allocate funds to state and local governments to augment existing programs and aid certain capital expenditures."²⁹ The important word here is "mandate." The Act may not mandate any cuts in existing programs, but it does not preclude those cuts. As we shall see, this is a very critical point in the minds of city officials.

The document also raises and answers another important question much in the minds of local governmental officials. "May revenue sharing funds be used to reduce taxes?" Answer: "yes." "Whether local governments use the funds for this purpose is a judgment which each government must make, based on its evaluation of local needs."³⁰ It is significant that the Treasury Department makes this point because a great deal of the Administration's rationale for the Act was that its monies might be used to lessen the tax burden of the local citizens, but the Act itself does not expressly mention whether the revenue sharing funds can or cannot be used for that purpose.

²⁹"Questions and Answers Relating to State and Local Fiscal Assistance Act of 1972," Office of Revenue Sharing, Department of the Treasury, (Washington: U.S. Government Printing Office, 1973), p. 9.

³⁰Ibid., p. 13.

We now have some notion of the financial plight of urban America and the forms of federal aid that have been developed to lessen the urban fiscal crisis. General Revenue Sharing is the latest form of such aid. Before examining how Seattle, Tacoma, Portland and Eugene have dealt with revenue sharing, it is necessary to develop theoretical frames of reference which, hopefully, will help us to assess the significance of revenue sharing to the American federal system.

CHAPTER III

THE NEW FEDERALISM: HOPES AND FEARS CRITERIA FOR EVALUATION

I. THE DISTRIBUTION OF POWER IN THE FEDERAL SYSTEM

The United States was designed by its founders to be a federal republic. This meant that while there was to be a strong central government, there were also to be strong states with the power to determine certain local priorities and policies independently from the national government. Some have suggested that the American federal system resembles a layer cake with local governments as the base, state governments in the middle and the national government at the top. This view implies that the state and local governments are "closer to the people" than the national government. Associated with this viewpoint is the idea that governmental activities in the United States are parceled out to either the states, the communities or to the national government. The layer cake theory also suggests that there is only so much power government can exercise, and that it is held in various amounts by various levels of the federal system. The theory approaches the zero-sum game idea, that if the

national government has a great amount of power, the state and local governments necessarily have less. As we will see, there are important elements of the layer cake theory of federalism in President Nixon's notions in the New Federalism.

The layer cake theory with its idea of separation of national, state and local powers has been popular, but there is evidence that it has never been a very accurate model of American federalism. Thomas Dye suggests that:

American federalism has been characterized by far more cooperation, coordination and sharing of responsibilities than by separation... At all times in our history, the national government and the states have shared powers.¹

Dye continues to say that in almost every area of government responsibility, the various units of the federal system have coordinated and cooperated and in fact, no function seems to be exclusively the province of one unit or another. And even in terms of "closeness to the people," the federal government has offices in every part of the nation to deal directly with citizens in virtually all functional areas of governmental responsibility. Dye concludes by saying, "In practice then, federalism has come to mean the sharing of power

¹Thomas R. Dye, Politics in States and Communities, (Englewood Cliffs, New Jersey: Prentice Hall, 1969) p.50.

between the nation and the states, rather than a sharp separation between national and state responsibilities."²

This viewpoint of American federalism has been called by Morton Grodzins, the marble cake theory. He explains:

The American form of government is often, but erroneously, symbolized by a three layer cake. A far more accurate image is the rainbow or marble cake, characterized by an inseparable mingling of differently colored ingredients, the colors appearing in vertical and diagonal strands and unexpected whorls. The colors are mixed in the marble cake, so functions³ are mixed in the American federal system.

We will see in the course of this study that the marble cake theory of American federalism will be useful in describing aspects of the New Federalism. This author agrees with Thomas Dye that the marble cake theory is the most accurate in viewing the distribution of power and responsibility in the American system. It seems clear that there is no fixed amount of political power to be distributed among the units of the federal system. Instead there is competition among those units for political power in general with each hoping to have influence in determining public policy in various areas of functional responsibility. Whereas today it would be

²Ibid.

³Morton Grodzins, "The Federal System in American Assembly," Goals for Americans, (Englewood Cliffs, N.J.: Prentice Hall, 1960), p. 265.

accurate to say that all units of government in America have more power than they once had, the national government has far more power than any other unit.⁴

Why has the national government obtained so much more power than the other units of the federal system? As we saw in the last chapter, a major reason is the financial power gained by the federal government through the revenues accumulated by the federal income tax. In terms of the concerns of this study, it is this increased fiscal power of the national government and the increased need for funds by cities that is the most important explanation for the increase in the power of the national government. But it should be noted that there are other reasons for the growth in the power of the national government.

For example, over time, the United States Supreme Court has made landmark decisions that have required certain actions to be taken by state and local governments. If state and local governments do not take these actions, it becomes the responsibility of the executive branch of the national government to enforce the Supreme Court decision.

A familiar example is the 1954 Supreme Court deci-

⁴Dye, Politics in States and Communities, pp. 50-1.

sion of Brown v. The Board of Education. In that decision, the Court ruled that segregation in public schooling was discrimination and, thus, unconstitutional. It ordered southern schools to desegregate with "all deliberate speed." Although some southern school districts have complied voluntarily, others have not and the national government has sometimes used various instruments of coercion, including the U.S. Army, to force compliance.

Another reason the national government has gained power is the accumulation of expertise in its bureaucracy. State and local governments simply do not have access to all information on the complex problems that face them and have had to rely on the national government to send experts in to help. Such dependence on the part of the states and cities has meant a further leverage point whereby the national government can exercise power over the other units in the federal system.

A further factor is the power that has evolved in the American Presidency. The national government is led at a particular time by an administration in control of the executive branch. Even without control of both houses of Congress, a President and his political party can exercise great power in national affairs. If the President has the support of the Congress on most issues and the Supreme Court does not oppose him, his administra-

tion can be extremely powerful in its ability to set national priorities and policy trends. In recent history, Franklin Roosevelt and Lyndon Johnson had this much power during most of their Presidential careers. No single state or community can match the power of such a national administration. By nature and by design, the states do not speak with a single national voice. Occasionally resolutions will emerge from National Governors conferences suggesting how the states stand on an issue, or a region of the nation will speak with one voice on an issue, as the South has many times. But, in neither case do the states, individually or as regions, have the command over the allocation of resources (power) that a national administration can muster at a given time.

Our main interest, however, is the fiscal power of the federal government. And as we saw in our discussion of categorical grants and block grants, this power of the national government has allowed it to make national policy in areas such as civil rights, ecology, and planning, and to require the other regimes in the federal system to follow those national priorities if they want the federal aid they so desperately need to run their local governments.

The Controversy Over National Priorities

The setting of these national priorities by the

national government has been controversial for many reasons. Sometimes individual citizens and officials at "lower" levels of government simply do not agree with the policy set by the national government. They may oppose the idea of a minimum wage or the concept that there should be federal aid to local education. They may oppose the integration of public schools or the development of Model Cities communities in their state or town. But the argument against the national government setting and enforcing national priorities may emerge for other reasons.

Many Americans, using the layer cake analogy, do not feel it is the province of the national government to determine what a city or state should do, especially in certain areas that over time they have come to feel are strictly of local concern. In support of this view of American federalism, it is argued that in order to get the states to ratify the Constitution, it was clear to the writers of the document that large areas of responsibility would have to go to the states. Hence, the Tenth Amendment and the implicit notion in the Constitution itself that the states were to retain power of control over their highways, education, banking, taxation, divorce, liquor laws and their own civil and criminal codes. The states, in other words, were intended by the Constitution

to have considerable self government in determining some policies and priorities for their citizens. In some respects the states and localities do exercise considerable control in these areas. But as we have seen, much of that control is now either shared with, or has been abdicated to, the national government. A major reason, again, is the financial inability of the states and localities to deal with these areas alone and thus, the need to apply for federal funds with their attendant guidelines intended to establish the priorities of a national administration on a nationwide basis.

Since the New Deal, the national government has considerably widened its activities at the state and local level in the areas of civil rights and programs for minorities and the disadvantaged. It is particularly upsetting to some Americans that national standards should be established for dealing with the poor and minority groups in their areas. One need only look at the controversy over the enforcement of the Brown v. The Board of Education decision to see how violently citizens can respond to the imposition of national standards at local level when local residents consider the issue involved strictly a local concern. The tremendous controversy surrounding President Johnson's War on Poverty is another example. As those interviewed for this study

testify, many local citizens were upset over the giving of federal funds directly to local social service agencies so that those agencies, independent of local government, might address the needs of the local poor. This aspect of the War on Poverty threatened local leaders and the local bureaucrats who felt that through this type of federal program, power and control was slipping from their hands.

By the late 1960's then, the national government had long been establishing priorities and setting policies intended to make state and local governments conform to national standards. The national priorities reached to virtually every area of concern in the society. Even areas previously "reserved" to the states, such as education and law enforcement, were largely influenced by federal regulations accompanying the federal aid sought by states and cities, giving substance to the marble cake theory of federalism.

Although leaders in states and communities agreed they needed the federal funds to carry on services to their citizens, they did not all agree that those funds should be used as a tool for establishing national policy at the state and local level. By the time Richard Nixon ran for President in 1968, there was considerable disenchantment nationally with "big government" and the

liberal argument that with its money and ideas, Washington, D.C., can solve all the nation's problems. The chaos of the War on Poverty, the campus riots over Vietnam, the rising crime rate and the general inefficiency and ineffectiveness of big government developed a national mood that seemed to some Americans to call for a return to basics. A return to a more balanced federal system where the states and cities would regain a broader measure of power and responsibility. Some citizens hoped that with more power, state and local governments might be able to deal more successfully with the issues the federal government had been trying to deal with for so long with little success.

A Response to the Controversy: The New Federalism

Richard Nixon is a man well aware of political trends. It is not surprising that his basically conservative background combined with his instinct for politics led him to propose as a basic element in his Presidential campaign platform, a "New Federalism." The theory of the New Federalism is that American government has become too highly centralized in Washington, D.C. What is needed is to bring government closer to the people. The President seemed to be arguing in terms of the layer cake theory; that is, if more power was given to states and

communities, government would be closer to the people than it would be with so much power concentrated in "remote" Washington, D.C. More specifically, human service programs and community service programs were to become policy areas of state and local government responsibility. They would be funded with no-strings-attached federal funds. The revenue sharing program was to be the cornerstone of the New Federalism program. It was Nixon's answer to those who have criticized the weakness of state and local government and the inefficient and highly centralized government in Washington, D.C.

After five years of the Nixon Administration and about two years of General Revenue Sharing, what has happened? The purpose of this study is to evaluate the New Federalism and General Revenue Sharing in terms of the effect they have had on four cities. The purpose of this chapter is to set forth the specific criteria that will be used in that evaluation. The New Federalism and General Revenue Sharing in Seattle, Tacoma, Portland and Eugene will be evaluated in terms of the political hopes or goals the Nixon Administration has for the program and, just as importantly, the fears held by critics of the program. The political goals of the Nixon Administration and the New Federalism are decentralization of government, more financial independence

and decision-making by state and local government, more control at that level over human and community services, and a return of government "to the people."

These goals have been countered by others who deeply fear what such a program might actually accomplish. Some fear that decentralized government may mean still more inefficient government in terms of neglecting the needs of some citizens. Some fear that stronger cities and states may only strengthen local interest groups who will bargain away any chance for justice for all Americans. Some fear that returning government "to the people" may mean just certain people. They fear that only state and local special interests will be strengthened and the priorities and policies they set may be counter to the needs of local minorities and the disadvantaged. They fear, in other words, that the progress made in recent years in civil rights and legislation to help the poor may be compromised or wiped out by giving new power and responsibility to state and local government in the human and community service areas.

We now move to an elaboration on the meaning of the New Federalism and its goals and fears of those who are critical of it. Within this chapter, these goals will be clearly specified to be used as criteria in an evaluation of how the New Federalism and General Revenue

Sharing have been working in four cities. Also, at the end of the chapter, specific points comprising the fears held by critics of the New Federalism will be enumerated. These points will also be used as criteria to see if the New Federalism is moving in directions feared by its opponents.

II. THE NEW FEDERALISM GOALS OF THE NIXON ADMINISTRATION

It is difficult to precisely define the New Federalism. President Nixon and members of his Administration have spoken about the concept at various times, and from their statements it is possible to identify what appear to be the central themes of the New Federalism idea. These themes of the New Federalism also comprise the hopes or goals of the Administration with regard to its federal program.

Return Power, Funds and Responsibility to the States and to the People

In analyzing information on the New Federalism, Richard Nixon's own statements on the subject are useful. As his statement below attests, he is interested in redistributing power. The President's goal of returning "power, funds and responsibility to the states and localities" appears to be a notion derived from the layer cake

theory of federalism. The idea is that the top layer of the cake has become too powerful and overburdened and it is time to strengthen the middle and bottom layers. The President's own remarks affirm his allegiance to the layer cake concept.

Nixon used the term "New Federalism" first in a speech on August 8, 1969, when he said:

After a third of a century of power flowing from the people and states to Washington, it is time for a New Federalism in which power, funds and responsibility will flow from Washington to the states and to the people... Washington has taken for its own, the best sources of revenue...

We intend to reverse this tide, and to turn back to the states a greater measure of responsibility -- not as a way of avoiding problems, but as a better way of solving problems.

Nixon amplified this theme in his 1971 State of the Union message.

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 President was proposing, he said, a "New American Revolution."

⁵"Transcript of Richard Nixon's Address to the Nation, Outline Proposals for Welfare Reform," New York Times, 9 August 1969, p. 10.

...a peaceful revolution in which power will be turned back to the people -- in which government at all levels will be refreshed, renewed and made truly responsive. This can be a revolution as profound, as far reaching, as exciting, ⁶as that first revolution almost 200 years ago.

As we saw earlier in this paper, a welfare program and a manpower training program were to accompany the revenue sharing program as the policy components of President Nixon's New Federalism package. The evaluation of the progress of the New Federalism in the four cities studied in this dissertation is a partial one in that only General Revenue Sharing is being considered. Yet, revenue sharing is the heart of the New Federalism because it gives the basic wherewithal by which the states and localities are to assume more power and responsibility and government is to be brought closer to the people of this nation. The President's remarks confirm the importance of revenue sharing to the New Federalism scheme. In his layer cake notion, it is to be the central vehicle for reversing the trend of more and more power flowing from the States and communities to Washington.

Decentralization: Different Levels of Government Have Different Functional Responsibilities

In a recent conference on the New Federalism, Mr.

⁶Richard Nixon, State of the Union Message, 1971, (Washington, D.C.: U.S. Government Printing Office, 1971), p. 3.

Richard P. Nathan, a former Assistant Director of the Federal Office of Management and Budget in the Nixon Administration, and a leading figure in the Administration's New Federalism initiatives, explained what he believed to be the central theme of the concept. He suggested that a major problem in America today is that:

We have evolved toward a governmental system in which every layer of government -- federal, state and local -- is responsible for every program area, and it is therefore very difficult to determine who is accountable for any specific program area.⁷

He interprets the central theme of the New Federalism to be a sorting out, a rationalizing of what sorts of functions each unit of government in the federal system ought to provide. Once this has been determined, the Administration would seek to "assign" functions to the proper level of government. He believes the Nixon Administration is now moving in directions that suggest the New Federalism is to mean the following framework for assignment of essential governmental responsibilities:

1. Income maintenance or welfare programs: to be a federal responsibility.
2. Human service programs (education, health, manpower): to be a state and local responsibility.
3. Community service programs (urban develop-

⁷ Joseph Foote, ed., The New Federalism: A Conference (Washington, D.C.: Woodrow Wilson International Center for Scholars, May, 1973), p. 38.

ment, police and fire protection, etc.): to be a state and local responsibility.

4. Environmental programs (air and water pollution): to be a federal responsibility.

5. Research and development programs: to be a federal responsibility.

6. Institution building grants: to be a federal responsibility.

(this) framework, in general rests on the principle that problems that have a spillover effect and that are truly national in character and beyond the reach of the states should⁸ be under the mantle of the federal government.

Mr. Nathan concluded his remarks at the Conference by saying:

To summarize, I think what is important in the New Federalism is not just the revolution of the functions of domestic government away from Washington and back to the states and localities. Rather, it is the basic premise that we need to devise a politically rational and reasonably clear policy framework that sorts out the program areas in which we should enhance state and local efforts and responsibilities.

Mr. Nathan's views on the goals of the New Federalism support the notion that the Nixon Administration sees American federalism in terms of the layer cake theory. Nathan seems to be saying that we have drifted from layer cake federalism in America to marble cake federalism and it is time to get back to the layer cake distribution of power and responsibility. Certainly this is suggested

⁸Ibid., p. 5.

⁹Ibid., p. 40.

when he calls for the assigning of specific functions to specific "layers" of the federal system. He sees the marble cake notion of shared functions among units of government as an inefficient means of solving national problems.

Mr. Nathan's contribution to the meaning as well as the goals of the New Federalism is very significant. He becomes more specific where the President was general. Nathan is saying the basic purpose of the New Federalism is not just to decentralize the American government. In addition, the concept seeks to "devise a politically rational and reasonably clear policy framework" that decides which functions of government are to be the responsibilities of which levels of the federal system. He feels the Nixon Administration is moving in a direction that says human services and community services are to be the responsibility of state and local government.

Those interviewed in this study would probably agree. As we shall see, however, most of them do not like the means by which Nathan and President Nixon are making their point. Most of the city officials interviewed feel human services and community services previously funded and administered by the federal government are coming to be state and local responsibilities by default. As Nixon cuts back categorical grants in

those areas, and only replaces those federal funds with the General Revenue Sharing block grants, the states and cities have little choice but to fund, as best they can, community and human service programs they feel are worthwhile. In fairness it must be said that Special Revenue Sharing was designed by the Administration to be a block grant to be used by states and cities to pick up human services and community services previously funded with federal categorical grants. But Special Revenue Sharing is stuck in Congress, and the categorical cut-backs continue. Whereas many of those interviewed do not object to assuming some human and community service responsibilities at the local level of government, in accord with Nathan's assignment of functional responsibilities, they do object to the current means of assignment.

There is no question that revenue sharing is central to the New Federalism concept. Money means power and local government can only assume the functions outlined by Mr. Nathan if it gets substantial federal aid. It must be unrestricted aid, too, if the autonomy suggested by Nixon and Nathan in local decision-making is to be a real component of the New Federalism.

Returning Government to the People

As we have seen, President Nixon's call for a New

Federalism suggests that too much power has drifted to the "top layer" of the cake and some must now be transferred back down to the "lower" layers. This seems to have been the President's meaning when he suggested that "power, funds and responsibility" should be returned to the "states and localities." But he also added "...and to the people." The President, of course, may have meant nothing more than through returning power to the governments of states and localities, power would also be flowing to the citizens of these communities. But the President's statement is vague and, hence, open to various interpretations. The various interpretations of what Richard Nixon meant by returning power to "the people" have tremendous significance for how Americans understand the goals of the program and who is to participate in their realization.

What the President probably meant by returning power to "the people" was returning revenue sharing money to states and communities for their governments to use on behalf of their citizens. In the political turmoil of the late 1960's, however, another interpretation was possible.

Throughout the 1960's, Black Americans and poor Americans were activated as individuals and as groups. Through their own initiatives and through government

sponsored programs, such as the War on Poverty, Black and poor Americans began to participate in programs that were designed to better their lot. More than bettering their material situation, these programs suggested that disadvantaged Americans had too long been left out of the decision-making processes affecting their lives. The civil rights movement and the War on Poverty provided an opportunity for the disadvantaged to speak up and to participate in the formulation and enactment of programs important to their lives. Some "power" had returned to "the people."

The real accomplishments of the civil rights movement and the War on Poverty in terms of success are debateable. But one thing seemed clear by the end of the 1960's -- many Americans who previously thought there was no hope for them to participate in making political decisions now felt there was hope. The door was opened in the 1960's for Black's and the poor to get involved in politics and, of course, they would want it to stay open. Therefore, it would not be surprising if Nixon's call for returning government to "the people" was interpreted by American Blacks and the poor as meaning they should be given an added chance through revenue sharing to participate in making public policy.

It is a major theme of this study that Nixon's New

Federalism can be seen to have within its rhetoric a strong encouragement for individual participation in the making of public policy. As we shall see in the following case studies, the New Federalism was so interpreted by many city officials. Whether the President intended this interpretation or not, it would probably be fair to surmise that his use of the term "the people" may have been in response to the call for "power to the people" of the 1960's. Yet there has always been the notion that individual citizens should have the opportunity to participate in the making of local policy within the various units of the federal system. As we will see shortly, the political thought of Jefferson and Madison suggested that citizens acting individually or as members of interest groups should participate in policy making. Madison was worried that any one group might become too powerful, but he understood that Americans as citizens of their communities, and as citizens of their states, and as citizens of the United States, should have the opportunity for political participation in each of these units of the federal system. There is, therefore, a strong element of individualism in terms of the notion of individual participation in the federalism aspect of American political thought.

The 1960's saw a reawakening of the notion of the

possibility of individual political efficacy. In addition, Thomas Jefferson and James Madison contributed the ideological rationale for Americans to use in explaining why returning government to "the people" should be interpreted to mean citizen participation in the making of public policy. The civil rights movement and the War on Poverty gave many previously nonparticipating citizens the chance to participate and implanted in their minds the notion that this should be a permanent state of affairs. But did the Nixon Administration see things this way?

Before looking at how Jefferson, Madison and the War on Poverty have inspired many Americans to feel the individual should play a role in determining local policy under the New Federalism, it is important to see how a member of President Nixon's White House staff interprets the returning government "to the people" aspect of the New Federalism.

Kenneth R. Cole, Jr. succeeded John D. Ehrlichman as Director of the Domestic Council in December, 1972. In this position as an assistant to the President, Cole is responsible for coordinating intergovernmental activities between the federal government and state and local governments. He contributes to an understanding of the New Federalism and its goals by emphasizing the fact that a central purpose of the concept is to make officials in

local government more accountable to the people. He explains:

As we look out at the way the federal government does business, the way it works with state and local governments, we believe the government officials who are closer to the people are better able to solve the people's problems, and are better able to solve those problems on the basis of priorities that exist in their communities, as opposed to priorities that some federal bureaucrat may decide for himself are the critical priorities. So we think local officials will be made more accountable.¹⁰

Mr. Cole elaborates on this aspect of the New Federalism by suggesting that now many mayors go after the federal dollar and spend that money on all kinds of programs that may not be truly responsive to the needs of the city's citizens. The General Revenue Sharing aspect of the New Federalism, he feels, solves this problem by granting money to cities in block form and calling upon the city and its citizens to decide how the money is to be spent. "That gets the citizen in the community back into the game. They are not in the game now."¹¹ We have seen, however, that the State and Local Fiscal Assistance Act of 1972 does not require citizen participation. The only requirement is that, at a minimum,

¹⁰Kenneth R. Cole, Jr., "Conversational Contact," Evaluation vol. 1, (November 2, 1973), p. 7.

¹¹Ibid., p. 12.

regular budget procedures be used in the allocation process. The extent of citizen participation, that Cole seems to feel will be quite extensive, is a very vague aspect of both New Federalism's theory and the Revenue Sharing Act itself.

Mr. Cole goes on to suggest that not just local officials will be accountable to the people in a more meaningful fashion under the New Federalism, but also governmental programs. Because local decisions will be determining how much revenue sharing money is spent on what programs, local citizens, he feels, will want to continue those programs that are clearly useful and drop those that are not. In Mr. Cole's opinion, then, the New Federalism is an effort to bring both money and power to decide to the local level. It is an effort to bring government closer to the people so that they can evaluate both programs and officials by retaining those that are useful and throwing out those that are not. It is to be a process of decentralization.

Returning Government to the People: Individualism in the Federal Context

The goal of bringing government in the United States closer to the people is a very important, yet vague goal. It is critical to an understanding and an evaluation of the New Federalism that the meaning of "returning govern-

ment to the people" be made as clear as possible. Mr. Cole is as specific as any Administration spokesman in suggesting that returning government to the people means local citizens are to participate in making local policy decisions by endorsing or throwing out local officials and programs that do not meet the citizens' needs. This implies that through the vote the citizen is to participate in the New Federalism. Cole is vague on whether the citizen is supposed to also be given an opportunity to participate in local decisions regarding the allocation of General Revenue Sharing funds. It seems that it is up to the individual state, county or city to make that decision for itself. These units of government must decide who "the people" are that will participate in and benefit from the New Federalism. The "spirit" of the New Federalism and the "letter" of the Revenue Sharing Act stipulate that state and local governments are to be strengthened through the New Federalism. But governments do not work in a vacuum. The data from this study shows that there are individual citizens at the local level who still believe in the theory of Jeffersonian individualism and feel that the individual at the city level should participate in local policy making activities. They see the occurrence of General Revenue Sharing in their area as an opportunity for such individual parti-

pation. There are also citizens who were politicized by the War on Poverty programs and who now feel their input should be given in any General Revenue Sharing deliberations. They participated in War on Poverty and Model Cities programs and do not want to be excluded now.

Jeffersonian Individualism

Thomas Jefferson believed that the individual citizen was sovereign in America. In matters of public policy at the local level, the individual citizen should be heard. Jefferson was an avid student of John Locke's Second Treatise on Civil Government. In that work, Locke states that the individual is sovereign and he leaves a state of nature and moves into society. By means of committing himself to a social contract, he moves from society to a system of government. That contract says that the government created by individual citizens exists to ensure their natural rights that belong to each of them. These are life, liberty and property. If a government is unable to ensure these rights, men are rightly entitled to replace that government with another, the central point being that the individual citizen is sovereign. The government exists to serve him. Jefferson agreed with Locke and believed that government was most manageable and democracy most possible in small "ward

republics." In these small communities, the individual citizen was supreme. He agreed that some responsibilities of government might best be performed by larger units of government, such as county, state or national government, but only those duties that cannot be performed at the local level. Jefferson said:

In government, as well as in every other business of life, it is by division and sub-division of duties alone, that all matters great and small, can be managed to perfection... And the whole is cemented by giving to every citizen, personally, a part in the administration of the public affairs.¹²

Jefferson believed in a republican form of government. His definition of a republican government was government by the citizens "acting directly and personally." He felt that a government is more or less republican as it has more or less of this "ingredient of the direct action of the citizens." This could be best accomplished in a rural township or New England community of his time, he felt. He further argued that where direct and personal citizen participation cannot be obtained, resort must be made to representatives.¹³

Thomas Jefferson was interested in creating an

¹²The Works of Thomas Jefferson, ed. Paul L. Ford, vol. XI (New York: G.P. Putnam and Sons, 1965), p. 347.

¹³Ibid., p. 529.

environment whereby the individual could live in maximum freedom. Government was a necessary evil. It existed to carry out those responsibilities that individuals cannot alone perform. Government existed to protect the individual's rights to life, liberty and property. Such a government, Jefferson felt, should be limited by a Constitution and governed as directly as possible, and certainly at the local level, by the active participation of individual citizens. Jefferson obviously had great faith in the wisdom and intelligence of individuals and he relied on that faith in their abilities to ensure a democratic government in their communities. Again, it must be emphasized that Jefferson was talking about the individual directly governing a small, often rural community. Critics of his time, and today as well, argue that such reliance on the abilities of the individual to govern himself wisely cannot hold for larger communities and especially in technocratic societies like modern America. There are simply too many individuals for everyone to have his say, even at the local level, even if he is only directing an elected representative. The issues are too complex for each individual to participate intelligently in the policy-making process. But Jefferson was hoping America would remain basically rural and agricultural, hence, democratic and virtuous.

Jeffersonian political theory and its belief in the individual as the most basic unit of society gains support from the writings of Alexis de Tocqueville. In his great work, Democracy in America, de Tocqueville begins his description of American government and politics by saying that "wnehever the political laws of the United States are to be discussed, it is with the doctrine of sovereignty of the people that we must begin..."¹⁴ It has become the governing principle of the American polity. He went on to observe that the doctrine of the sovereignty of the people really meant the sovereignty of the individual.

In the nations by which the sovereignty of the people is recognized, every individual has an equal share of power and participation equally in government of the state... Every individual is always supposed to be as well informed as virtuous, and as strong as any of his fellow citizens. He obeys society...because he acknowledges the unity of an association of fellow men and knows that no such association can exist without a regulating force... This doctrine is¹⁵ universally admitted in the United States.

Thomas Jefferson, then, believed strongly in the doctrine of local autonomy. And the individual is the central concern of that doctrine, for it aims at preserving

¹⁴Alexis de Tocqueville, Democracy in America, Phillips Bradley, ed., (New York: Alfred A. Knopf, 1953), Chapter 4, p. 1.

¹⁵Ibid., pp. 64-5

his inherent and sovereign right to govern himself. He feared government of any type, but especially highly centralized government on a national scale as it might inhibit the individual "who is sublime." As Anwar Syed put it in The Political Theory of American Local Government, to Jefferson, sovereignty resides ultimately in the individual, that his personal supervision and direction of government constitute the height of democratic virtue, and the smaller the locality, the more likely it is to be democratic.¹⁶

Vincent Ostrom's Interpretation of "The People" in The Federalist

Thomas Jefferson represents one way to define what is meant by "the people." To Jefferson, individuals made up "the people" and they were sovereign, the most important "unit" in the making of public policy. Political Scientist Vincent Ostrom has done a detailed study of the most basic document in early American history, The Federalist, by Madison, Jay and Hamilton. In his work, The Political Theory of a Compound Republic, Ostrom seems to feel that collectives play the central role in The

¹⁶ Anwar Syed, The Political Theory of American Local Government, (New York: Random House, 1966), p. 4.

Federalist, and the individual is important in terms of being part of a group.¹⁷

Ostrom explains that in their effort to design a form of government that could deal effectively with states' interests and national problems and still address itself to the needs of individuals, the Founders developed the scheme of federalism. As an organization of government, federalism is a compromise between an extreme concentration of power in a national government, and a loose confederation of virtually independent states such as existed in America under the Articles of Confederation. Federalism is a system of government in which power is divided between a central government and a regional or subdivisional government. Ostrom refers to this form of government as a compound republic of concurrent regimes. It is a republic because citizens elect representatives to governmental office to make public policy on behalf of the people. It is a compound republic because there is the national government and the regimes of the several states and the counties and cities of America. All these regimes are working concurrently for the cause of the individual at the same time.

¹⁷Vincent Ostrom, The Political Theory of a Compound Republic, (Blacksburg, Virginia: Public Choice Press, 1971).

time.¹⁸

Ostrom interprets The Federalist as arguing for the establishment of a system of concurrent regimes in the United States to help prevent what he refers to as "the republican disease." What is this disease? He argues that the Founders firmly believed in mankind's ability to govern himself. They also knew, however, that men can be selfish and power hungry. It is possible that through the majority vote process, majority factions could develop that might tyrannize minorities. That is the republican disease. A compound republic on concurrent regimes can prevent this from happening due to their being, in such a system, so many "independent" governmental structures each electing their own officials that the chance of one tyrannical majority controlling all regimes, from top to bottom, would be unlikely. Federalism, as a compound republic with concurrent regimes, is the "republican remedy" for the "republican disease."¹⁹

Ostrom is suggesting, then, that the authors of The Federalist intended people in the United States to govern themselves by electing representatives and, thus, forming a republican government. Republicanism is to

¹⁸Ibid., p. 21.

¹⁹Ibid., p. 53.

operate concurrently in the systems of all regimes in the country. If a citizen cannot find redress for a grievance from one level of government, he has others he can appeal to. The theory suggests that if a citizen finds a majority at one level of government, let us say his home town, is against him on an issue to such an extent his freedom of expression is abrogated, it is unlikely that the same majority will oppose him at both the state level and the national level, that is, at every regime in the compound republic. An American citizen, by participating in concurrent regimes, is likely to find a hearing at one level or another and, thus, escape being a victim of the republican disease.

James Madison: A Further Emphasis on Groups

Vincent Ostrom's interpretation of The Federalist suggests what to some is meant in American political thought by "the people." This interpretation says that "the people" means citizens organized in "groups" or communities. James Madison, in his writings in The Federalist, was interested in "factions." He saw politics as a struggle among groups, not individuals. Madison saw the realities of the American scene differently from Jefferson. Madison saw man as sometimes a rational creature of good will, but he also saw him as selfish and power hungry on occasion. Because of these things,

Madison's "unit" of concern was different from Jefferson's.

As Anwar Syed has put it:

Whereas Jefferson founded his theory on the 'people' -- conceived in the abstract as consisting of individuals, each of whom was rational, virtuous, kind, considerate, reasonable -- Madison took the 'faction' as his point of departure. In The Federalist No. 10, he defined 'faction' as a 'number of citizens, whether amounting to a majority or a minority of the whole, who are united and actuated by some common impulse of passions, or of interest, adverse to the rights of other citizens, or to the permanent²⁰ and aggregate interests of the community.'

In The Federalist No. 10, Madison denounced local democracy and lamented the "notorious factions and oppressions" which take place in corporate towns. Realizing that "the people" are going to organize in factions to exercise political power, Madison sought a system of government whereby faction would balance faction. He was very concerned with the republican disease articulated earlier by Ostrom. Madison believed that the federal system, along with the three branches of the federal government checking and balancing each other, would form centers of countervailing power that could check the selfish power-seeking ambitions of any single faction. This again is a republican remedy to the republican disease. What is significant, however, is that Madison never did

²⁰Syed, The Political Theory of American Local Government, p. 125.

consider the individual as the basic unit of concern in American politics. He looked at America in terms of groups. By "the people" he means groups of people. The political scientist Samuel P. Huntington contrasted the Jeffersonian and Madisonian positions this way:

The Jeffersonian ideal of grass roots democracy stands in direct contrast to the Madisonian concept of extensive republicanism. To Jefferson the ward republics embodied the republican ideal in its purest form. To Madison, the ward republics embodied the evils of factionalism in their worst form. To Jefferson, the principal threat to republicanism was the tyranny of arbitrary centralized autocracy. To Madison, the principal threat to republicanism was the tyranny of arbitrary local minorities. To Jefferson, a republic was a system of government which provided for the participation of the people. For Madison, a republic was a system of government which separated the people from government by means of representation. To Jefferson, direct democracy was the epitome of republicanism and representation a dilution of it. To Madison, representation was the essence of republicanism and direct democracy the antithesis of it.²¹

Of course, Jefferson has had his followers, even to this day, but there is little doubt that most American political thinkers have tended to reject the important elements of his theory - natural rights, social contract, sovereignty of the individual and popular democracy - as realistic concepts for describing and analyzing modern

²¹Samuel P. Huntington, "The Founding Fathers on the Division of Powers," in Area and Power, Anwar Maass, ed., (Alencoe: The Free Press, 1959), pp. 189-90.

America. Instead, the Madisonian concept of factions or groups has become the most popular tool for dealing with American politics. In his book, Pluralist Democracy in the United States: Conflict and Consent, Robert Dahl develops a pluralist theory of American politics that largely follows the basic constructs of Madison. Dahl explains:

The theory and practice of American pluralism tends to assume, as I see it, that the existence of multiple centers of power, none of which is wholly sovereign, will help (may indeed be necessary) to tame power, to secure the consent of all, and to settle conflicts peacefully...²²

Strictly speaking, Dahl's pluralist theory is far more complex than the suggestion that America is made up of groups of persons organized into various associations that must be balanced off, one against the other, in order to maintain order in this society. In his study of political power configurations in New Haven, Who Governs?, Dahl develops quite an elaborate and controversial interpretation of pluralist theory.²³ Group theory and pluralist theory were developed by political thinkers, from Madison on, because they saw little reality to the

²²Robert Dahl, Pluralist Democracy in the United States: Conflict and Consent, (Chicago: Rand McNally and Co., 1967), p. 24.

²³Robert Dahl, Who Governs?, (New Haven, Connecticut: Yale University Press, 1961).

Jeffersonian idea that the individual really ruled this country. As time went on, the rationality of man came into question and the average citizen was not seen as all that preoccupied with participating in politics.²⁴ Yet individualism is not dead.

Modern Jeffersonian Individualism

Jefferson argues that the individual should make public policy at the local level. He should rule. The Jeffersonian ideal is alive. This does not mean the ideal is practiced by a majority of the American people. Most studies demonstrate that it is not. The masses are usually apathetic. The theme of Dye and Ziegler's, The Irony of Democracy, is that apathetic masses in fact allow the elites of America to insure the survival of democratic values in this nation.²⁵ Nevertheless, all people are not apathetic all the time, and when a President calls for returning power to the people, enough people still believe in their right to participate in local decision-making that they expect to be allowed to participate.

²⁴For an interesting and informative description and analysis of group theory, plural elite theory and single elite theory, see David Ricci, Community Power and Democratic Theory: The Logic of Political Analysis, (New York: Random House, 1971).

²⁵Thomas Dye and Harmon Ziegler, The Irony of Democracy, Second Edition, (Belmont, California: Wadsworth, 1972).

The concept of individual sovereignty was strengthened in America by Lyndon Johnson's War on Poverty. In an effort to reduce poverty and involve the poor in the effort, the Johnson Administration pushed through Congress the Economic Opportunity Act of 1964. It is important that we examine the Act and some of its effects because it has a profound influence on both local government and poor citizens at the local level. Thus, it has had a major impact on how broadly or narrowly local government has seen fit to interpret the New Federalism's goal of returning government to "the people."

The War on Poverty and Jeffersonian Individualism

The War on Poverty reinforced the belief in the American myth of the efficacy of the individual. This is a very significant factor in explaining how a city may interpret the New Federalism goal of returning power to "the people." Both individual citizens and groups they may belong to which were activated by the War on Poverty may expect to participate in the General Revenue Sharing of the New Federalism. Lyndon Johnson enabled many poor and minorities to participate in making decisions affecting their lives and chances are they will want to continue to do so under the Nixon Administration.

Passed during the Johnson Administration, the Economic Opportunity Act of 1964 was the cornerstone of

President Johnson's War on Poverty. While not trying to establish Jeffersonian democracy in America, Johnson's War on Poverty programs were intended to include citizens in the making of public policy in their local towns and neighborhoods. Title II-A, Section 202(a)(3), of the Act authorized the creation of Community Action Programs which were to be developed and administered with the "maximum feasible participation" of residents of the areas served. The literature of the Community Action Programs and the War on Poverty is vast, and the questions raised in that literature range from asking about Johnson's real motive for creating those programs to the effectiveness and durability of the programs themselves. For our purposes, however, the significance of the War on Poverty programs is the emphasis put on involving the individual citizen in the local policy-making process.

Federal funds were sent directly to local social service agencies and they were called upon to go out into their neighborhoods and gather up citizens to come to neighborhood meetings and together decide how to spend federal money to solve their problems. The individual citizen was the heart of the program. Local government was by-passed as an instrument of public policy formation. The fact that local government did not dole out the federal funds, of course, also upset many local politicians

and bureaucrats. So, in spite of the reduction in the number of individuals participating in public policy decision-making in this country since the nation's earliest days, President Johnson was now trying to include poor individuals in the local policy-making process. In a true Jeffersonian sense, the local poor person was considered best able to know his situation and what to do about it. At least this was the rhetoric of the War on Poverty.

There were, however, elements of Madison in the War on Poverty program. Social service agencies were, after all, groups. The Community Action Programs were groups. While the intention of the War on Poverty seemed to be to include the citizen more completely in the local policy-making process, it certainly was calling for him to be organized into, and be represented by, groups in the local area. But the emphasis was on citizens, whether as individuals or groups. They were to participate to the maximum extent in making policy that would alleviate their condition of poverty.

In his work, Participation of the Poor, Ralph M. Kramer suggests that "it was...the inclusion of the concept of 'maximum feasible participation' of the poor that lifted the CAP out of the tradition category of grant-in-aid or technical assistance program and introduced a new set of political and social issues that may have an impact

on local communities for many years."²⁶ Kramer also quotes page seven of the CAP Guide as saying:

The long range objective of every community action program is to effect a permanent increase in the capacity of individuals, groups and communities afflicted by poverty to deal effectively with their own problems so that they need no further assistance.

The Johnson Administration appeared to want to bring government closer to a particular segment of the American people. The Administration seemed to want poor Americans, as individuals and as groups, to come together in their neighborhoods to seek solutions to their problems. Federal money was given directly to them to help them organize, develop and administer programs. The Johnson Administration appeared to be quite specific by what it meant by "the people." It meant poor people as individuals and groups. The War on Poverty sought to help them and include the poor themselves in the effort as much as possible. And, as Kramer suggests, a goal was to keep them involved for a long period so that their needs would long be apparent to local interests, whether in or out of government.

²⁶Ralph M. Kramer, Participation of the Poor, (Englewood Cliffs, New Jersey: Prentice-Hall, 1969), p. 2.

²⁷Ibid., p. 10.

The War on Poverty and the New Federalism:
Keeping Individualism Alive

The fact that many of the poor were inspired by the War on Poverty and that many organizations of poor were formed to participate in making public policy at the local level has significance for the New Federalism. So does the fact that some of the poor did not participate and that many War on Poverty programs did not work. The War on Poverty did not eliminate poverty in America. Leaders of some Community Action Programs and social service agencies did not represent well the interests of the poor in their areas. The local officials interviewed for this study substantiate this. They also substantiate the fact that local government and local special interests were upset over being by-passed in the disbursing of federal funds under the War on Poverty.

The War on Poverty made a lot of people mad, but it also gave real hope to others. Some programs originated during the Johnson years, such as Head Start and Model Cities, have worked well in some cities. All over America the disadvantaged and the minorities were given hope that the War on Poverty might give them a chance to have a say about what bothered them and what should be done about it. In other words, the Great Society programs did politicize many poor Americans. Many of "the" people Johnson was aiming to activate did become active. Many of them want

to continue to be active, but as we saw earlier in this paper, the Nixon Administration has cut back or eliminated many of the programs originated under the War on Poverty. The categorical grants for these programs are drying up. As we shall see in the case studies which follow, many of those politicized under the War on Poverty are still active and are now lobbying City Hall for General Revenue Sharing funds to replace the lost categorical monies.

Because of Johnson's War on Poverty programs, when Richard Nixon tells the country that he wants to return funds, power and responsibility to the states, localities and the people, it is not surprising that many poor Americans feel they are justified in believing the President means to include them. But what does President Nixon mean when he says the New Federalism seeks to return the government to "the people"? An important goal of this study of revenue sharing and the New Federalism in four cities is an effort to see how "the people" has translated itself in the practice of the New Federalism. Because the President's meaning is not specifically clear, it is up to the local area concerned to decide who "the people" are that benefit from revenue sharing and the New Federalism. The people who benefit can be seen as those who participate in the decision-making process of government in deciding where the General Revenue Sharing funds are to go. Also,

the people who seem to be benefitting from the allocations of General Revenue Sharing funds can lead to a definition of who "the people" are that the New Federalism is addressing. In the case studies that follow we will be very careful to try to determine who the people are who benefit from revenue sharing. Such an analysis will also give us an idea of what the Administration means by "returning government to the people."

We have seen that the goals of the New Federalism appear to be the establishment of some sense of reality to the layer cake theory of federalism. Also, in its goal of returning government "to the people," the New Federalism leaves open to the states, counties and cities the chance to reinforce the theory of Jeffersonian individualism in America.

The goals of the New Federalism, then, are as follows:

- (1) See to it that power, funds and responsibility flow from Washington, D.C., to the states, localities and the people.

- (2) Make government, at all levels, more responsive. This can be done by making specific layers (national, state, local) of government responsible for specific programs so it will be easier for the people to know which layer of government to hold accountable for which programs. A goal is the decentralization of American government in terms of certain functions being assumed by certain levels of government. For example, human and community services would be functional areas of concern to state and local governments, not the national government.

(3) Involve the average citizen in local decision-making processes on public policy matters. Bring government closer to the people. Citizens and state and local officials are to work together in establishing priorities and policies based upon local characteristics and needs.

If these are the goals or hopes of the Nixon Administration for the New Federalism, there are some Americans who hold certain fears as the Administration pursues these goals.

III. THE NEW FEDERALISM: FEARS OF SOME CITIZENS OF WHAT IT MAY ACCOMPLISH

While the goals of the New Federalism appear to have some merit, to other Americans the thought of their realization incites very real apprehension. Essentially, all the "fears" to be analyzed here revolve around the possible effects of decentralized government. If this primary goal of the New Federalism is accomplished, what will it do to federally sponsored programs that have been developed for the poor and minority groups? Will decentralized government strengthen local interest groups that have little sympathy for the disadvantaged in their communities? Will local minorities be able to play a role in the local decision-making process that deals with revenue sharing? Will the city be so strengthened by the New Federalism that the cause of equal justice for all may be threatened? These and related issues will now be examined as we take

note of the apprehension some Americans have over the possible success of Nixon's New Federalism.

The Fear That Decentralization May Cause Abandonment of Programs for the Disadvantaged

We have seen that a central goal of the New Federalism is the decentralization of governmental responsibilities. Back in 1967, Richard N. Goodwin, an advisor to President Kennedy, spoke of the need to decentralize the huge powers and responsibilities that had accrued over the years to the federal government. He suggested that "both burden and enterprise must be shifted into units of action small enough to allow for more intimate personal contact and numerous enough to widen the outlets for direct participation and control..."²⁸ He goes on to make a crucial point that President Nixon and his supporters also seem to say is at the theoretical center of the New Federalism;

The issues involved in decentralization are remote from the old struggles over states' rights and big government. Those struggles centered on the question of whether any effort at all should be made to solve social problems through collective action and public resources. Decentralization, however, assumes that this question is resolved affirmatively, and sees²⁹ the issue as one of structure and organization.

The theory of the New Federalism suggested in this chapter seems to make just this point. The Nixon Admin-

²⁸ Foote, ed., The New Federalism, p. 2.

²⁹ Ibid., pp. 2-3.

istration is advocating a structure and organizational change in the American system in that it seeks more power and accountability at the state and local levels of government. As we saw from Mr. Nathan's remarks, some functions would remain federal responsibilities and others would be remanded to the states and localities. Nowhere is there the suggestion that government at any level should defer its responsibility "to solve social problems through collective action and public resources." Instead, the New Federalism is calling for "a better framework for the assignment of essential governmental responsibilities" and not an avoidance of those responsibilities. The fear is that there is not a "national consensus at all levels that there should be collective action to solve social problems through public resources." The fear is that with money and policy-setting responsibilities assigned to them, powerful local interests may not use their public resources to solve social programs at all.

The Fear of Strengthened Local Special Interests
at the Expense of the Disadvantaged

Fears that local factions might be intolerant of local minorities are not new in the American experience. Fear that one faction, with great power, might tyrannize citizens without power in the community was a basic part of James Madison's political thought. Unless factions

were controlled, the basic liberties of individuals would be threatened. Madison feared a tyranny of the majority and also of the minority. He lamented the "notorious factions and oppressions" which may be found in corporate towns. He argued that the smaller the units of government, the fewer the interests residing in it and the greater the possibility of one man or groups of men lording over others. Indeed, Madison theorized in The Federalist No. 10 that the entire system of a compound republic of concurrent regimes was a means whereby citizens could appeal to "higher" levels of government for redress if their basic liberties were threatened. More contemporary writers on the subject of local government and American political theory share Madison's concerns.

Roscoe Martin questions how secure the rights of all citizens might be if they had to rely on local government and local citizens to insure those rights. He feels that small governments, especially rural ones, are "governments of men and not laws." He argues that local governments are ruled by political bosses who "suppress dissidents ruthlessly, even if they are benevolent to their followers." "The citizen, apathetic and uninformed, does not consider local government as government at all. Government for him is at the state capital and more especial-

ly in Washington."³⁰

Robert C. Wood would agree with Martin and Madison that local government is basically undemocratic. He has argued that "the present quiltwork of local government plays into the hands of groups who wish to maintain their social and cultural homogeneity, and to this end use local political power to exclude from their midst people having different standards."³¹

Although the Jeffersonian dictum of the virtues of local self-government runs deep in American ideology, there are those who distrust people who might rule at the local level. There is a fundamental fear, also, that basic justice is jeopardized when the citizens of a local community have to rely on their immediate neighbors for redress of their grievances. Syed has argued that the "assumptions and the structural design of Jeffersonian theory are incompatible with its ethical goals - justice and the civilization of the individual."³² He goes on to quote de Tocqueville as observing:

...the individual, possessed of the notion that he is sovereign, tends to become selfish, self-centered, unmindful of his responsibilities to his fellow men, and apathetic towards the politi-

³⁰Syed, Political Theory, p. 129

³¹Ibid., p. 131.

³²Ibid., p. 159.

cal process. The concept of the individual's sovereignty is subversive to both society and government...The common principles--sovereignty of the people and majority rule--breed among citizens of ward republics intolerance of the rights of minorities.³³

Of course, the United States is not made up of ward republics, but many individuals who either observe the domestic scene or work in local or national politics share many of the same fears of too much power in the hands of local government. More specifically, they fear what might happen to the rights of the poor and minorities in states and communities if they are left to the governing authorities of those areas and are abandoned by the national government. For more than twenty years, the national government has championed the rights of minorities and more recently it has tried to help the poor throughout the nation. Some fear the New Federalism is a call to strengthen state and local governments in such a way that the liberties, not to speak of the recent progress, of minorities and the poor might be substantially endangered. This issue was specifically addressed by many participants at a May, 1973, conference sponsored by the Woodrow Wilson International Center of Scholars.

The conference dealt with the New Federalism. Some participants questioned Mr. Goodwin's interpretation of

³³Ibid., p. 161.

decentralization. At the same time, some intoned the fears just outlined of the possible effect on local minorities and the local poor if more power, funds and responsibility are given to local government. Many at the conference did not agree with Goodwin that a national consensus had been reached stating that collective action on a national basis, using public funds, was the best way to solve social problems. Indeed, several participants felt that decentralization was simply an Administration effort to strengthen states and local governments in such a way that they might be able to ignore national priorities and policies that have evolved in recent years. They feared that state and local government would deal with major social questions in accord with the wishes of local power structures and interest groups who likely will not share the concern registered by the national government for local disadvantaged citizens. In this vein, the summary section of the report from the conference made these remarks:

During the conference, concern was expressed that a loosening of federal responsibility in setting policy for the use of the funds in the human services and community services area would result in a step backward for those who need help most.

One fear was that state and local politicians were under too much influence from local affluent interest groups to spread the money around to all segments of the community rather than direct the money to the areas of need. (Governor Carter of Georgia) expressed this belief: Even the most

enlightened legislature is going to spend on an equal basis those moneys that formerly went to the poor. (Mr. Hundley, Director of Seattle's Model Cities Program) agreed that the money "will never find its way, not a tenth of it, down to those people who need it most."

An allied concern was that, under the New Federalism, Congress would lose the position it should have in setting public policy for the nation.

(Congressman Ashley of Ohio) felt that "Congress does have a role in identifying national purposes and goals, in developing strategies for the achievement of these goals, and in monitoring the results." He went on to say,... "the progress that has been achieved with respect to meeting our social problems has been very largely the product of federal action and federal requirements."³⁴

At the same conference, Mr. Clarence Mitchell, who is the director of the Washington bureau of the National Association for the Advancement of Colored People, argued that it is necessary for the federal government to take the initiative in setting national priorities and requirements on the use of federal money in grant programs. He said that "the worst possible choice we could make in this country is to pursue to so-called general revenue sharing program and the idea of the special revenue sharing program. You just start a program of giving all this federal money to the local entrepreneurs and the local people who are going to use it for buying helicopters and reducing taxes...and we turn this country back."³⁵

³⁴Foote, ed., The New Federalism, p. 6.

³⁵Ibid.

Others at the conference, however, felt the risk of abandoning previously established national policies for the poor and minorities was not as great with the New Federalism. Some simply argued that we should trust the wisdom of local governments to do what is best for their citizens. Governor Rockefeller of New York and Mayor Lugar of Indianapolis, for example, "defended the ability and wisdom of the states to set policy and administer fairly programs targeted at the needy in their communities."³⁶ Mr. Lugar said that "at some point a rough compromise has to be reached in which the competence of local people is recognized as probably the superior alternative, given all the pitfalls of the present system..."³⁷

In the same vein, Gladys Noon Spellman, President of the National Association of Counties argues that "all wisdom is not on the federal level...the local level of government is where the decisions ought to be made, and that's where the overall thrust of the New Federalism seems to be, to strengthen the hand of the local citizen by giving him a greater input into the decision-making process."³⁸

What will happen to War on Poverty programs under

³⁶Ibid.

³⁷Ibid.

³⁸Ibid., pp. 6-7.

the New Federalism? What will happen to the fate of the poor who have lately relied on the federal government to help them? Can racial minorities and poor citizens count on state and local government to take up their cause and protect the progress made in helping them in recent years? As we have seen, much political theory that has emerged over the years puts little trust in the willingness of local government to work for the benefit of their minorities. There is a basic fear that local factions, be they majorities or minorities of opinion, tend to tyrannize those who are "different." Hence, a basic fear of some is that the New Federalism, in strengthening state and local government may be abandoning the national effort of the past few decades to address meaningfully the real needs of America's poor and racial minorities. In the case studies which follow, we will examine whether there is evidence that this may be happening. We can do so by examining whether General Revenue Sharing funds are going to programs for the poor and minority groups in these cities. Specifically, is the New Federalism money going to shore up cutback categorical grants from the federal government that were directed to the community's less fortunate citizens? On the other hand, as we have seen, some feel that local government will be responsible to the needs of all members of the community. The feeling persists that local

leaders can be trusted to do what is best for their cities. As we examine revenue sharing in Seattle, Tacoma, Portland and Eugene, we will try to see if City Hall officials in those towns agree that the "money, power and responsibility" given them through General Revenue Sharing has been used wisely and in the best interests of all their citizens.

The Fear That the Disadvantaged Will Be Excluded
From Local Decision-Making

We saw earlier that a goal of the New Federalism was to return funds, power and responsibility to the states, localities and "the people." Now we see that a fear held by some is that "the people" to gain may not be those most in need of governmental help, the poor and the minorities. Along with the fear that these people might not get their fair share of General Revenue Sharing funds is the fear that they will be excluded from the local decision-making process that allocates the monies in the first place. Of course, there might be a better chance for the poor and minorities to be part of "the people" who gain "power, funds and responsibility" if they are among those who decide how the funds are to be allocated in the city. Because the Revenue Sharing Act does not specify who is to participate in the decision-making process, it is up to local government and local influentials

to make that decision. The Act only requires that the regular budget process of the state, city or county be followed. That process usually includes local budget committee meetings which are open to the public. When the budget committee reaches a decision, it recommends a policy for spending to the City Council, which also holds open meetings on the subject. It sounds like quite an open process, but as we saw earlier, a major goal of the War on Poverty was to try to politicize the poor. The poor and minority groups, and also the aged, often do not participate in local decision-making processes. Sometimes they feel they don't know enough about the issues to participate, or they feel they will be politely listened to and then ignored, or they feel their lack of resources in terms of funds and votes makes them unimportant as a local political force. So the War on Poverty sought, as we have seen, to politicize these people. A measure of the War on Poverty's success will be whether that politicization worked.

It will be a purpose of this paper to see whether those citizens in these cities who were part of the War on Poverty programs were sufficiently politicized and activated to lobby for General Revenue Sharing funds. Specifically, have they taken part in the local decision-making process over the allocation of General Revenue Sharing

funds? We will also examine the extent to which local government has gone out of its way to include the whole community, especially those less accustomed to participation in local government, in the General Revenue Sharing decision-making process. In reality, the Nixon Administration has left it to local government to determine how inclusive the term "the people" is to be through their decision-making processes and disbursement of General Revenue Sharing funds. In the case studies to follow we will see what four cities have done in this matter.

The Fear That Decentralization Will Strengthen
Interest Group Liberalism at the Local Level
and thus Frustrate Justice

The remaining discussion of the fears held by some with regard to the New Federalism will revolve around an important critic of American liberalism, Theodore Lowi. In his work, The End of Liberalism, Lowi offers some conventional arguments for the development of liberalism in America and some of the difficulties liberalism is now facing in realizing its goals.³⁹ Where Lowi becomes controversial is in the solutions he offers to the failures of liberalism. This discussion will be based on elements of the Lowi arguments that seem to pinpoint what some fear may be the detrimental effects of the New Federalism. A

³⁹Theodore J. Lowi, The End of Liberalism, (New York: W.W. Norton and Co., 1969).

special effort will also be made, however, to indicate where the Lowi solutions to liberal problems may be at fault.

We have seen that a primary goal of the New Federalism is the decentralization of American government and also that some people fear the results of that decentralization. The primary fear is that local government may not make policy with the input of the poor and minorities, or for their benefit. Lowi is also concerned that some citizens in America may not be getting the justice they deserve. He argues that the interest group politics that is so much a part of the practice of American liberalism has compromised the interests of minority groups and the poor. He further argues that although there would be merit in divesting the federal government of some of its power, the only level of government that should be consequently strengthened is the state level, definitely not city government.

Lowi argues that many of the stated goals of liberalism are worthy. He believes the community as a whole has a responsibility to help the discriminated-against and the poor, and although social justice is a sacred goal of liberalism, so also is compromise. Lowi feels that although many pieces of legislation for the less fortunate have come out of Washington, they have not resulted in

accomplishing their goals because the legislation did not contain specific guidelines of implementation. Once a piece of social legislation leaves Washington with very ambiguous guidelines of implementation, it is easy for local interest groups to compromise away the spirit of the legislation. For example, if Washington passes an act calling for local efforts to deal with poverty and gives the city the money to do so but does not specifically direct how the act is to be carried out, local interests opposed to the act can nullify its effect by dickering and lobbying with local governmental authorities.

Federal bureaucrats at the local level are also compromised in the same way. Justice is not given, therefore, to those for whom the act was intended. There is not a rule of law in America, he argues, only a rule of process. What is needed is legislation with precise rules governing its application at the local level that cannot be "bargained away." Administrators at the local level need statutory guidance so that legislation passed in Washington can be strictly enforced at the local level. The result would be the establishing of the rule of law in America and real justice.

Lowi is not against interest group bargaining per se. What is important, however, is that all bargaining and compromising go on before the legislation is enacted.

Such bargaining should take place at the formulation stage. Once an act becomes law it should be enforced, with strict guidelines, at the local level so all citizens can benefit in a just manner, and in the way Congress intended. Lowi sums this up in the thesis statement of his book. "... (P)olicy without a rule of law will ultimately come to ends profoundly different from those intended by their most humanitarian and libertarian framers. (An evil outcome to such programs can be predicted by) the absence of public and explicit legislative standards by which to guide administrative conduct."⁴⁰

Lowi argues that it is up to the courts to require the legislative branch to establish firm guidelines for liberal legislation. There is some question whether this is a realistic answer to the problem of interest group liberalism. Traditionally, the American courts have restrained themselves from proscribing how the legislative branch should conduct its business, requiring only, of course, that the Constitution be followed. Interest group liberalism is so firmly entrenched in the American political process that it would be naive for Lowi to suggest that there would be any hope of the legislative branch setting firmer guidelines to liberal legislation by itself. Nevertheless, the difficulties caused by the whole interest

⁴⁰Ibid., p. 263.

group political process in this country is a significant and important critique on modern public policy-making.

Our examination of the State and Local Fiscal Assistance Act of 1972 in Chapter II made it quite clear that the act has broad guidelines. The point of the legislation, of course, was to give just the latitude to local interest groups and local government that Lowi believes is responsible for the lack of effective problem-solving by liberal government. As we shall see, the local officials interviewed for this study indicated that there was great interest group activity in deciding what would be done with General Revenue Sharing funds and who would do the deciding. We also saw that General Revenue Sharing funds can be used for almost anything. As such, one can suppose that Lowi would consider the intent and effect of General Revenue Sharing would be to set back further the effectiveness of American liberalism as well as the rule of law and justice in America.

The Fear That Decentralization Will Strengthen the Autonomous City and Frustrate Justice

Lowi would be especially displeased with the New Federalism goal of seeking to strengthen city governments. He believes that the authority now exercised by cities, or at least the interest groups of the influential within them, plays an important role in the inability of American

liberalism to accomplish its goals. Too often, Lowi argues, cities are treated as legal federal entities and city administrators given too much discretion and independence in applying federal law to local situations. "National legitimacy is tarnished to the degree that it is loaned to the cities for discretionary use - there is an absence of the rule of law in such a process...it is why liberal governments cannot achieve justice."⁴¹ He argues that the federal Constitution created two types of citizenship in America, national and states, "...but there is no constitutional grounds for city citizenship."⁴²

Lowi fears that the nation is too decentralized so that there is not enough central authority to implement meaningful social legislation. The compromise process of interest group liberalism is bad enough at the national and state levels and the added entity of local brokerage politics makes even more remote the chance to achieve a real rule of law in this country. He especially distrusts local elites and feels they are capable of taking away the goals for social justice that is the purpose of much liberal legislation. At this point Lowi clearly agrees with spokesmen at the New Federalism conference mentioned earlier in this chapter. It will be remembered that several

⁴¹Ibid., pp. 263-4.

⁴²Ibid., p. 273.

of them feared revenue sharing because they were sure it would mean the transfer of national power to determine policy from Washington, D.C., to less socially sympathetic local elites.

The Fear That Decentralization Will Jeopardize
Civil Rights and Set Back Justice

Lowi feels it should be a goal of this nation to destroy the corporate or "autonomous city" and strengthen the states.⁴³ Even then, aid should only go to state governments that prove, before the fact, that state programs will deal with the rights of their citizens. The more concurrent regimes there are, the more opportunities for brokerage politics to subjugate the establishment of the rule of law. It is clear to Lowi that the cities have proven they are unable to cope with urban problems, even with federal help, and he adds, "(W)e have, in any case, no other place but the states to turn to."⁴⁴ He is, of course, suggesting that the states will need federal aid to deal with their problems and that aid must be accompanied with strict standards. "(T)here will be no social justice with federal programs without a rule of law that states unmistakably what is to be achieved and what is to

⁴³Ibid., p. 274.

⁴⁴Ibid., p. 305.

be forbidden."⁴⁵ Yet Lowi is not calling for unlimited power for the national government, either.

...(R)estoration of the rule of law provides a basis for establishing some practical limitations on the scope of federal power. If an applicable and understandable set of standards must accompany every federal program, federal power could not extend to those objects for which no general rules are either practicable or desirable. Thus, where regional or local variation is desired, the federal government is not even the appropriate unit. Unconditional rebates would be infinitely preferable. When regional variation is not desirable, it is usually because ~~some~~ problem uniformly distributed across the country has been identified and is well known, as for example civil rights, military service, tax liability, access to airwaves, obligations of contracts, free speech and petition, in which case there is no barrier, except fear, to prevent enactment of statutes in which clear and effective standards can accompany delegations of vast public authority.⁴⁶

In many ways this statement takes us to the heart of some important revenue sharing issues raised earlier. Lowi endorses "unconditional rebates", which is essentially what General Revenue Sharing is, "to those general objects for which no general rules are either practicable or desirable." But strict guidelines must accompany federal aid when regional variation in the application of a policy is not desirable, and this is sometimes the case when "some problem uniformly distributed across the country has been identified and is well known." The revenue

⁴⁵Ibid., p. 266.

⁴⁶Ibid., p. 305.

sharing debate points out, however, that there may be less national consensus than Lowi suggests as to what areas of American public policy should be applied uniformly throughout the nation without regional or local variation.

As we have seen, some critics of revenue sharing fear that it might negate what progress has been made in the civil rights area, an area Lowi feels has been "identified" as one deserving of national priority in the application of its goals and standards. It is true, however, that Lowi feels the primary reason national programs have failed is because, as we have seen, they were not accompanied by "clear and effective standards" that would require local conformity to national standards, rather than their conforming to the priorities of local elites.

But is revenue sharing the type of "unconditional rebate" aimed at "those objects for which no general rules are either practicable or desirable," or is it simply another federal program without established guidelines that further sets back the cause of planning and justice that has plagued federal programs for so long? It is a matter of interpretation. Many of the city officials interviewed for this study see General Revenue Sharing funds and the entire thrust of the New Federalism as suggesting that in the human and community service areas it is up to the states and localities to set their own policies and

priorities. This does not sound like the areas Lowi had in mind when he suggested that unconditional rebates might be a good idea. He would probably argue that the New Federalism and General Revenue Sharing are not desirable and in fact considerably exacerbate the ~~lack~~ of justice in America because (1) the funds are relegated to the states and cities with virtually no guidelines, to be used in human and community service areas where strict guidelines should be required to see to it that the poor and minorities are served, and (2) such funds going to cities will theoretically strengthen them and thus ~~also~~ the cause of interest group liberalism. Lowi might welcome the part of the revenue sharing plan that seeks to strengthen the states, but that benefit would be negated several times over because it accompanies strengthening cities.

Lowi's analysis of modern liberalism is significant because it raises questions about the real problem-solving ability of modern big government. Richard Nixon, too, has decided that too much reliance on big government, at least at the national level, is not a good idea. We can see, however, that Lowi would not agree with President Nixon's means of redressing the difficulties of big government. Lowi's fears for the rule of law and justice in America and his fear that the city is an inappropriate place for wide-ranging decisions affecting social concerns, are

shared by others we have examined in this chapter. In the following case studies, we will see whether city officials feel more guidelines in federal legislation are desirable. We will also see whether they feel progress made in recent years for the poor and minorities in America is likely to be continued in their cities under General Revenue Sharing and the New Federalism. We will also analyze their comments on the General Revenue Sharing decision-making process in their city to see if interest group liberalism seems to have been strengthened by revenue sharing. Also, in the opinion of city officials, does the city seem to be strengthened enough by General Revenue Sharing to where it is the "autonomous city" that Lowi fears?

What then are the fears held by some Americans as they see the implementation of General Revenue Sharing and the New Federalism? From the foregoing discussion, it seems the major fears are:

- (1) Decentralization will cause the abandonment of programs for the disadvantaged.
- (2) Decentralization will strengthen local special interests at the expense of the disadvantaged.
- (3) Decentralization will exclude the disadvantaged from local decision-making.
- (4) Decentralization will strengthen interest group liberalism at the local level and frustrate justice.
- (5) Decentralization will strengthen the autonomous city and frustrate justice.
- (6) Decentralization will jeopardize civil rights and set back justice.

In this chapter, we have looked at the goals of the New Federalism as set forth by President Nixon and his advisors. We have further seen that General Revenue Sharing is a main ingredient in achieving these goals. We have also examined some of the fears held by those skeptical of General Revenue Sharing and the New Federalism. Specifying these goals and fears provides us with tools with which to evaluate how General Revenue Sharing and the New Federalism have been working in Seattle, Tacoma, Portland and Eugene. Each of the points outlined as goals and each outlined as fears will be used as criteria by which to evaluate the progress of General Revenue Sharing in these four cities. Congress has specifically called for careful scrutiny of General Revenue Sharing after the first five years of the program so it can decide whether to continue it or not. This paper is an early effort at evaluating General Revenue Sharing for those in government or the average citizen, so that he may determine its effects on urban America.

In the concluding chapter to this study, we will pull together the experiences of these four cities and evaluate them in terms of the goals and fears held for the New Federalism and General Revenue Sharing. Also, at the end of each case study, certain preliminary or sub-conclusions will be offered with respect to that particular

city's experience with General Revenue Sharing. We now move to the first case study. It is of the largest city studied and evaluated, Seattle, Washington.

CHAPTER IV

GENERAL REVENUE SHARING IN SEATTLE

I. CITY FINANCES AND REVENUE SHARING WHAT SEATTLE HAS DONE

Seattle, Washington, has the largest population of the cities to be studied in this paper. As of 1970, Seattle's population was about 531,000 people.¹ As the largest city in the State of Washington, Seattle has a diverse urban population comprised of persons from many ethnic groups and races. The Boeing Company is the largest single employer in the city and Seattle's economic fortunes are greatly influenced by Boeing's prosperity or lack of it.

It is not surprising that a city of this size would have financial problems. Indeed, as the data from interviews with those people in City Hall indicates, Seattle is clearly in the most difficult financial situation of the four cities studied. Without exception each official interviewed suggested Seattle was in the midst of a fiscal crisis which was going to be particularly acute by 1975. As stated by Frank Doolittle, Finance Director of

¹The 1972 World Almanac and Book of Facts,
(New York: Newspaper Enterprise Association, Inc., 1972),
p. 193.

the Office of Management and Budget, it is a matter of anticipated expenditure levels exceeding recurring revenue sources.² Before getting into the General Revenue Sharing story specifically, it might be useful to relate Mr. Doolittle's findings regarding Seattle's fiscal situation. His findings help to put the revenue sharing issue of this city into perspective. In his capacity as Financial Economist for the city, Doolittle prepared a document stating the difficulties the city could anticipate in balancing the 1974 budget.³ His findings are summarized on the following page in Table III.

Doolittle's concluding remarks explaining this table are:

Even with the use of approximately \$4.5 million in General Fund Asset Balances to cover a deficit between recurring revenues and recurring expenditures, there still remains an unfunded deficit ranging from \$2.2 - \$5.7 million. Thus, a potential deficit of \$6.7 - \$10.2 million seemingly exists.⁴

Doolittle recognizes that state law requires a balanced budget, and he suggests that with cost cutting, increases in recurring revenues, and a General Fund Asset,

²Frank D. Doolittle, "Analysis of General Fund Revenues and Expenditures", 23 July 1973, Office of Management and Budget, City of Seattle, Seattle, Washington, p. 1.

³Ibid., pp. 1-2.

⁴Ibid., p. 2.

TABLE III

ANALYSIS OF SEATTLE GENERAL FUND
REVENUES AND EXPENDITURES
SEATTLE, WASHINGTON
1973-4

EXPENDITURES

1973 Level of Service Costs

General Fund	\$71.6 million
General Revenue Sharing	<u>5.4 million</u>
Total costs in 1973 Budget	\$77.0 million

1974 Mandatory Increases in Costs
of Maintaining January 1, 1973,
Services Levels

Labor Costs	
Labor Settlement	\$6.5 - \$7.5
Other Personnel Cost	<u>2.5 - 3.5</u>
Total Increases in Labor	\$9.0 - \$11.0
Non-Personnel Costs	<u>2.0 - 3.5</u>
Total 1974 Increases	\$11.0 \$14.5

1974 Potential Budget	<u>\$88.0 - \$91.5 million</u>
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(Table continues on next page.)

TABLE III (cont.)

REVENUES

1973 Revenues/Income

General Fund Recurring Revenues	\$69.1 million
General Revenues Sharing	<u>5.4 "</u>
Total Recurring Revenues	\$74.5 million
Deficit Financed from General Fund Asset Balance	<u>\$ 2.5 million</u>
Total Revenues/Income	\$77.0 million

1974 Revenues/Income

General Fund Recurring Revenues	\$71.8 million
General Revenue Sharing	<u>9.5 "</u>
Total Recurring Revenues	\$81.3 million
Available General Fund Asset Balances to Cover Deficit	<u>\$ 4.5 million</u>
Preliminary Total Revenue Available in 1974	<u><u>\$85.8 million</u></u>

SOURCE: Frank D. Doolittle, "Analysis of General Fund Revenues and Expenditures", 23 July 1973, Office of Management and Budget, City of Seattle, Seattle, Washington, p. 1.

the city should be able to balance its budget in 1974.⁵ A look at Doolittle's data also shows that revenue sharing plays an important role in his calculations for 1974.

The revenue sharing period, however, that we are most interested in is 1972-3. The Office of Management and Budget in Seattle's Executive Branch and the Mayor's own personal staff worked together in the early stages to draw up alternative plans suggesting how the city should allocate its General Revenue Sharing funds. A description of how the Executive Branch in Seattle's city government proceeded to deal with the revenue sharing issue is summarized in a document from the Office of Management and Budget entitled "History of Revenue Sharing". The document tells us something of Mayor Wes Uhlman's feelings on revenue sharing which he communicated to the City Council in an October, 1972, budget message:

One portion of this money is needed to simply balance our present budget and maintain present services levels in critical areas. Another portion, however, should be set aside for special projects that could not be undertaken without revenue sharing.

Citizens should join with us in determining how this money should be spent. ...I will send to the Council a proposal on the citizen mechanism to make revenue sharing the real innovation it can and should be.⁶

⁵Ibid., p. 2.

⁶"History of Revenue Sharing: Position Taken by the Executives to Date.", 25 May 1973, Office of Management and Budget, City of Seattle, Seattle, Washington, p. 1.

The "history" document also tells us that the Mayor offered three plans from October, 1972, to February, 1973, recommending what the City Council should ultimately do with revenue sharing funds. There were certain consistencies evident in these plans:

First, the established criteria were developed (enumerated in the points that follow) to address the very real problem of future 1974-5 General Fund deficits. To raise operating levels by allocations to projects which expand services by expanding management and operation and labor costs would further aggravate an already serious matter. This line of reasoning is equally relevant today. (That is, considering 1972-3).

Second, there was the need for an eventual approval of 1972 Budget Balancing dollars of \$5.4 million.

Third, there were the department requests which constituted an attempt by existing service agencies to evaluate their needs.

Fourth, from 1974 on, all revenue sharing is required to balance the budget. By 1975, we will need an additional revenue source on top of revenue sharing.

As we shall see, these guidelines offered by the Mayor had real impact on what the Seattle City Council finally decided to do with its revenue sharing funds. These guidelines or "plans" offered by the Mayor were only one source of data furnished the City Council as the main body that has the final say in the city's allocation of funds. Other data was submitted by the Office of Management and Budget. That office told the Council how city departments wanted to deal with revenue sharing funds.

⁷Ibid., p. 3.

The wishes of non-government groups such as social service agencies were also communicated to the Council by the Office of Management and Budget. Naturally, the Council was lobbied by these and other groups as well. Alan Barrie, Legislative Auditor for the City Council has also made suggestions to the Council as to how revenue sharing funds should be allocated and the criteria the Council might use in making its decisions. Therefore, from the earliest stages throughout the revenue sharing decision-making process in Seattle, the executive and legislative branches were both very active, with the executive branch making the first moves.

The Mayor's guidelines mentioned above were unofficial ones in that they were only suggestions to the Council. The City Council decided it needed a formal set of guidelines to consult in debating the revenue sharing issue so the Mayor and the Office of Management and Budget drew up guidelines for both the Council and city departments to consult in deciding how to allocate revenue sharing monies. Although the Council did not formally adopt these guidelines until June, 1973, they were widely known among the members throughout the decision-making process. This included knowledge of the important meeting of February 7, 1973, that we will examine in detail as this chapter proceeds. The first three of these guidelines

were suggested by the Office of Management and Budget and the fourth guideline was drawn up by the Council itself:

(1) To be funded with General Revenue Sharing funds the activity is to be necessary for the continued performance of city services.

(2) The project requested is to be of a one time nature and not to require continued support.

(3) Recommended projects should induce efficiency through labor saving and cost reductions.

(4) It would be wise to provide a one time tide over funding for some social programs if there was a very strong indication there was going to be continued funding from other sources, Special Revenue Sharing, or the State.

As will become clear later, the fourth point has real significance in that it is a more "liberal" statement than the other guidelines and represents the liberal power balance on the City Council that prevailed throughout the revenue sharing debates.

As Seattle's city government went through its various plans and debated and adopted working guidelines, it was agreed by all that the revenue sharing funds would be considered as a separate package of money. General Revenue Sharing funds were not automatically included in the city's general fund. The General Revenue Sharing money was dealt with by itself.

As we have seen, the Local Fiscal Assistance Act of 1972 does not require that any receiving governmental unit

⁸Interview with Allan Barrie, Legislative Auditor for the City Council, Seattle, Washington, 22 June 1973.

set up special procedures for deciding how the local area is to spend its money. In fact, the Act suggests that regular budget processes be used. This is exactly what was done in Seattle. The public participated in the decision-making process to the extent that they could. As individuals and as interest groups, they petitioned the Office of Management and Budget for the allocation of funds to the programs they wanted funded. Citizens and representatives of special interests could also attend and speak at the three public hearings held by the City Council on the revenue sharing issue. But Seattle did not go out of its way to enlist citizen participation in revenue sharing deliberations. There was, however, an indirect input to the decision-making process by a group called the Commission on Seattle 2000. This group was organized by the Mayor to be a task force to study problems and suggest programs to deal with them so Seattle could plan its future to the year 2000.

Mayor Uhlman suggested to the Council that this Commission should also recommend to the Council what should be done with revenue sharing funds. This was to be the citizen participation mechanism he suggested in October, 1972, which was to be what was needed to "make revenue sharing the real innovation which it can and should become." The Council turned down the Mayor's

suggestion, however. The Council felt that Seattle 2000 had enough to do in dealing with Seattle's problems and plans that might occur between now and the year 2000. The Council simply felt the revenue sharing job was outside the spectrum of the original purpose of the Seattle 2000 concept. The Council did not set up an alternate mechanism either. As we shall see, Councilman Miller will indicate some of the reasons why. The point here is that although Seattle 2000 did not make specific input into the Council's deliberations on revenue sharing, the Commission's report is now finished and its suggestion about current needs of the city may have impact on how Seattle allocates its remaining 1973 revenue sharing funds, and perhaps on how the city deals with its revenue sharing monies in future years. And although the Seattle 2000 participants were widely representative citizens from all types of groups in the city, it is clear their input into the revenue sharing process is of the most indirect sort.

Citizen involvement was perhaps at its lowest level when Seattle made its first revenue sharing allocation. As can be seen from Mr. Doolittle's figures in Table IV, \$5.4 million in revenue sharing money was used to help balance the 1973 budget. It became obvious to the Office Management and Budget and the Council that these new federal funds offered a way to balance the 1973 budget

without cutting city employees or cutting back services. The Mayor, however, had proposed that the budget be balanced with a continuation of the city's business and occupation tax surcharge. But for some time the Council had been anxious to fulfill its earlier promise to the business community to remove the unpopular surcharge. So the Council refused the Mayor's suggestion and instead decided to use \$5.4 million of General Revenue Sharing to balance the budget. The money went to the 1973 budget for police patrol and firefighters salaries. With that allocation the 1973 budget was balanced. This was strictly an "in-house" decision and no hearings were held and the public was not actively involved except to the extent local elites in the business community were lobbying for the repeal of the business and occupation surtax.

With the "budget balancing" allocation, Seattle still had about twelve million dollars in General Revenue Sharing funds to allocate from federal checks received in 1972 and 1973. The Mayor at this point suggested that a large part of this money should go for property tax relief and another large portion should go to the various city departments. He was not suggesting, in other words, that revenue sharing should go for new city programs. Along with the Mayor's suggestions, the Council also heard from the city departments themselves through the Office of

Management and Budget. Citizens made their will known by lobbying the Council in three public hearings held to discuss revenue sharing allocations. By February, 1973, the Seattle City Council had decided it was ready to make its revenue sharing decisions. As we shall soon see, that meeting was a controversial one indeed. By a five to four decision, the Council decided to allocate a portion of the remaining revenue sharing funds, it resolved to reserve a portion and left an amount unexpended. As of this writing, the unexpended as well as the reserved funds have yet to receive final Council action. The table on the following page summarizes the current status of Seattle General Revenue Sharing funds in terms of amounts of money and expense areas.

An analysis of that table shows that those monies so far expended, including those budgeted for balancing the 1973 budget, are monies for traditional city services. In the "reserved" area, however, a sizeable amount of money has been suggested for social programs only narrowly or not at all funded by the city previously. So, as of September, 1973, the Seattle City Council still had to make a final determination on the "reserved" items to see whether and to what extent they would be finally funded. Also, the Council had to decide what to do with the remaining \$3.2 million.

TABLE IV

GENERAL REVENUE SHARING FUNDS
ALLOCATIONS AND RESERVES
1972 AND 1973

1972 Retroactive Revenue	\$ 8,136,004
1973 Anticipated Revenue	<u>9,279,700</u>
Total Two Year Receipts	\$17,415,704
1973 Budget Balancing for Police Patrol and Firefighters Salaries	\$ 5,408,175
Supplementary Department Expenditures	
Building	\$ 35,000
Park Department	457,000
Seattle Center	475,000
Engineering Department	390,000
Library	797,000
Animal Control	300,000
Police	12,000
Comptroller	470,000
Community Development	31,000
Total Supplementary (<u>Expended</u>)	\$ 2,967,000
Council Proposals (<u>Reserved</u>)	
Housing Rehabilitation	\$ 4,500,000
Historic Preservation	600,000
Indian Culture Center	500,000
Asian Culture Center	200,000
Seattle Center	50,000
	<u>\$ 5,850,000</u>
Total 1972 and 1973 Revenues	\$17,415,704
Total Allocations and Reserves	<u>14,225,175</u>
Remaining Funds for City Council Action	\$ 3,190,529

In terms of the Mayor's proposals for the allocations of revenue sharing funds, the Council largely turned down his request to use a big chunk of the money for a tax cut and they also, through the reserved and left-over funds, failed to fund city departments to the extent the Mayor had suggested. The Mayor, however, did sign and approve the Council's actions as decided by the 5 to 4 Council vote.

What will happen to the \$3.2 million not yet dealt with? Several of those interviewed feel the money should not be appropriated until the city knows what will happen to federal funding of social programs in the city. If federal funds dry up and are not replaced to some degree by Special Revenue Sharing funds, then the city should think about temporary funding of some social services until federal funds arrive. To help the Council decide what to do with these funds, now classified as "reserved", and future revenue sharing monies, Councilwoman Jeanette Williams asked Allan Barrie, Legislative Auditor for the City Council, to prepare a statement of what he and his staff considered the "goals and policies for the City of Seattle" to be at that time. Mrs. Williams evidently felt the previously developed guidelines, along with the Mayor's suggestions and the report of Seattle 2000, were not enough to guide the Council in its revenue sharing

deliberations.

In his statement, Barrie indicated that Seattle will have a very difficult time between 1973 and 1976 avoiding a budget deficit without taking serious action. A reduction in city employees through attrition and the use of all General Revenue Sharing funds to help balance the budget seem called for, he feels. The memo says the Council is faced with deciding its role with respect to how to allocate incoming state and federal funds in the most prudent manner possible given the circumstances. To aid the Council in these decisions, Barrie has offered as the city's objectives the following:

(1) Provide protection of life and property: police, fire, public health, municipal courts, animal control.

(2) Provide basic services: electricity, water, sewer, storm drains, streets, bridges, and sidewalks (transportation), recreational facilities.

(3) Encourage economic development: promote business activity, regulations to encourage business development.

(4) Assure a habitable environment: air quality, noise pollution, visual pollution, quality of housing.

(5) Assure a basic array of social services: social development, cultural identity, handicapped, older Americans, equality.

(6) Plan and manage to assure attainment of goals in the most efficient manner.⁹

⁹Allan Barrie, "Goals and Policies for the City of Seattle," Memo to Councilwoman Williams, 22 June 1973.

As of this writing the Council has not formally adopted these goals, but they have them at their disposal to aid in arriving at final allocation determinations. It seems clear, however, that if the Council should use Barrie's goals to guide them the programs now in the reserved category would have a difficult time receiving much, if any, revenue sharing funding. The large amount of money now "reserved" for housing rehabilitation and the other "reserved" monies for social services are clearly low priorities in Barrie's analysis of current city needs in light of budget constraints.

At this time, then, Seattle has made few "final" decisions on the revenue sharing money it has received so far. Ironically, the most definitive decision so far on revenue sharing in the city may be the one dealing with what is to be done with future federal checks. We have seen that the Executive Office as well as Allan Barrie of the Legislative branch agree that all future revenue sharing monies are going to have to go into the general fund to balance the budget. As we shall see, there is little disagreement among those interviewed with regard to that decision.

II. THE POLITICS OF REVENUE SHARING IN SEATTLE: HOW CITY OFFICIALS VIEW REVENUE SHARING

If money is power, then the large amounts of federal money coming into cities with few strings attached is bound to invoke political struggles. In Seattle, the politics of revenue sharing was more evident than in the other cities studied. The political dimension was clear not only in the overt political actions of City Council members and the Mayor, but also in the political opinions of those interviewed on a broad range of revenue sharing related topics. This section of the study of Seattle will look at both the political actions and opinions of some City Hall officials. The emphasis will be on how they interpret the original intention of Federal Revenue Sharing, how they feel about what Seattle has so far done with its revenue sharing funds, their feelings about Seattle's revenue sharing decision-making process, and how they view the entire question of federal aid to cities. At the conclusion of this chapter, certain preliminary conclusions will be offered on Seattle's revenue sharing experience and how it addresses itself to the goals and fears raised by the New Federalism outlined in Chapter III.

Views of City Officials on the Original Intention of Federal Revenue Sharing

As we have seen, the State and Local Fiscal Assist-

ance Act of 1972 establishes only very broad guidelines as to how revenue sharing funds can be spent at the local level. We have also found that the intentions of Congress and the Administration are either varied or so broad as to leave much room open for interpretation. Therefore, it is not surprising that city officials in Seattle had different ideas as to what they considered to be the intention of General Revenue Sharing.

Frank Doolittle, Finance Director for the Office of Management and Budget, and City Councilman George Cooley held similar opinions on what they felt the purpose of revenue sharing might be. Doolittle felt that the initial federal money should be used largely for tax relief. He simply did not believe the City Council could intelligently allocate such a large sum of money in a short time and therefore Seattle's citizens would be helped most through a reduction in taxes. Doolittle says this proposal, which was prepared by his staff and the Mayor, was turned down by the Council as too politically motivated. Revenue sharing monies were seen by Doolittle as a means "whereby the city can control taxes at the present level." He would further argue that the revenue sharing money not spent to stabilize taxes should be spent only for capital and labor-saving types of projects. As a man intimately concerned with Seattle's financial situation, it is not

surprising that Doolittle felt that the first two years of revenue sharing funds could be seen as a windfall, some of which should be used to balance the budget with the rest available for other things. The last three years of federal allotments, however, should be used for the purpose of balancing the city budget.

Mr. Doolittle saw the intention of revenue sharing as being money returned to the city to aid the city in a severe financial crunch. Because Seattle's financial difficulties are not as severe this year as he anticipates they will be in the next few years he would see it as all right to spend part of the money on tax relief and labor-saving or capital projects. As the fiscal situation gets tighter, however, revenue sharing should go to help the city meet its most basic traditional service needs and to pay municipal salaries.¹⁰

Councilman Cooley sees the intent of federal revenue sharing in similar terms. He feels strongly about the desirability of using revenue sharing for tax relief. He feels the money should also be used for traditional city services and to pay city employees. Councilman Cooley further believes that the city is on "shaky grounds" in using the money for non-traditional types of social ser-

¹⁰Interview with Frank Doolittle, Financial Director of the Office of Management and Budget, City of Seattle, Seattle, Washington, 26 July 1973.

vices.¹¹

Allan Barrie, Budget Advisor for the City Council, also feels that revenue sharing funds ought to go first for the service and security of persons and property in Seattle. Only if there is an acute need to use the money for social services does he perceive its intent as justifying such an expenditure. The essential point, according to Barrie, is that the city simply does not have an excess of money and if revenue sharing or any other funds are spent for social services or other "non-traditional" city expenses, it then follows that the money will not be available for more basic city responsibilities.¹²

Not surprisingly, Rick Painter, of the city's Department of Human Resources, would not agree with the above three men. Mr. Painter feels the social needs of Seattle are so great and have been so long neglected by all levels of government that the revenue sharing monies can be very justly spent in trying to deal with social needs. He specifically notes that Model Cities, Head Start and other programs that have clearly helped citizens and also face federal cutbacks could and should be funded with General Revenue Sharing money. He admits

¹¹Interview with George Cooley, Seattle City Councilman, Seattle, Washington, 30 July 1973.

¹²Barrie, Interview.

that Special Revenue Sharing is supposed to be doing that job, but he also feels that the guidelines of General Revenue Sharing are broad enough that it can justifiably be used for social services as well.¹³

At least one man on the City Council would agree. Councilman John Miller felt revenue sharing was designed to allow cities to do things they were financially unable to do before. He saw the money as giving the city an opportunity to "change its spending priorities." Specifically, Miller felt the revenue sharing money should go for programs to improve the quality of neighborhood living and for creating lively, exciting events and institutions for the city. All things considered, he feels the intent of revenue sharing is to offer an opportunity to the city to meet the twin needs of making the neighborhoods pleasant places in which to live and making the whole city more exciting to live in by developing attractions that people will want to remain near. The funds are a way the city can combat the fleeing of citizens to the suburbs.¹⁴

Those interviewed can clearly be classified into two groups. One group saw the maintenance or improvement of city services as the intention of revenue sharing funds.

¹³Interview with Rick Painter, Department of Human Resources, City of Seattle, Seattle, Washington, 31 July 1973.

¹⁴Interview with John Miller, Seattle City Councilman, Seattle, Washington, 27 July 1973.

The other group saw the money as an opportunity to expand city services and programs into areas previously neglected but deserving of attention.

Views of City Officials on How Seattle Has Allocated Its Revenue Sharing Funds

The philosophical difference we see regarding the real intention of revenue sharing in the opinions of city officials is carried over to their feelings on how the city ultimately allocated General Revenue Sharing funds. While all seem to agree that the \$5.4 million spent to balance the 1973 budget was necessary, there is considerable controversy over the money now in the "reserved" category. Again, Doolittle, Cooley and Barrie represent one point of view while Miller and Painter represent another.

Mr. Doolittle is not at all sure the City Council was capable of making decisions on windfall grants such as revenue sharing because they are used to making "allocations at the margin only and only on basic services." He maintains that the "thinking" process, budget process and planning processes of the city are not geared to deal with windfall gains. Consequently, he and the Mayor recommended that the Council use a large part of the revenue sharing money to give Seattle citizens a tax break. Because this was not done, he is displeased with much of

what the Council did do. He feels that "in future decisions (on revenue sharing) the Council will show concern for whether the city should or is financially able to finance a high level of social programs that have always been the responsibility of state and federal government."

Doolittle is especially concerned over the "reserved" \$4.5 million for housing rehabilitation. Not only is this a great deal of money, he says, but it is being spent in an area where the city has had no direct dealing before. The city has helped the federal government administer housing programs before, but never before has the city itself been "in the housing business." He stated that he was not sure that this and other projects in the "reserved" category were legal and he was not sure they would ultimately be funded at present suggested levels. He rather hoped they would not.

Whereas housing rehabilitation would be a new activity for the city, Doolittle feels that the "reserved" monies for Black, Indian and Asian cultural centers are in line with previous city expenditures in these areas. The difference now, however, is that the city has never before expended as much as the Council now recommends.

As we saw earlier, Doolittle and others agree that the last three years of Seattle's revenue sharing money will have to go to balance the budget and cannot be spent

for "new programs." Doolittle feels, however, that if the city should again get into funding social programs, it should fund only those programs that have proved themselves successful and only those in areas where the city has already assumed some responsibility in the past. As an example, he cited health clinics. However, if federal monies dry up, he would not be opposed to using the remaining \$3.2 million for social programs to tide them over for one year.¹⁵

Councilman Cooley would agree with Mr. Doolittle and he had an interesting political story to tell as well. Cooley suggests that although the Council is officially nonpartisan, it is "split philosophically on approaches to things." In what he calls a "closed meeting," five members of the nine member Council (he was not one of the five) got together and assembled an \$8 million package of General Revenue Sharing proposals. Cooley feels a deal might have been made between the five and the Mayor as some of the Mayor's supplemental budget proposals were among the items in the package. The five launched into some programs he did not agree with. He disputed the allocation for historical preservation because it was not clear how it would be administered and would almost certainly create ongoing costs -- a violation of the Office

¹⁵Doolittle, Interview.

of Management and Budget guidelines. The "huge reservation" for housing rehabilitation was unwise, he felt, because the five had only worked on it for a month and they had changed their minds several times already on how it was going to be administered. Cooley simply does not believe the city should be in the housing business. He acknowledges that the city does administer some federal grants in the public housing area and feels that is all right, but it is not right for the city to spend its own money on such projects. Essentially, Councilman Cooley is of the opinion that social services are state and federal responsibilities largely because cities do not have the revenue to deal with these types of services and also do a good job maintaining traditional services.

Spending part of the remaining \$3.2 million for some social services until federal aid to those programs resumes would be all right with Cooley. But in the main he clearly believes revenue sharing funds should go to improve efficiency in government and develop only a few one-time programs that are in traditional city responsibility areas. He agrees with Doolittle and others that the last three years of revenue sharing must go to balance the budget and maintain basic city services. Therefore, Cooley is not pleased with how the majority of the Council has so far dominated the revenue sharing alloca-

tion process. He is philosophically opposed to the thrust of their proposals.¹⁶

Allan Barrie is largely of the viewpoint held by Doolittle and Cooley. As financial expert for the Council, he feels the city just does not have the money to spend on projects such as housing rehabilitation when so many traditional services are underfunded. He goes so far as to say that the revenue sharing money is really only enough to keep some city employees on the payroll and it is certainly not enough to go into new service areas.¹⁷

At least one member of the City Council would not agree with Barrie, Cooley and Doolittle. Councilman John Miller was one of the five Councilmen who sponsored and put through the Council the "expended," "reserved," and "remaining" allocations itemized in Table IV. It is not surprising, then, that he is very much in favor of how the Council dealt with revenue sharing. Miller explains that he and the others on the majority side of the Council vote had two themes in mind in allocating the money the way they did. As briefly mentioned earlier, they wanted to improve the quality of life in the city's neighborhoods and they wanted to refurbish downtown and other facilities that would bring exciting programs and areas

¹⁶Cooley, Interview.

¹⁷Barrie, Interview.

of interest to the citizens.

The quality of life in Seattle's neighborhoods, according to Miller, can be greatly improved if housing is rehabilitated. The sum of \$4.5 million was thus put into "reserve" for that purpose by the Council. He says that housing rehabilitation has been a long neglected local problem. Federal programs in the housing area have largely been failures in Seattle. He says that Seattle probably has a higher percentage of single family owner occupied homes than any city in the United States of comparable size. In his view, about half of them are aging badly. The question then becomes: "In five or ten years is the city going to tear down these homes and hope for adequate new housing or is it going to try to rehabilitate what is there now?" He feels it has become the city's responsibility to go into this area because the private sector has shown little willingness to do the job alone. "The financial community isn't interested in financing rehabilitation. The banks won't loan the money for it."

In spite of Mr. Cooley's contention that the "five" had not thought out the housing rehabilitation program very well, Mr. Miller was fairly specific on what the Council majority had in mind. If the plan were finally adopted by the Council, the city would seek help from previously reluctant banks to go into the housing rehab-

ilitation business together. The city would bank its \$4.5 million and seek matching funds from banks. The earned interest from this combined amount (about \$500,000) would be offered to poorer people in no-interest loans to help them rehabilitate their homes. Also, Miller hopes the city will develop a program where banks would loan to the Seattle Housing Authority (a private corporation) funds for moderate income persons to borrow for housing rehabilitation. In this case persons would pay one-half the regular interest rate. Also, he hopes to develop a scheme for upper and middle income people to have access to money for housing rehabilitation purposes.

Miller also hopes the city could spend more revenue sharing money to improve neighborhoods by improving their streets, parks and libraries.

Theme one, uniting the Council majority, was a real desire to make neighborhoods pleasant places in which to live. It was also a desire to create or enhance attractions in the downtown area or other places that were of such high quality that people would want to stay in the city to enjoy them. Hence, there was "reserved" money for preservation of historical attractions and the development of cultural centers. Also, the allotment for aiding the Seattle Center is in the same vein. All of these ideas are aimed at keeping people in Seattle by

making it a pleasant and more exciting place to live in than a suburb.

Miller was quite proud of the fact that fewer than ten percent of the programs approved by the Council and endorsed by the five councilmen as useful ways to spend revenue sharing money were programs not under the two themes outlined above. He was anxious to mention that, in accord with Office of Management and Budget guidelines, the projects are investments. The money for housing rehabilitation, for example, will be put in a trust fund and the principal kept in tact. Only the earned interest will be loaned.

It is clear that the five councilmen who share Miller's philosophy about the needs of the city hold a slim majority on the Council and only slick political maneuvering got them what they wanted. They believe the revenue sharing money is "new" money to do needed tasks regardless of how "non-traditional" those tasks might be. Miller reinforced this point by saying he was glad the Council did not do as the Mayor wanted and just divide General Revenue Sharing funds between city departments and use the rest for a tax cut. He also argues that a very good use of the remaining money would be for social services until Special Revenue Sharing becomes a reality.¹⁸

¹⁸Miller, Interview.

Only very recently, Seattle has developed a Department of Human Resources. Seattle, along with other communities which realize the city must get increasingly involved in the social service area, has created a department with far-sighted goals but not much money. Rick Painter of Seattle's new department indicated that as long as the federal government gives social service responsibilities to cities either through cutting funds to federal programs and thus "forcing" the cities to pick up the slack, or through Special Revenue Sharing types of programs, the cities must "gear up" for the huge task before them. We have already seen that the city's problems in taking on such responsibilities may be more than a lack of experience and money. Another problem will be city officials who honestly feel social service responsibilities are either for federal, state or county governments or for the private sector to handle. Painter feels that as his department grows and gains experience it may be able to lobby effectively before the City Council and the Office of Management and Budget and gain support for its programs. As of now, he is pleased with what the "liberal" majority on the Council has accomplished for social services in their allocation of revenue sharing monies. He feels that if the department had been better established when revenue sharing came along, it could have

influenced the Council. At this time, however, Painter is very happy with the "reserved" programs, especially the housing rehabilitation program. He agrees that the \$5.4 million spent to balance the 1973 budget was probably necessary. He is also happy with the many social service proposals now being suggested for funding with the remaining revenue sharing funds.¹⁹

Views of City Officials on the Seattle Revenue Sharing Decision-Making Process

We now turn to an examination of the opinions of those interviewed in Seattle with regard to the decision-making process employed to decide what was to be done with revenue sharing funds. It will be remembered that the revenue sharing act itself only implied that normal budget procedures be used. It did not require that the city go out of its way to include a cross-section of citizen participation in decisions on revenue sharing. In this way, as we have seen, it was very different from some "War on Poverty" legislation requiring the "maximum feasible participation" of local citizens in deciding how the local application of the program and its funding would affect them. Seattle officials differed as to their opinions regarding the effectiveness of "maximum feasible participation" in their city and its effect on the

¹⁹Painter, Interview.

politicization of Seattle's citizens. They also differ as to how satisfactory they feel Seattle's decision-making process was in dealing with revenue sharing.

It was pointed out at the beginning of this chapter that Seattle dealt with its revenue sharing money as a separate sum from the monies in its budget's general fund. It was also pointed out that Seattle did not set up any decision-making mechanism especially for revenue sharing processes. The money was handled, pursuant to the implications of the law, in terms of the normal budget decision-making process. Mr. Doolittle of the Office of Management and Budget feels this was the best process to use. He said that citizen recommendations were not solicited or wanted because the Office of Management and Budget had already decided where the money should go, and must go, in the future. Doolittle was specifically referring to the undesirability of setting up some special mechanism for citizen inclusion into the decision-making process beyond that usually involved in the regular budget processes. He simply felt that a large scale citizen involvement process might force the Council to allocate revenue sharing funds for social programs and some capital programs that the city could not maintain without raising up to \$10 million in new taxes. To him it was a straightforward fiscal question. He felt the revenue

sharing money alone was only enough to balance the budget this year and delay a tax increase for a while.

Mr. Doolittle is careful to point out that the overall decision-making process is not over. Final decisions on the "reserved" programs and the \$3.2 million yet to be allocated have to be made. Also, public hearings on the housing rehabilitation programs have yet to be held. It is still possible for citizens to give their views and even for the city to develop mechanisms for citizen inclusion beyond the open hearing process. Especially he feels, the finished report of the Seattle 2000 Commission will have an effect on the Mayor's recommendations on spending the remaining money and on the Council's final decision on the same subject. The Commission was established with the widest possible inclusion of citizens from all segments of the city and thus its indirect input may have some significance.

Representatives from Model Cities seem to have made an impression on the Council and Office of Management and Budget in lobbying for revenue sharing funds. Doolittle specifically mentioned that Model Cities task force personnel have been effective in making the program work in Seattle and want revenue sharing funds to keep the program going as federal categorical support is cut back. The group was not successful in getting any revenue

sharing money in the first go round, but they are now trying for part of the remaining funds.²⁰

Councilman Cooley was concerned with citizen participation as an issue, but he was most concerned with the conduct of some Councilmen in deciding what to do with revenue sharing funds. Specifically, he was upset about the clandestine way the five Councilmen got together and drew up their \$8 million package, as they did not openly arrive at the decision.

The Seattle Municipal League has also been singling out Cooley for criticism, he says, on the overall city process for deciding how to allocate revenue sharing funds. The League feels the city should have set up a special mechanism for including the citizens in making decisions. But Cooley feels citizens were adequately involved in the sense that the city took all their recommendations into account. Also the Office of Management and Budget priorities and recommendations given the Council were in part based upon citizen and group inputs.

As far as Mr. Cooley is concerned, what happened at the hearings is a basis for feeling that even broader citizen participation would not do the city any real good. In the first place, he feels the people who came to the

²⁰Doolittle, Interview.

hearings were asking the city to get into "non-essential" areas of social service (mental health, public health, etc.); non-essential, that is, for the city. Also, very large numbers of paid professional social workers came to the hearings essentially, in Cooley's opinion, to get money from revenue sharing to maintain their jobs because the federal government was cutting back its support. In other words, were these activists "representative" of anyone but their own narrow, special interest? Cooley saw them as basically trying to "rip-off" the city.²¹

From his position as auditor for the City Council, Allan Barrie views the revenue sharing decision-making process similarly to Councilman Cooley. He agrees that the behind the scenes coordinating of the five Councilmen, before they met with the whole Council to make revenue sharing decisions, was very controversial behavior. There have been charges of railroading and also, that the five had no real criteria of judgment in drawing up their program.

Mr. Barrie also feels that the Council needs to beware of special interests that tend to flock to open hearings in that they may not be representative of wide constituencies. He suggests it is a tough job for a

²¹Cooley, Interview.

Councilman to wade through all the special interests' requests and "figure out what is best for the city -- he's up against it."

Most of the social agencies seeking revenue sharing funds were working against the tight budget situation of Seattle and the expectation on the part of the Council that Special Revenue Sharing, not General Revenue Sharing was the part of the New Federalism program that was to transfer financial aid to social programs of the local government from federal categorical grants. As Special Revenue Sharing was not yet a reality, both the city and the social agencies found themselves in a kind of limbo. As Barrie suggests, however, the city was willing to give some money to the legal aid program, for example, in anticipation of federal funds arriving to maintain the program.²²

As might be expected, Councilman Miller looks at things a bit differently, but not entirely. First, he is clearly proud of being one of the "five" in the Council majority who put through a revenue sharing package. The interviewer got the impression that Miller simply saw this as another political battle that, in this case, he and his coalition won. He hopes the coalition can stay together

²²Barrie, Interview.

in the face of "political pressures and fiscal realities."

Somewhat ironically, Miller sees the Seattle 2000 Commission as being in the way of the creation of a genuine citizen participation mechanism for helping to decide revenue sharing questions. Seattle 2000 was a massive effort, he says, to get citizens involved in meeting together to set goals for the year 2000. The purpose was to get ideas upon which to build a comprehensive plan for the city for development to the year 2000. Miller feels that getting these people in the first place was a great city-wide effort, and the energy they expended in their task was also very great. The whole effort "drained the city's activist resources." To come along and develop another open ended process for General Revenue Sharing was not feasible. He continued: "There is only so much you can do in terms of broad citizen participation at one time ...there are only so many activists in the city to go around."

Miller differs sharply with Doolittle in his opinion of the capability of the City Council to deal with wind-fall monies like revenue sharing. Miller feels there was no question in the minds of many Councilmen as to where the money could be usefully spent. Citizens, he argues, had petitioned and lobbied for some time for programs the city could not previously afford to fund. Many of the

programs in the "reserved" category were programs that citizens had wanted for some time and at least five Councilmen must have agreed they were important. Miller agrees that some lengthening of the decision-making process might have been a good idea and perhaps, even with Seattle 2000, more citizen participation could have been sought. He seems to feel, however, that a majority on the Council knew what the people wanted through previous communications from them and voted their revenue sharing allocations accordingly.

In all of the cities studied for this paper, a mention of neighborhoods as important social and political entities was made by one or more city officials interviewed. Miller spoke strongly about his opposition to Mayor Uhlman's plan to set up "little city halls" in Seattle's neighborhoods. These would be places where citizens could go and ask questions or complain about city government. To Miller this would be just another level of government that, in fact, might just keep citizens from coming directly to City Hall when they sought to petition government. He could support the concept if the neighborhood offices were places where citizens could go and talk with an advocate who would take their complaints to City Hall. Actually, Miller said, Seattle's neighborhoods are doing quite well without

little city halls, from rich ones to poor ones, in letting city government know how they, as communities, feel about issues. Residents of the Model Cities neighborhoods are particularly effective and active, he says.

Model cities, more than any other War on Poverty entity, has done a great deal to politicize citizens. The ordinary citizen in these neighborhoods is likely to show up at City Hall hearings. On the other hand, it is only those politicians from Office of Economic Opportunity agencies, rather than clients of those agencies, that come to hearings. Said Miller: "The average citizen (in an Office of Economic Opportunity program) probably doesn't even feel Nixon's cutbacks are so bad because he has never gotten the fruits of the program anyway..."²³

Rick Painter perceives the situation similarly. He indicated that while some Office of Economic Opportunity programs, especially Head Start, seem to have politicized previously nonparticipating citizens, the work of Model Cities has clearly been the most effective in getting citizens active in community affairs. Seattle's Model Cities area has a citizen participation mechanism whereby the citizens of the area give advice to the formal Model Cities staff. Painter says that often the staff will make

²³Miller, Interview.

changes in their programs due to citizen input. "It is very encouraging to see Model Cities people, who have never before been involved in politics, get involved." Mr. Painter feels strongly that people within the Model Cities area see the program as useful and responsive to them. This politicization has brought both common citizens and Model Cities administrators to the revenue sharing public hearings.

On the whole, however, Painter does not believe there was adequate citizen participation in the decision-making process on General Revenue Sharing. He feels the reason was a lack of a mechanism for community involvement. He indicates that this is a serious shortcoming in Seattle's policy-making process, not only with respect to revenue sharing policy, but all policy making that goes on at City Hall. The Seattle 2000 Commission, he says, is working out a participation mechanism for the future; a systematic way to tap opinions of the population on matters before final decisions by government are made. It is not clear as yet what form this mechanism will take. Mr. Painter's own Department of Human Resources is also working out a similar mechanism in conjunction with their Comprehensive Human Resources Plan.²⁴ Model Cities thus has a participation mechanism. Planning groups and agen-

²⁴Painter, Interview.

cies of city government talk about such mechanisms, but none was used in revenue sharing deliberations.

Views of City Officials on Federal Aid to Cities

As we saw early in this paper, federal aid to cities has been public policy for some time. We have also seen that the form of aid can vary, General Revenue Sharing being a block grant type. All City Hall officials interviewed had strong opinions on the desirability of federal aid to cities and the form that aid should take. There was an amazing similarity in their views. Their opinions on this subject are very important, of course, in evaluating the New Federalism philosophy's impact on the minds and actions of city officials.

Generally speaking, economist Doolittle dislikes categorical grants and favors block grants to cities from the federal government. As the federal government continues to cut back in categorical grants, as he sees it doing, an increasingly difficult task for cities will be deciding which of those categorical programs are worthwhile enough to warrant continued operation by the city. For example, in his opinion many programs under Model Cities have been worthwhile, especially the health clinics. They (the health clinics) have provided a real service to the community and, if Model Cities finally folds, those clinics ought to be put under the city/county health

department. He feels the city should analyze which categorical grants have been most effective and place them under appropriate city departments as their federal funding expires. He is of the opinion, however, that if the city is to pick up social service from the federal programs as federal funding expires, they ought to be only those in areas of responsibility the city has assumed for some time. Hopefully, of course, block grants from the federal government would help the city pick up this burden.

Although some categorical grants have been successful, Doolittle believes that by and large they have been difficult for the city government to deal with. "They take too large a bureaucratic load and expense." He joins with many others interviewed in all four cities in consternation over the cutting back or elimination of many categorical grants by the Nixon Administration before Congress has finally passed Special Revenue Sharing legislation. He is sympathetic with the idea that eventually all categorical grants might be replaced with block grants, but he says the burden is now too heavy on the city to make possible the funding of federally discontinued categorical grants in the social service area. The city simply does not have the money even with the receipt of General Revenue Sharing funds. Although he feels the total

elimination of categorical grants might not be a bad idea, he had no idea Nixon planned on doing so, especially before Special Revenue Sharing was a reality. Doolittle agrees with the philosophy that the federal government is too highly centralized, but feels it needs an organized and coherent policy of decentralization; if one type of aid is to be discontinued, it should only be done when substitute aid has been established.

Although he favors the concept of block grants, two other significant problems have developed with respect to revenue sharing in the Seattle experience. First, the city staff is not prepared to deal with the funds. As we saw earlier, Doolittle feels the City Council was not prepared to make careful decisions on this wind fall grant. But he also feels the city bureaucracy is understaffed to adequately administer these new funds that take more local discretion in their administration. Second, the state legislature seems to feel the city is now quite well off financially with the receipt of General Revenue Sharing funds and has consequently cut Seattle's property tax millage by 10% starting in 1975 -- just the year when Seattle expects its worst deficit problem. As we will see, those interviewed in Tacoma are also very upset over the Washington State legislature's response to revenue sharing aid going to the cities. City officials

are insistent that the revenue sharing aid is far too small to warrant cutbacks in state aid to cities and that the legislature's reaction is not responsive to the fiscal realities of the cities in Washington.²⁵

Councilman Cooley feels that the concept of block grants such as General Revenue Sharing is very good. But in terms of current realities it can be seen as a mixed blessing. Cooley is proud to point out that Seattle has gotten very good at grantsmanship. In 1972, for example, Seattle received over \$82 million in federal categorical grants while the city's general fund stood at \$72 million. So while favoring the concept of revenue sharing, he feels that Seattle is going to receive much less federal aid from that type of federal grant program. Cooley maintains that he predicted at the outset that revenue sharing would be a "rip off" to major central cities. He predicted they would get 50 cents on the dollar with revenue sharing compared to what they got in categorical grants. As he sees it, suburbia ("the President knows where the Republican votes are") is getting a better formula interpretation. This will especially manifest itself with Special Revenue Sharing. For example, in 1972, Seattle received \$25 million in urban

²⁵Doolittle, Interview.

improvement grants of various sorts. As it looks now, with the Community Development and Better Cities Acts as part of Special Revenue Sharing, Seattle by fiscal year 1974 will receive only \$12.1 million for these same types of urban programs as were funded by categorical grant monies. His information says this amount should be reduced by another \$5.8 million by 1976. The city is supposed to take care of HUD programs, Model Cities, Open Space and other previous categorical grant programs with the lesser Special Revenue Sharing allocation. Seattle, then, will have to deal with many social programs previously funded with \$25 million with only \$12.1 million. The battle between social agencies for these monies should be fierce, he feels. Cooley maintains it is a clear political move by Nixon to solidify suburban and rural constituencies at the expense of the non-Republican central cities.²⁶ As we have seen, Miller and Cooley often disagree on the revenue sharing question, but in this case they share some feelings.

Councilman Miller is concerned with the political reality in Washington, D.C. that seems to have crippled Nixon's efforts to get his whole New Federalism program through Congress. He feels the revenue sharing situation

²⁶Cooley, Interview.

is confusing now. Special Revenue Sharing was supposed to replace cutback categorical grants but they do not know when or if they will get Special Revenue Sharing. So, perhaps the General Revenue Sharing funds Seattle has yet to allocate will have to go for social programs. He is in favor of city funding of those programs but essentially those programs were supposed to be funded with Special Revenue Sharing funds. He adds, "Watergate has jeopardized the whole revenue sharing approach."

Although Miller may agree with Cooley that the revenue sharing situation is not working as it should at the moment, he clearly believes block grants of this sort are best for Seattle, if not best for all cities. He believes this to be so even if Seattle won't get as much money from the federal government. He feels Seattle can make better decisions than the federal government on how best to spend funds in local problem areas.

Housing is a good example in the Councilman's opinion. There have been a few federal housing programs in the rehabilitation area. He feels, though, that the federal programs were drawn up with eastern cities in mind, not Seattle with its large number of single family owner-occupied homes that are aging badly. The federal programs were written with the idea of meeting the Harlem slum problem where people live in very dense multiple

dwelling accommodations. Seattle has its own slum area where about one-half of the people live in single family dwellings. In his opinion, the poor Blacks and Chicanos in Seattle have never wanted to live in multiple dwelling public housing projects; their relatives live in single family dwellings so other poor citizens want to live there too. The old federal programs were thus out of touch with the "Seattle mentality." Categorical housing grants were too inflexible to deal with Seattle's housing realities. The advantage of a block grant program like revenue sharing is that a city can define its own particular problems and then design programs to deal with them that are locally tailored to deal with the local problem. The "reserved" housing rehabilitation program passed by the City Council is such a program in Miller's opinion and it would not have been possible without General Revenue Sharing.

Rick Painter in the Department of Human Resources sees a real irony in the current revenue sharing block grant situation that others interviewed implied. The New Federalism in theory says local government is better able to decide where money should be spent in addressing their problems than the federal government. But cutbacks

²⁷Miller, Interview.

in categorical grants, with no replacement for the loss through Special Revenue Sharing, plus inflation and rising labor costs, mean that local governments may be forced to put money from General Revenue Sharing into general services only and also do some shoring up of cutback federal categorical grants. This precludes the city from using the General Revenue Sharing money as "new money" to be used over and above other federal grants and other local monies to assess local needs and money spent on them.²⁸

III. SEATTLE: SUB-CONCLUSIONS

In this section of every case study chapter an effort will be made to assess the data reported in the case study in terms of the theoretical framework discussed in Chapter III. In Chapter VIII we will draw together the "sub-conclusions" from each case study and arrive at general conclusions on revenue sharing.

In terms of the philosophy behind the New Federalism, it is clear that its major goal was to give more power and responsibility through the allocation of block grant monies to the "states, localities and the people." It is simply too early to reach any real conclusion as to

²⁸Painter, Interview.

whether the City of Seattle and its people have appreciably more "power" as a result of less than two years of receiving General Revenue Sharing funds. If power can be defined as the command over the allocation of resources, then the fact that the Seattle City Council has exercised the allocation of revenue sharing funds suggests they possess an increased measure of power that they would not have been able to exercise either without the block grant money or with more restrictive categorical grants. Certainly the city does have more responsibility than it would have had under categorical grants in that General Revenue Sharing allows considerable discretion on the part of the officials as to where the money should go. The fact that city officials felt the weight of that responsibility is reflected in controversies reported above as to whether the Council was really able to make such decisions in the time span they used, and in the controversy surrounding what was done with the funds as of this writing. On the basis of the short time frame in which Seattle has dealt with General Revenue Sharing, it can be suggested that a small amount of power has been gained by the city and more new responsibility seems to be felt by those dealing with the issue in City Hall. It is very important to add, however, that whatever new power the city may have with General Revenue Sharing, it

seems to have been largely compromised by the fiscal realities of decreased federal aid in the form of categorical grants and the huge cost of maintaining city services and labor expenses. The financial constraints on the city are so real that whatever "increased power" officials might have felt due to the receipt of General Revenue Sharing funds was clouded by strict demands on all their fiscal resources.

The New Federalism also suggests that States and localities should be able to establish their own priorities and determine the best methods for meeting their social needs through their use of revenue sharing funds and this should lead to a more decentralized American system. As we have seen, there is considerable controversy among those interviewed in Seattle as to whether fiscal realities can allow for the establishment of spending priorities in any areas other than traditional city service and responsibility areas. A major priority in Seattle is simply maintaining services through the use of General Revenue Sharing funds. Again, this is exacerbated by inflation, demands by city employees for higher wages and federal cutbacks in categorical grants. In Seattle, however, a "liberal" majority on the City Council did exercise their option under the New Federalism and established in the "reserved" category certain new pro-

grams that, in their opinion, do meet the priority needs of Seattle that may be quite different from the needs of other cities. Because the amount of revenue sharing money received so far is relatively small, it is hard to suggest that the work of the City Council has in any way decentralized the structure of American government. It is true, though, that the housing rehabilitation program and other parts of the "majority package" were not federal dictates. The City Council determined the priority and spent what it could. Perhaps that is a step toward decentralization of the establishment of priorities to meet social needs.

In Chapter III, Mr. Richard Nathan, who worked closely with the Nixon Administration on revenue sharing and the whole concept of the New Federalism, suggested that part of the decentralization aspect of the New Federalism was that the states and localities would now be expected to assume functional responsibility for human and community service programs. In Seattle, we have found substantial disagreement as to whether these areas of responsibility justly belong to the city at all. Some argued that it was the responsibility of the city to deal in human services far more than it had before, while others argued that only the most basic and traditional sorts of city responsibilities should be maintained even with

revenue sharing. It seemed clear, however, that federal cutbacks in categorical grants and the delay in creation of Special Revenue Sharing were the main reasons the city could not move boldly into new or relatively unfamiliar service areas. Fiscal realities moderated or prohibited those interviewed from being as expansive in the assumption of human and community programs as they may have wanted to be. In truth, of course, the liberal majority on the Council did get through some programs that were new in the community development areas, housing rehabilitation being an example. Councilman Miller, however, suggested that he would like to have spent much more on that area and on other programs to make the neighborhoods more pleasant and keep people in the core of Seattle. Thus, some of those interviewed saw revenue sharing as an opportunity for the city to assume responsibilities where the federal government was viewed as having been negligent in the past. Again, this applies specifically in the housing area.

Considering the fact that Special Revenue Sharing is far from being a reality, it is quite significant that the Seattle City Council moved as boldly as it did into assuming new and expanded community service responsibilities with their very limited General Revenue Sharing funds and the fiscal crisis the city faces. The ethnic cultural

centers are a further indication that Seattle is moving into the area of responsibility for human services, even though the "reserved" funds there are somewhat modest. Although some of those interviewed did not believe philosophically, or in terms of fiscal realities, that the city should move into new human and community service areas, the majority of the Council did agree with the functional decentralization aspects of the New Federalism.

Those who believed that it was the proper role of the city to take up certain social and community programs were fearful, however, that in this uncertain period, where many categorical grants in these functional areas have been cut back and Special Revenue Sharing is not a reality, many useful programs might get lost in the shuffle. Certainly, if the debate all over this nation is as strong as it is in Seattle, it is certain that many cities will simply opt not to assume responsibility for social and community service programs being cut back by the federal government. If the guidelines of Special Revenue Sharing are very broad, as it appears they will be, many federal programs can still be dropped by local government. In the case of Seattle, however, it appears that for the time being a majority on the Council see as a just responsibility of the city a duty to pick up previously funded categorical grant programs that have

"worked" and also the responsibility to expand city participation in the social and community service areas. It must be noted, however, that these programs are only in the "reserved" category and are not yet final Council allocations. The political situation could change between the time of this study and the time of final allocation.

The New Federalism calls for bringing government closer to the people. We have seen, however, that it is not clear who the New Federalism considers the "people" to be. A basic part of each case study is to see who the people are that are participating in and benefitting from revenue sharing. Such an analysis will tell us who the people are who are gaining from the New Federalism. In this case, how has Seattle defined "the people"?

Seattle dealt with its revenue sharing money as a special block sum. The decision-making process over disbursement of the funds was exactly like the city's regular budget process. It is in this decision-making process that we may see who the people are that are benefitting from the New Federalism. In a strict sense, the decision-making process in Seattle was open. Those who knew Seattle had received the funds and who wanted to make requests to the Office of Management and Budget were able to do so. Interest groups could also petition the

City Council and the Mayor for consideration. City Councilmen could ask their constituents, as could the Mayor, what they thought the city should do with its revenue sharing money. Indeed, the Mayor suggested that the Seattle 2000 Commission should take as part of its job the recommendation of priority spending for revenue sharing funds. As we have seen, that Commission was made up of a cross-section of all aspects of the city's population. But the Council felt the revenue sharing job would get in the way of the planning function that was the Commission's real responsibility. The Council did not set up an alternative decision-making mechanism. Certainly Councilman Miller realized that such a mechanism would have been a good idea and that just holding three open hearings on revenue sharing was not really "opening" the process to the people. When Mr. Doolittle indicated that such a decision-making mechanism would complicate things by involving the public in the process, he was admitting that minimal public participation results from merely holding open hearings on any fiscal question. Councilman Cooley acknowledged that budget hearings are very sparsely attended as a rule, and in the case of the revenue sharing hearings they were monopolized by special interests in the social service area who were threatened with losing their jobs due to federal cut-

backs in their social service areas. In other words, it can be argued that unless a city goes out of its way to get "John Q. Citizen" to participate in a decision-making process through creating a special mechanism to include him, the average citizen may well be left out. The elderly and the poor who often feel alienated or neglected by City Hall anyway, are unlikely or unable to come and be heard at regular open hearings. It would take a special mechanism of inclusion to bring the voices of these people, and others who feel government is closed to them, to the decision-making process on any issue including revenue sharing. Technically Seattle abided by the Revenue Sharing Act implication that the regular budget process could be used in deciding how to allocate General Revenue Sharing funds. But if the individual citizen is to be given the chance to petition the city regime, it can be suggested that this would only be a reality if the city went out of its routine way to include average citizens from all aspects of city life, as Seattle did in the creation of the Commission on Seattle 2000. Recognizing this, Councilman Miller felt however, that Seattle was "all participated out" with the Commission and so no such mechanism was established for General Revenue Sharing.

As we have seen, Seattle has also embarked on the

establishment of "little City Halls" in the community neighborhoods. But these little City Halls have not been used as devices to solicit the opinions of citizens on how to distribute revenue sharing funds. So far they are only a means whereby neighborhood residents can find out what sorts of services the city can provide for them and also register some complaints. But as Mr. Miller pointed out, the city staff in these neighborhood offices are not supposed to bring to City Hall the feelings of neighborhood residents on issues that bother them. The little City Halls are not instruments of communication from the citizen to the city official in any organized sense.

The people who actually benefit from revenue sharing in Seattle will not be clear until final Council action on the "reserved" and remaining revenue sharing funds. If those who are to benefit from the reserved monies actually get these funds, many of Seattle's less fortunate will be served. This suggests that the people helped by revenue sharing may be quite a broad cross-section of Seattle's population. But Seattle's decision-making process was very traditional and in no way fostered the participation of individuals or groups who were not likely to participate, i.e. the poor, minorities and aged. In this case the people who benefited from revenue sharing

and the New Federalism were those in city government and the influential interest groups who regularly help set city policy priorities. The Seattle experience tells us that it is up to the city government to decide who the people are who will benefit from revenue sharing. In Seattle there was no Jeffersonian individualism in evidence. The collectivities of city government and traditionally influential interest groups seem to have been the people most benefited by General Revenue Sharing.

We have seen that a major goal of the New Federalism is the decentralization of the American System. This implies some measure of "independence" of each layer of the federal system from the other. In the case of cities it should mean that they may be strong enough to avoid being totally dominated by their state and the federal government. Although Seattle has been given revenue sharing funds and the discretion to use them as the local political system allows, the dominance of the national government and the State are still clear. The potential for added independence and strength to Seattle has been largely negated by the inability of the Nixon Administration to complete the revenue sharing package and its cutbacks in categorical grants. These two factors, as we have seen, substantially limit the latitude of the city's discretion in spending revenue sharing funds. Certainly

Seattle has done some bold things with the money this year, but all agree this is a "one-time" thing and that the rest of the General Revenue Sharing funds will have to be used to balance the budget. The State has also shown its influence by cutting back its aid to the city in certain areas because they feel the city is now quite rich with its revenue sharing funds. Even with revenue sharing, the city is still at the mercy of the state, as it always has been. Thus, it is difficult to suggest that revenue sharing has made the City of Seattle very independent vis-a-vis either the federal government or the State of Washington. Our federal system divided powers between the national government and the states. The cities were to be creatures of the states. From looking at Seattle, revenue sharing seems to have done nothing to alter the power balance in any measurable degree.

What revenue sharing has done, however, is offer a means whereby those affected by federal cutbacks in categorical grants can seek a replacement for those funds. In this sense, revenue sharing has provided a means whereby a citizen frustrated by the response from one level of government can appeal to another level, in this case the city. We have seen that representatives from Head Start, Model Cities and other interest groups which see their federal funds in jeopardy have petitioned the city for

replacement funds. Seattle's limited funds may only further frustrate the members of these groups, but at least there now is a level of government to appeal to beyond the national level.

We have seen in Seattle that the War on Poverty programs, particularly Model Cities, had an effect in politicizing people who were previously not at all politically active. Many of those interviewed pointed out how representatives from Model Cities, not only administrators but neighborhood residents as well, came to City Hall to petition for revenue sharing funds. It is in this area that we could say that revenue sharing has afforded a further development of the participation of groups in government decision-making. This did not occur because the city designed mechanisms to make it so, but rather because of the politicization of citizens caused by previous government programs. Revenue sharing has given us an opportunity to see to what extent the "maximum feasible participation" programs of the 1960's have caused continuing participation by those they were designed to politicize. In the case of Seattle, City Hall officials felt those programs have had a real effect in politicizing the citizens they were supposed to politicize.

At this stage it is difficult to assess the degree to which Seattle will help fund federal programs which

have been cut back in the human and community services areas. As we have seen, virtually all of those interviewed believed the revenue sharing money yet to be allocated, about \$3.2 million, could very well go to tide over cutback federal programs until Special Revenue Sharing or other sources of funds can support these programs. It should be noted, however, that the debate was very strong as to whether the city could afford to support faltering national programs on its own, even with revenue sharing funds.

The social programs fought for by national elites during the 1960's are in trouble in Seattle if the priorities of local interests are represented in City Hall. To be fair, however, it must be emphasized that the main reason the city may not take up these programs is the fiscal inability of the city to handle them. It is true that some of those interviewed felt social programs like Model Cities and the War on Poverty programs are simply not the responsibility of city governments, no matter how wealthy they might be, but a majority sympathized with the social goals of recent national administrations and lamented their financial inability to do more in the human and community service areas. A look at the "reserved" revenue sharing allocation programs gives witness to this fact. The real test of the commitment of City Hall to the social

and community programs of the War on Poverty will come when the city finally allocates the remaining \$3.2 million and finally decides whether and to what extent the "reserved" programs will be funded. The majority on the Council is a majority by only one vote and if the minority on the Council can be seen as representing the wishes of some local elites, those local elites are close to achieving what they want.

The Seattle study tells us something of whether there is a national consensus that there should be collective action to solve social problems through public resources. It is fair to say that those interviewed believed there should be collective action in America to solve social problems but they would differ as to whether all levels of government should work on all social problem areas or whether the responsibility for social problems should be divided among the various levels of government. Those interviewed believed something must be done for the less fortunate and the minorities, but they did not all feel Seattle should be doing the job. We may find in the future that some interests in Seattle are able to influence City Hall enough to where the city only marginally participates in the social service area. This will not necessarily mean that City Hall or major local interests do not believe in social and community programs

for the poor and minorities. It may only mean they feel it is the responsibility of other levels of government to fund and administer these sorts of programs. If a national consensus means that officials at all levels must believe it is their duty to chip in and deal with the social questions of the day as a high priority of city government, then those interviewed in Seattle, as a whole, would not indicate there is such a national consensus. But if it means that the social problems are there and different levels of government should take some aspect of the problem and deal with it as best they can, then there is a large consensus in Seattle.

The liberal majority on the Seattle City Council seems to be striving to maintain a concern for minorities and the poor that typified the priorities of national elites in the 1960's. They would probably go even further if they had the money. A strong minority on the Council felt that the goals of the War on Poverty and the Council majority may be valid, but they feel that the city should not assume a substantial responsibility for accomplishing them.

Seattle's experience with revenue sharing also addresses itself to the themes of Lowi's The End of Liberalism. The question here is whether revenue sharing is the type of unconditional rebate aimed at those objects for

which no general rules are practicable or desirable, or whether it is simply another federal program without established guidelines that further sets back the cause of planning and justice that has plagued federal programs for so long. The Seattle experience seems to indicate that revenue sharing may be used for virtually anything. This means that the money may go for things that would not require federal guidelines in that they would be wholly inappropriate. The money may, however, also go for social, community and civil rights projects that may require guidelines if they are to promote the rule of law and justice Lowi advocates. Those interviewed seemed to believe the city was capable of deciding what to do with the funds and that it could maintain justice for its citizens and still determine better than the federal government how to spend the money.

There is no question that the Revenue Sharing Act has few guidelines and is virtually an unconditional rebate. General Revenue Sharing and Special Revenue Sharing, however, seem to be aimed at more than those objects for which no general rules are either practicable or desirable. Administration statements and the opinions of those interviewed suggest that the entire revenue sharing package is aimed at allowing states and localities to determine their own policies and priorities in a very wide

area of policy determination. We have seen that Mr. Nathan believes only the human and community service areas are to be the functional concern of the States and localities under the New Federalism. The ambiguity of these terms suggests a wide range of local policy making, indeed. It especially leaves open the possibility that local government may have great latitude in the civil rights area without benefit of specific federal guidelines. The possibility is there, then that revenue sharing in Seattle and other cities and States could set back the progress that has been made in the previously established national priority area of civil rights. If the liberal majority stays in a dominant position in Seattle, it is less likely to happen there. It does mean, however, that the continuance of previously established national priority policies is at the mercy of local politics under the New Federalism and revenue sharing. It is possible that after Congress evaluates the revenue sharing program in four years, it may see the erosion of certain policies such as civil rights programs and not renew revenue sharing. In the meantime, the latitude given cities under the legislation gives local elites and other local interest groups a great opportunity to compromise previously established national priority programs. This is most likely in areas, such as the War on Poverty

program, where continuance of the program will depend on localities funding them with their revenue sharing money.

There is no question but that revenue sharing in Seattle has furthered the process of interest-group liberalism. The lack of guidelines in the legislation (or the broadness of them) allows interest groups of all types to determine what will be done with the money. But the purpose of the legislation was to promote just such local policy making; it was never intended to be a policy with strict rules and regulations to get the localities to conform to specific national priorities. In the case of Seattle, the liberal majority on the City Council seems to believe the lack of guidelines in the revenue sharing legislation to be its greatest strength. You will remember Mr. Miller saying how Seattle's housing situation was unique and it is best that Seattle decide how to deal with it. Yet, many of those interviewed did fear that some successful programs from the War on Poverty and Model Cities programs might be lost in the national shift from categorical grants to block grants. So, although there was an appreciation for the broadness of the revenue sharing guidelines, there was also the fear that certain national programs might be lost.

CHAPTER V

GENERAL REVENUE SHARING IN TACOMA

I. CITY FINANCES AND REVENUE SHARING WHAT TACOMA HAS DONE

As of the 1970 United States census, Tacoma, Washington, had a population of 154,600.¹ Tacoma is located about thirty-five miles south of Seattle and is often over-shadowed by her larger and economically more prosperous sister city. Using Tacoma in this study is occasioned because the city's population is a different size from the other cities studied. At about 155,000, Tacoma stands at about twice the size of Eugene but less than one-third the size of Seattle.

Unlike Seattle, Tacoma does not find itself in quite as severe a financial bind. As a matter of fact, Mr. William Donaldson, the City Manager, suggests that if the State Legislature had not cut back funds to the city and if the Nixon Administration had not severely cut back categorical grants to the city, Tacoma would be in a healthy financial situation. But the State Legis-

¹The 1972 World Almanac and Book of Facts,
(New York: Newspaper Enterprise Association, Inc., 1972),
p. 193.

lature figures the city is well off with its revenue sharing funds and has cut back its transit allocation to Tacoma. Also, many social service agencies are clamoring for city funds due to federal support drying up. These factors, together with high inflation, mean Tacoma faces the possibility of a budget deficit of \$1.5 million this year. The fiscal picture is further complicated by the fact that as city costs have increased dramatically in recent years (especially labor costs), the city is tied to a relatively inflexible tax receipt base made up of property taxes and business license taxes. These two revenue sources have suffered lately, as well, due to the recent economic recession in the Seattle-Tacoma area. The Manager reports that although revenue has gone up about 10% in recent years, costs have gone up about 14%. Before the city knew how the State legislature and the Federal Administration were going to ultimately deal with the revenue issue, it appeared that General Revenue Sharing and Special Revenue Sharing would be the financial lift the city needed.

Tacoma has dealt with its General Revenue Sharing funds as a separate package. This was the case with both the 1972 and 1973-4 General Revenue Sharing funds. The money was not automatically included in the city's general fund budget and allocated as just another munic-

ipal revenue would be.

Tacoma received a total of \$3.3 million in General Revenue Sharing funds in 1972. The city allocated \$1.4 million of that sum in late 1972 and combined the remainder with its 1973 allocation. The \$1.4 million was looked at by city officials as essential money to carry out important city functions on an emergency basis.² The Federal Projects Team, made up of the City Manager and City Department heads, came up with a list of policies and priorities on how to spend the money. They suggested that all the money go for capital expenditures and projects, such as equipment rental, local improvement of neighborhoods and the improvement of interdepartmental communication systems that were felt to be very outdated. These projects were suggested to the City Council for funding with the revenue sharing money and the Council approved. The public was not involved in the decision-making process concerning the disbursement of these funds.

For the 1973-4 fiscal year, Tacoma had \$5.7 million in General Revenue Sharing funds to allocate. \$3.8 million of this money was the city's 1973 General Revenue

²Interview with Stearns Wood, Assistant Program Management Systems Director, Tacoma Planning Office, Tacoma, Washington, 25 July 1973.

Sharing allocation from the federal government. \$1.9 million was carried over from the 1972 allotment from the federal government. Although Tacoma developed quite an elaborate decision-making process for deciding how to allocate the bulk of its revenue sharing money, this process was not used in deciding how to allocate a large portion of its 1972 funds and \$477,000 of its 1973 funds. Before that process could be established, the Mayor, his administrative staff, and the Council decided there was a great need for the funding of certain programs on a high priority emergency basis. The \$477,000 went primarily for summer youth employment and recreational programs. Summer jobs for 400 youths were created in one program. Some of the money went to repair considerable damage to city property resulting from a recent storm. Another large sum went for the creation of a Department of Human Development that would administer and oversee social programs under Special Revenue Sharing.³

The Revenue Sharing Evaluation Process

Although sizeable amounts of Tacoma's 1972 and 1973 General Revenue Sharing funds were allocated without open public hearings, and consequently not in accord with the

³Interview with Gordon Johnston, Mayor of Tacoma, Washington, 25 July 1973.

city's regular budget process, by far the greatest amount of revenue sharing money received by the city was allocated by a process that went beyond its regular budget process in terms of citizen involvement. The series of events that led to the development of Tacoma's "evaluation process" for revenue sharing started in the summer of 1972. At that time the City Manager and the current Director of the Program Management System decided that Tacoma needed a new over-all city program for management and budget procedures. They also felt an evaluation and monitoring procedure for city programs should be devised. To get funds to develop such a system, Tacoma applied for a \$106,000 Community Renewal Program grant from the federal Department of Housing and Urban Development. Tacoma received the grant and began to develop a Program Management System. Soon thereafter General Revenue Sharing came along and it was decided that an important part of the decision-making process for evaluating what should be done with General Revenue Sharing funds would come under the new Program Management System. The City Manager asked the Program Management System group to develop some type of means to evaluate all the programs that were to come in asking for General Revenue Sharing funds. The Program Management System then contracted a consultant firm to make recommendations as to a process

for evaluating revenue sharing project proposals.

On January 15, 1973 the consultant submitted a report to the Program Management System group. This report was very significant in guiding the group in the drawing up of the final evaluation process. As time went on, those interviewed suggested, the community and city government became more and more enthusiastic about this evaluation process. There was also considerable national attention paid to the Tacoma effort. And, by July, 1973, a Policy Advisory Team was set up to see if a similar technique could be worked out for evaluating the whole city budget in the future.

The Program Management System staff has printed a booklet entitled "An Evaluation Process for the Selection of General Revenue Sharing Programs." It tells the complete story of Tacoma's evaluation process for General Revenue Sharing. At one point in the booklet a general overview of the evaluation, selection and monitoring process is given. It is:

In an effort to fairly and equitably judge program proposals, a systematic evaluation process has been developed. Very generally, the process acts like this:

1. The information on the application is reviewed by a Technical Evaluation Team utilizing a formal set of evaluation criteria in accordance with City Council policies. A numerical rating of each proposal will result.

2. A Management Team will review the ratings and rankings and develop a recommended 'package' of programs to the City Manager. Individual

program funding levels will be included as a part of this package.

3. Subject to adjustments by the City Manager, the program recommendations will be submitted to the City Council for their action. All proposals, regardless of whether or not they are a part of the recommended package, will be submitted to the City Council.

In addition to selecting programs for revenue sharing funds, the City must hold itself responsible for monitoring the efforts of the operational programs. This monitoring effort includes a continuing awareness of the status of the program as it relates to achievement of objectives, compliance with work schedules, and fiscal management. While the City will assume a general or overall responsibility for monitoring and evaluating all operational programs, the funded agencies must provide similar effort⁴ to keep track of and control their own programs.

Because the Tacoma evaluation process is unique among the cities studied in this paper and perhaps unique in the nation, some further discussion of the details of the evaluation process would be valuable. A great many details, however, need not be included in the text of this case study. Therefore, in Appendix A, there are a number of important explanatory documents which accurately detail the evaluation process.⁵ A segment from the booklet describing the "Composition and Responsibilities of Principle Functioning Units" in the

⁴Staff of the Program Management System, Tacoma, Washington, "An Evaluation Process for the Selection of General Revenue Sharing Programs," Tacoma, Washington, July, 1973, p. 3.

⁵Specifically, the reader should refer to "Details of Evaluation Process for Revenue Sharing Proposals," in Appendix A.

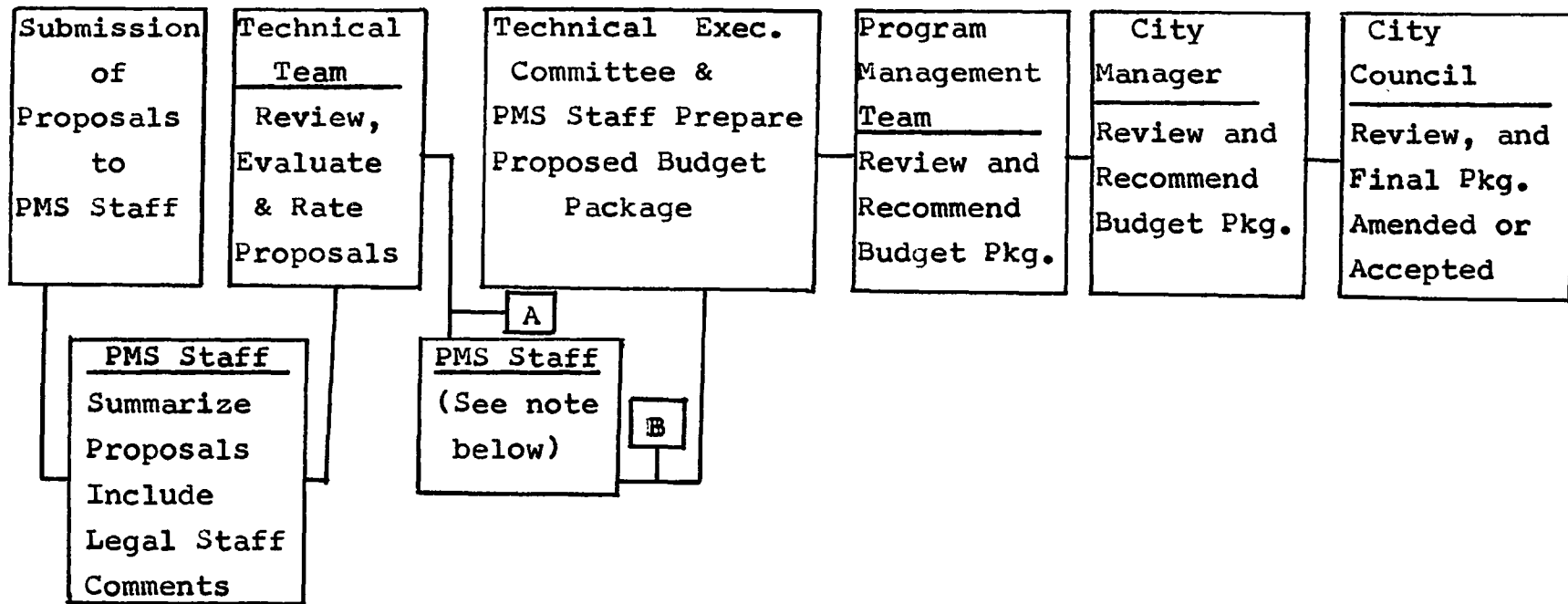
evaluation process and a chart from the booklet entitled "General Revenue Sharing Evaluation Process," are presented on the following pages as they help explain the basics of the evaluation process.

The Tacoma City Council passed certain "Revenue Sharing Policies" that were to aid those involved in the evaluation process. They are as follows:

1. Policy: Emphasize the importance of non-recurring programs or expenditures in view of the presently established expiration date for the Revenue Sharing Program, and in recognition of the long term or permanent encumbrances associated with recurring programs.
2. Policy: Recognize the value of expanding or improving already existing programs where such programs are recognized and accepted as necessary and effective.
3. Policy: Strive to select programs which will result in maximum benefits from the investment dollar.
4. Policy: Maintain a concern for citizen desires and opinions by selecting programs with which a maximum number of persons can identify and support.
5. Policy: Consider programs which increase the level of operational efficiency of Tacoma government through improved management techniques, job skills and material.
6. Policy: Expand the capabilities of the general fund for future program opportunities by meeting commitments to outstanding loans and encumbrances.
7. Policy: Realize the importance of providing for new services and programs of recognized need or demonstrated value.
8. Policy: Recognize that a fair and objective evaluation of all programs will aid the Council in making equitable decisions regarding potential programs and will enhance support of such decisions by participating agencies and the general public.
9. Policy: In recognition of the concern for social and economic problems, strive to provide

1. Technical Evaluation Team -
 - a. Composition: 15 community representatives and 15 city department staff members. The community representatives are appointed by the Mayor. City staff members are appointed by their respective department heads.
 - b. Responsibilities: Review, evaluate and rate program and project proposals and make recommendations.
2. Technical Evaluation Team Executive Committee -
 - a. Composition: Two city staff members and three community representatives selected by the technical evaluation team.
 - b. Responsibilities: Serve with PMS staff to prepare recommended budget package for submission to program management team.
3. Program Management Team -
 - a. Composition: Department Directors.
 - b. Responsibilities: Review PMS staff and technical evaluation team executive committee recommendations. Revise as required and submit to City Manager.
4. City Manager -
 - a. Composition: Not applicable.
 - b. Responsibilities: Review ranked program and project proposals and recommendations and modify if appropriate. Make recommendations and submit as budget package to the City Council for final action.
5. City Council -
 - a. Composition: Not applicable.
 - b. Responsibilities: Review ranked programs and project proposals and recommendations and make final decisions regarding revenue sharing program funding.
6. Program Management System Staff -
 - a. Composition: City staff under the Director of Program Management System reporting to City Manager.
 - b. Responsibilities: Review and summarize incoming project proposals. Prepare information packets for evaluation process. Summarize ratings with the assistance of the technical evaluation executive committee and prepare budget package for program management team review. Perform other duties as required.

Figure 2. Assignment of Responsibilities for Revenue Sharing. SOURCE: Stearns Wood, Program Management System, Tacoma, Washington, 1973.



Work Flow Point "A to Point B" is expanded to show mechanical functions performed in this step:

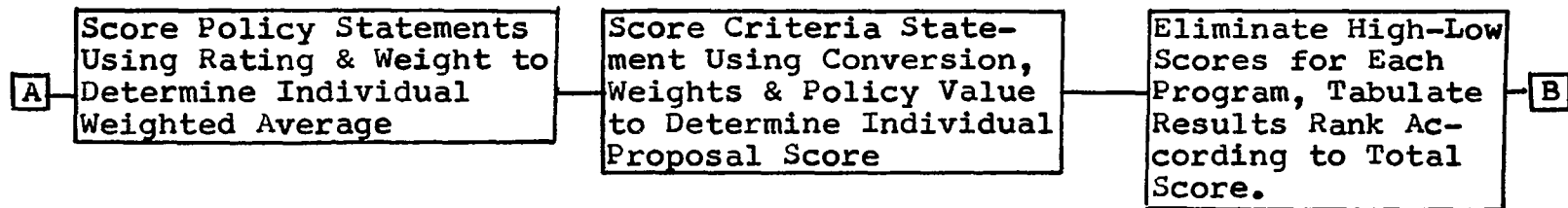


Figure 3. Flow Chart Showing Revenue Sharing Evaluation Process in Tacoma, SOURCE: Stearns Wood, Program Management System, Tacoma, Washington, 1973.

for a cross-section of citizen needs through a mixture of physical, social and economic programs.

10. Policy: Provide for a contingency fund in recognition of emergency needs and future desirable programs, as well as for encumbrances resulting from possible changes in State and Federal legislation.

Policy statements one through seven are used by the Technical Evaluation Team. Each of these statements has been assigned a weighted value in terms of their relative importance to each other, and are thusly used by the Technical Evaluation Team in the numerical ranking process of evaluating project proposals for the use of revenue sharing money. The booklet further explains that policy statements eight through ten do not apply to specific programs and are used to provide a general overview for all programs.

Also in Appendix A is a "General Revenue Sharing Program Proposal Evaluation Form." This is the form used by the Technical Evaluation Team in the evaluation and rating of programs and project proposals. It can be seen by examining the document that the "Revenue Sharing Policies" just outlined are on the right hand side of the form. On the left hand side are certain "Program Evaluation Criteria". These, too were adopted by the City Council to aid those doing the evaluating. The reader

⁶System Staff, "Evaluation Process", pp. 13-16.

is invited to review these statements in Appendix A, as they give a further dimension to the thoroughness of the Tacoma evaluation process as well as an indication of its complexity.

Also included in Appendix A is a document indicating the "Scoring Process for Revenue Sharing Proposal Evaluation." This document gives a further explanation of the numerical weighting aspect of the evaluation process.

Although we will discuss the point more fully later in the chapter, it is important to note that the Technical Evaluation Team was made up of fifteen Tacoma community representatives and fifteen city department members. The Mayor appointed the fifteen community representatives and was very careful that they were representative of the city in terms of socioeconomic status, occupation, race, ethnic group, sex and other such criteria. Another document in Appendix A is entitled "Technical Team Evaluation Process Scores by Individual Program for Revenue Sharing." This document is the final compilation of program proposals and the ratings and rankings given them by the Technical Evaluation Team. Numbers one through fifteen at the top of the chart are the fifteen community representatives and numbers sixteen through thirty are the city department staff members.

The result of Tacoma's elaborate evaluation process is the Appendix A item entitled, "Revenue Sharing Entitlement Period 3 and 4, Program Management Team, Recommended Budget, June 15, 1973". As you can see, the programs were finally ranked from one to sixty-three. Before this final document was drawn up it was clear to the Technical Evaluation Team Executive Committee that all sixty-three programs could not be funded at the suggested funding level within the existing General Revenue funds. The Executive Committee went through all the program proposals again and looked for (1) program duplications, (2) what they considered to be non-budgetary requests, and (3) legal problems. They went over the original applications and talked to applicants as well. They finally made three recommendations to the Program Management Team and later, in process, to the City Council. The Program Management Team could choose one of these recommendations as a means of deciding how many and which of the evaluated and ranked programs could be funded with General Revenue Sharing monies. The Technical Evaluation Team Executive Council suggested:

(1) Taking and funding programs until they run out, about through program number 40.

(2) Making cuts and adjustments in the first 40 programs based on the above three points and take the extra approximately \$600,000 and use it so the overall list of programs funded would more correctly match the Council's earlier guideline that they equally distribute funds among

physical, social and economic priorities. The original ranking showed that the first 40 programs were mainly physical and economic and only a few social programs. Also, funding 50 rather than 40 programs is thus possible and is suggested.

(3) Going with the first 40 programs as ranked, reviewed and revised, and give the extra \$600,000 that has been developed to the Department of Human Development and let them decide which social programs are to be funded.⁷

The Program Management Team carefully evaluated these recommendations and decided to adopt number three. They also decided that some money should be left in reserve in case the State does not come through with needed funds for the City next year. Their final recommendation is embodied in the Revenue Sharing Entitlement Period 3 and 4 document referred to above which is located in Appendix A.

In September of 1973 this final document was presented to the Tacoma City Council. The Council accepted the document "generally." That is, they accepted the evaluation and ranking "process" but decided they would fund the programs one at a time on a "first ready" basis. According to Stearns Wood, Assistant Program Management Systems Director, this means that the programs that are in the first fifty ranks will be funded as soon as they are taken under the umbrella of a city department and their program is finally drawn up in accord with the

⁷Wood, Interview.

guidelines of that department (environmental impact studies and so forth). The program will then go to the Program Management Team, to the City Manager, and finally to the City Council for final approval. In essence, the Council decided to reserve the right to adjust the rankings and funding levels of programs as it saw fit.⁸ Exactly what this says about Tacoma's evaluation process is difficult to assess until the Council is finished passing judgment. It is clear, however, that the first fifty programs are in the order they are in because of the input of a wide range of citizens as well as city staff personnel. Tacoma did include its citizens in the revenue sharing decision-making process, going out of its way to develop a special mechanism for this purpose. No matter what the Council finally decides, their range of choices and alternatives has been determined by that mechanism.

II. THE POLITICS OF REVENUE SHARING IN TACOMA: HOW CITY OFFICIALS VIEW REVENUE SHARING

As with each case study, we will now examine how city officials interpret the original intention of federal revenue sharing, how they feel about what their city has done with its revenue sharing funds, what their feelings are about their city's revenue sharing decision-making

⁸Ibid.

process, and how they view the entire question of federal aid to cities. At the end of this, and each case study chapter, certain preliminary conclusions will be offered on that city's revenue sharing experience and how it addresses itself to the goals and fears raised by the New Federalism outlined in Chapter III.

Views of City Officials on the Original Intention of Federal Revenue Sharing

Those interviewed in Tacoma generally agree that the intention of General Revenue Sharing was that the funds were to be used by the city as "new money." The new money was to go for programs and services the city could not previously afford to fund, but which city officials felt needed to be provided.

Regina Glenn is Manpower Planning Director in Tacoma's Mayor's Office. She has spent a great deal of time studying the effect of revenue sharing on manpower programs already established by various levels of government. She has been particularly active in drawing up Tacoma's evaluation process. She feels that General Revenue Sharing funds offer an opportunity for Tacoma to do some new things, but she agrees with city staff and City Council recommendations that funds should not go for recurring expenses. The difficulty is, however, that recent cutbacks in federal social service programs have made her

and others in Tacoma government feel that General Revenue Sharing funds might have to go to shore up those cutback programs. She reads the guidelines of the Act as suggesting that some General Revenue Sharing funds should go for a "maintenance of efforts" which can be interpreted to mean that the federal government wants the cities to pick up programs it is cutting back as they wait for Special Revenue Sharing. Mrs. Glenn argues that this may be necessary but that it would certainly get in the way of the city being able to do much "new" with the funds. Mrs. Glenn feels that General Revenue Sharing funds should not go for property tax relief. If the revenue sharing program is dropped in a few years, the taxpayers would have their property taxes upped again and, of course, they would not like it. She believes that if the city is to spend the money mainly on programs of its own design or many previously established federal programs that have been cut off, there should be a balance of spending on physical, economic and social programs.⁹

Mrs. Glenn's sentiments on the intention of revenue sharing are largely reflected by Stearns Wood, Assistant Director of the Office of Management and Budget in Tacoma. Mr. Wood is at the heart of the Program

⁹Interview with Regina Glenn, Manpower Planning Director, Office of the Mayor, Tacoma, Washington, 24 July 1973.

Management System and as such has worked for some time on the whole revenue sharing issue for the city. He felt strongly that Tacoma had no preconceived notions about what should be done with its revenue sharing money, but hoped it could be used to benefit areas of city concern previously financially neglected. City officials did not want the money to go for recurring expenses or into the budget's general fund. On the other hand, Wood agreed with others interviewed that Tacoma did not want to become too dependent upon General Revenue Sharing funds, either. The innovative programs were to be such that they would not put too much drain on city funds if revenue sharing should stop.

Unlike Mrs. Glenn, who felt the Revenue Sharing Act implied a justified and even expected use of General Revenue Sharing funds was to pick up cutback federal programs, Mr. Wood suggested that it was the purpose of Special Revenue Sharing to fund those cutback categorical grant programs, not General Revenue Sharing funds. The intense pressure being put on the city to spend General Revenue Sharing funds on cutback federal programs is really an encroachment on the "freedom" to use General Revenue Sharing funds as new city money for new programs. Tacoma's evaluation process, however, allows for any program supported by any interested individual or group

to apply for General Revenue Sharing funds and to be evaluated by the criteria and persons described in the first part of this chapter. Mr. Wood was careful to point out that although the intent of General Revenue Sharing was, in his opinion, to be new money for the city and not to be a substitute for reduced federal funds, Tacoma's evaluation process allows those evaluating and ultimately the City Council to decide where the money should go. He points out further that many previously funded categorical grant programs are in the top half of the rankings resulting from the evaluation process.¹⁰ This sense of city responsibility for social services was widespread among those interviewed. Mayor Gordon Johnson agreed with Mr. Wood that even if General Revenue Sharing was not intended as substitute money for cutback federal social programs, if the programs are doing some good in the city, they should be funded from whatever sources of funds the city can find - including General Revenue Sharing funds.

Mayor Johnson was quite outspoken in his criticism of federal cutbacks in Office of Economic Opportunity and Model Cities programs. He feels that American society has too long been negligent in aiding the less fortunate in a way that might substantially change their lives, and he particularly resents having to use General Revenue

¹⁰Wood, Interview.

Sharing money as replacement money for the cutback federal programs. The Mayor clearly believed those programs were not to be cut back until Special Revenue Sharing was enacted. He feels, however, that the city has a definite responsibility to go beyond its traditional services into the social service field, and if General Revenue Sharing funds have to be used for this purpose, then he believes it is justified. He originally saw General Revenue Sharing as new money that "was not intended to be substitute money for anything."¹¹

The Tacoma City Manager would largely agree with his colleagues but he had a slightly different slant on why the original intention of General Revenue Sharing would not be realized in Tacoma and elsewhere, also. William Donaldson is the Tacoma City Manager and he, too, believes General Revenue Sharing was supposed to be new money for the city to deal with problems it could not afford to deal with before. From his administrative point of view, he blames "politics" for getting in the way of his city perhaps not being able to do with revenue sharing what was intended. "Two things," he argues, "beyond Tacoma's control have gotten in the way." The first is the State Legislature's attitude. The State Legislature seems to feel the city is well off financially now that it has General

¹¹Johnson, Interview.

Revenue Sharing funds. He points out that the legislature has cut in half its subsidy to the city's transit system (about \$475,000). They have also changed the reassessment of property valuation that severely cuts back city revenue from the property tax. He further points out that the legislature has changed the firemen's and policemen's pension situation to where they want the city to pay the unfunded liability of \$400 million. "Now, when inflation is worst, the legislature is renigging on some of its aid. This is exactly what is not supposed to happen in the use of General Revenue Sharing funds." Donaldson says that this situation means that Tacoma now faces a budget deficit of about \$1.5 million and an easy way to balance the budget would be with General Revenue Sharing funds, "but Tacoma is not doing this." Like the others interviewed, the City Manager wants to use the money, if at all possible, for non-traditional budget expenses or to take up the slack from state and federal aid cutbacks.

Secondly, Mr. Donaldson blames the Nixon Administration. "With Watergate and the shape of the economy, the Nixon Administration is in so much trouble now that alot of people are forgetting now that General Revenue Sharing is just part of a total program." Part One of the program is going great guns, that is, cutting out all the categorical grants. "The 'cut off' part is working but the

'come on' part is not." For example, look at Special Revenue Sharing. "General Revenue Sharing is caught in the middle and it puts the city in the bind of being pushed to use General Revenue Sharing for the purposes for which categorical grants and Special Revenue Sharing were intended."¹²

Although it is important to know what city officials in Tacoma interpret the original intention of General Revenue Sharing to be, it is necessary to emphasize that those officials created an evaluation mechanism for deciding where the General Revenue Sharing money should go that was mainly guided by the City Council statement that there should be a balance between economic, physical and social programs funded. This guideline and the whole evaluation process imply that the money can go for virtually anything put high in the ranks by the evaluation process. The evaluation process itself seems to conform most to Mrs. Glenn's opinion that General Revenue Sharing funds should go for new programs but money can also go for maintaining cut-back federal programs. Such an expenditure would clearly be within the guidelines of the Act itself and is not the abrogation of the Act that so many of those interviewed suggested. Of course, Mrs. Glenn was reacting to

¹²Interview with William Donaldson, Tacoma City Manager, Tacoma, Washington, 25 July 1973.

the letter of the Act while those who felt differently seemed to be reacting to its spirit.

Views of City Officials on How Tacoma Allocated
Its General Revenue Sharing Funds

As we have seen, the City Council has not made any final decisions on which of the fifty top-ranked programs it will fund. The Council has said it will fund the first fifty programs on a "first ready" basis. All of those interviewed agreed that the Council guideline of a mix between social, economic and physical programs was a good mix and they assumed the final appropriations would be so mixed. It was further assumed that the Department of Human Resources would make "ready" its decisions to the Council on which of the social programs ranked should be funded to bring the social programs into equivalency with the economic and physical programs.

As we have seen, some revenue sharing money was allocated before the evaluation process was put into effect. Those interviewed said that the money needed to be allocated as it was and they felt the amount going for creation of the Department of Human Development was an especially useful expenditure. Mrs Glenn states that "that project would not have been possible with adequate staff without revenue sharing funds."¹³ The City Manager said

¹³Glenn, Interview.

the Department was created in order to prepare the city for the administration of Special Revenue Sharing, which they thought would be fast arriving. The hope was not to let the city get trapped the way Model Cities did by giving money "to the guy who yelled the most." The city also wanted to make sure it did a better job of administering social programs than did the Community Action Program. At this stage, the Department is evaluating social service programs going on in the city to see which should be funded with Special Revenue Sharing funds and administered by the city. While Mr. Donaldson did not feel General Revenue Sharing funds should go for support of cutback federal programs unless absolutely necessary, he does feel the creation of this department was a worthwhile use of General Revenue Sharing funds.

As we have seen, Mr. Donaldson did not want to use General Revenue Sharing money for balancing Tacoma's budget, but he worried that a fiscal emergency might arise and General Revenue Sharing funds might be so needed. He therefore hoped the City Council would adopt a priority system in terms of the ranked programs instead of specifically funding any program in case the city finds it needs General Revenue Sharing to balance the budget. This would only mean the city would not be able to provide funding as far down the list of rankings as it might

otherwise want to do. As of September, 1973, the City Manager was saying the city faced a deficit of from \$1.7 to \$2.7 million and he wanted the Council to start thinking about using revenue sharing funds to deal with it. Stearns Wood, however, reported at the end of September that the Council has not decided to use revenue sharing funds to balance the budget and will fund the top fifty ranked programs on the "first ready" basis explained earlier.

Views of City Officials on the Tacoma Revenue Sharing Decision-Making Process

Those interviewed in Tacoma were very proud of the decision-making process used in their city for the allocation of revenue sharing funds. They felt confident that the guidelines of the Revenue Sharing Act and of the City Council were broad enough that those engaged in the program evaluation process could use considerable discretion in deciding how Tacoma should use the federal aid. Mr. Donaldson, the City Manager, mentioned that in a recent meeting he had with Mr. Graham Watt, Director of the Office of Revenue Sharing, United States Department of the Treasury, Watt said he felt Tacoma's evaluation process was a very good idea and that it was the only one of its type in the United States, to his knowledge.

Mayor Johnston felt the evaluation process was cer-

tainly the most sophisticated in the State. He goes along with others interviewed in considering himself the prime mover behind development of the citizen participation scheme. The Mayor explains that he had a previous experience with citizen participation in local decision-making with the Manpower Area Planning Council funded through the United States Department of Labor. In this experience, he noted how capable citizens on the Council were in making hard decisions and confronting special interests. He therefore became confident of the ability of ordinary citizens and decided they should play a significant role in the revenue sharing decision-making process. He is careful to point out that those participating were not local politicians, but average citizens who had not previously spent much, if any, time in politics or government. For example, he said he called the Superintendent of the Tacoma Public Schools and asked for a recommendation on who could serve on the evaluation team and the Superintendent recommended a vice principal of a local high school. The Mayor did a similar thing in seeking a representative from among the city's private schools. He also called the Central Labor Council and they suggested a local barber, which pleased the Mayor, because he felt persons in that profession had a feeling for what was on the people's minds. He called around, in

other words, and got persons from many walks of life in the city.¹⁴ As it turned out, the citizen component in the evaluation process came from all geographical areas of the city, from various age groups, races, occupations, both sexes and different income groups. There was a Chicano, an Indian and a Black from the citizen group, along with three people in the city staff group who were minorities. Mrs. Glenn, herself black, said she felt there was "an adequate minority representation" in the evaluation process. She said this in light of the fact that about six percent of Tacoma's population is minority.¹⁵ In the opinions of those interviewed, the openness of the system is further evidenced by the fact that any individual, organization or group could present a program to the evaluation team for consideration for revenue sharing funding.

The Mayor was particularly interested in the fact that, although social programs were in the minority in the top forty rankings, the citizen component in the evaluation process did rank social programs higher than economic and physical programs fairly consistently. To the Mayor this meant that the city staff may not have a feeling for what the people of Tacoma really want. In order

¹⁴Johnston, Interview.

¹⁵Glenn, Interview.

to see to it that the citizens in the evaluation process truly represent the wishes of the city's citizens, Johnston believes the citizen component in the evaluation process should change every year. He believes this is also a good idea because "...over time a large number of people will have become involved in the decision-making process and will have sympathy with the complexities and efforts of city government." Tacoma, then, intends on using this or a similar citizen involvement evaluation for the allocation of each year's revenue sharing money. This will apply to Special Revenue Sharing as well.¹⁶

Both Mayor Johnston and Regina Glenn believed that the War on Poverty programs of the Johnson Administration and the Model Cities program have had considerable effect in politicizing Tacoma's citizens, particularly the disadvantaged and the minorities. Mrs. Glenn points out, however, that Community Action Program representatives were deliberately excluded from representation on the Technical Evaluation Team because they are already very active on their Community Action Program boards and they are heard at all levels of city government so much already. She re-emphasized the Mayor's wish that the citizen component in the evaluation process be average citizens and not representatives from any special interest.

¹⁶ Johnston, Interview.

She further pointed out, however, that Community Action Program representatives have been at all the Council hearings on revenue sharing and, of course, they made program suggestions for the disbursement of revenue sharing funds to be considered by the Technical Evaluation Team and finally by the City Council. A member of the Board of Trustees of the local Community Action Program organization herself, Mrs. Glenn feels that "CAP clients may be better off if CAP's stay quiet because, although they have been proponents for their clients, they have been poor administrators; Model Cities, too. Actually, in spite of CAP's, the city is using some of its money and General Revenue Sharing funds for social services."¹⁷

She goes on to say that many of the social programs proposed for funding in the evaluation process were proposed by other than Office of Economic Opportunity or Model Cities groups and that neither of these programs had anything to do with setting up the evaluation process. "It was the Mayor's initiative that did it. He did not want the turmoil of OEO. He wanted citizens to participate and develop specific programs."¹⁸

The Mayor added that another reason he did not feel it appropriate for Office of Economic Opportunity repre-

¹⁷Glenn, Interview.

¹⁸Ibid.

sentatives to sit on the Technical Evaluation Team is that many of their programs go outside city limits and there is virtually no communication between Tacoma and Pierce County on social service matters:"(The) city has consistent trouble with the county because the Commissioners are very conservative and only interested in legislation that will increase their power and not so interested in people's welfare and new social programs."¹⁹

It is clear that those interviewed in Tacoma were very enthusiastic about the evaluation process that was developed for revenue sharing. Mrs. Glenn points out that the Revenue Sharing Act itself only requires the city's regular budget process be used for the allocation of revenue sharing funds, but Tacoma went beyond and this has now caused the city and many of its citizens to want to modify Tacoma's regular budget process. Mrs. Glenn is now Chairman of a team that is reviewing the whole budget process of the city with a notion to use the General Revenue Sharing decision-making process, or something like it, in regular budget process in the future. The main point, she feels, is that there ought to be a citizen component in the budget process that goes beyond the open hearing process. As of now, the City Manager and the department heads review the department budgets and

¹⁹Johnston, Interview.

approve or disapprove those budgets and present that package to the City Council. However, because of the impact of the General Revenue Sharing evaluation process, the citizens have asked why they cannot participate in the whole budget process, rather than just revenue sharing. So the General Revenue Sharing evaluation process has had great impact on the overall decision-making process for the city's budget. As Head of the Budget Process Review Committee, Mrs. Glenn is recommending to the City Council the following:

(1) That fifteen citizens be chosen from the community at large by geographical area, occupation, education, civil organization, social service delivery agencies, industry, and citizens at large, to serve on the budget review staff.

(2) That they should rotate with and be equal to the number of department directors sitting in review of the city's budget plus the finance director; e.g. three department directors, three citizens plus the finance director. Thus, seven people would look at each department budget and make final recommendations to the City Council.

(3) That Citizens are to be appointed by the Mayor and Council according to the above criteria. Also, the citizen component should be changed each year.²⁰

As of this writing, this proposal is still under discussion by the City Council, and Mrs. Glenn expects a proposal exactly like, or similar to, the Budget Process Review Committee's to be adopted.

Although those interviewed were enthusiastic about

²⁰Glenn, Interview.

the revenue sharing evaluation process, they did not think it perfect. Stearns Wood was careful to point out that the Council could abolish the entire mechanism if it wanted to, but he thought that unlikely. He did feel, however, that some modifications of the process were likely for next year, that is, for the revenue sharing deliberations whether for General Revenue Sharing or Special Revenue Sharing. For example, he feels some changes are needed in the evaluation form itself because some questions asked of the evaluation team required the expertise of a budget specialist which the citizens were not. Also, for those applying for revenue sharing funds, he feels that perhaps there should have been a pre-application seminar to clear up legal difficulties that might arise in some applications. The seminar would be helpful in aiding applicants on how to fill out their application correctly, too.²¹

Views of City Officials on Federal Aid to Cities

In terms of federal aid to cities generally, those interviewed in Tacoma were enthusiastic about block grants. The primary categorical grant that Mayor Johnston cited as beneficial to Tacoma in recent years was Model Cities: "(I)t is tragic that Nixon cut back this program before it really had a chance to get going." Whether Model Cities

²¹Wood, Interview.

is a block grant or a categorical grant is open to interpretation, with most federal aid experts feeling it is a block grant. The Mayor is correct, however, in suggesting that Model Cities is a more directed form of federal aid than the sum of General Revenue Sharing. Johnston feels that categorical grants, as a whole, are drawn up to satisfy the needs of big eastern cities and not cities like Tacoma with different needs. Thus, block grants and their flexibility are better. The Mayor feels that with categorical grants the city has to deal with "rip-off artists" but with block grants like General Revenue Sharing that allow for the creation of a broad-based citizen group along with city staff doing the evaluation of programs, "you have the people making decisions...with such a process it means that one element of the city is not deciding all."²²

City Manager Donaldson agrees that the needs of one city are often not the needs of another and that the flexibility of block grants is good. He would even take less federal aid in order to get the discretion of a block grant like General Revenue Sharing. He adds that although some cities are probably more able than others to deal with block grants, he feels Tacoma is very able to handle the responsibility. He sees no danger to civil rights or

²² Johnston, Interview.

other "well-established" national programs by giving discretion to the cities that General Revenue Sharing gives. Donaldson did fear two potential eventualities, however. First, he fears that the Nixon Administration will continue to develop formula interpretations that will favor suburbs. He fears the President may come to use revenue sharing as a political tool to shore up Republican strength in those areas. Already, he feels, as former City Manager of Scottsdale, Arizona, that suburban communities have money from General Revenue Sharing "coming out their ears." Secondly, he fears that too many cities may use the General Revenue Sharing funds unwisely, inefficiently, or illegally. If they do, it will certainly doom the program.²³

Mrs. Glenn echoed the City Manager's opinion on this matter and added that although block grants may not be best for all cities, they should continue to those "that have shown a real ability and success with them. Politics may not work that way, but ideally the federal government should give to those who prove they know how to deal with it. As in any business, you should receive according to your performance."²⁴ Mrs. Glenn shared with the others interviewed the consensus that Tacoma has done a

²³Donaldson, Interview.

²⁴Glenn, Interview.

particularly outstanding job with its General Revenue Sharing responsibilities.

III. TACOMA: SUB-CONCLUSIONS

The New Federalism stated that "power, funds and responsibility" would flow from Washington, D.C., to the "states, localities and the people." In the case of Tacoma, there is no question but that money and responsibility have come to the city with General Revenue Sharing. As time goes on, the amount of money may be less than the city has received in categorical grants, but as we saw, some city officials still prefer the added responsibility. Tacoma has taken the responsibility very seriously and has developed an elaborate evaluation process for deciding how to distribute its General Revenue Sharing funds. Of all the cities examined in this study, it is the author's opinion that Tacoma has gone the farthest in recognizing the added responsibility of the General Revenue Sharing block grant and has planned thoughtfully for how to deal with it for the maximum benefit of the entire community.

But does the city have more power? Again, if we define power as the command over the allocation of resources (money as a fundamental resource), then Tacoma has power in the sense it has the "new" General Revenue Sharing money and can decide, by whatever means it wants

pursuant at least to regular budget processes, how to allocate that money. But, as we saw in Seattle, that power is compromised by increased fiscal demands from inflation, rising labor costs, state aid cutbacks and the cutbacks in federal categorical grants. Therefore, the "net gain in power" may be quite small.

The New Federalism also suggests that American government will become more decentralized as cities start developing their own priorities and start determining the best methods for meeting their social needs. The Tacoma City Council guidelines of the State and Local Fiscal Assistance Act of 1972 leave wide discretion to the Tacoma evaluation process to do just that. The Council wanted the final rankings to include equal numbers of social, economic and physical programs and it appears the Council will remain true to its own guideline in its final approvals. But the extent to which the city can really set its own priorities and meet its social needs, even if it has taken the responsibility of stating them, depends ultimately on the funds available. Tacoma's total General Revenue Sharing funds are not large and, again, what can be done with them is largely determined by the factors mentioned above that are beyond the city's control. But Tacoma seems to welcome the opportunity to establish its priorities and its social needs. Those in authority only

wish they had more money, especially Special Revenue Sharing, and fewer "outside" restrictions that compromise the "liberating" effect of General Revenue Sharing.

It should be remembered that Mr. Nathan of the Nixon Administration specifically suggested that human service programs and community service programs were to be local responsibilities as part of the "sorting out" process in the decentralization aspect of the New Federalism. The Tacoma City Council seems to recognize this responsibility in its guidelines to the Technical Evaluation Team calling for the balance in social, economic and physical programs. It is only implied here, however. Those interviewed clearly believed that the funds for the bulk of human and community programs are to come from Special Revenue Sharing. The city does, however, seem to accept the responsibility for funding such programs on a temporary basis with General Revenue Sharing money until Special Revenue Sharing or some other federal or state funds become available.

Tacoma seems to be taking special precautions to see to it that certain responsibilities for citizens, assumed by various levels of government, are not lost in the shuffle as we move from categorical grants to a reliance on block grants. As we have seen, those interviewed feel that worthwhile federal programs should be maintained

by the city if the federal government will no longer fund them. But which programs are worthwhile? To be sure, this has become a local responsibility with all the accompanying hazards. In the case of Tacoma, however, a serious effort has been made to set up a Department of Human Development to evaluate federal categorical programs in the social services area to see which should be funded and to what extent under Special Revenue Sharing. Without Special Revenue Sharing, or an alternate source of funds, many programs would certainly be lost in the shuffle because the city could simply not afford to fund them no matter how committed its officials might be to the liberal goals of national elites.

Has General Revenue Sharing brought government closer to people in Tacoma? In any political system, "the few" ultimately decide and "the many" make what input they can. Tacoma went out of its way to augment the regular input devices (open hearings, lobbying, elected representatives in the City Council) to bring the city's decision-making process on revenue sharing closer to the people. The City Council will ultimately decide what is to be done with the city's General Revenue Sharing funds, but the fifteen "John Q. Public" citizens, deliberately chosen because they were not political activists, have had an impact on the ranking of programs

the Council has decided to choose from in making its final decisions. As suggested in other places in this study, if a governmental unit does not go out of its way to include citizens in its decision-making processes, many citizens will be left out because they are apathetic, alienated, or unable to participate for various reasons. The Tacoma decision-making process with respect to revenue sharing was "open" in more than the traditional input sense.

There was an important element of Jeffersonian individualism in the Tacoma experience. "The people" who benefitted in Tacoma from General Revenue Sharing were individuals who participated in the evaluation process. The city government as a collectivity and various interest groups also participated, of course, but to a far greater extent than any other city studied, Tacoma went a long way toward bringing government closer to the people as individual citizens. It is particularly significant that these individuals were representative of a broad cross section of the community. Tacoma, therefore, has defined "the people" as both individuals and groups of individuals that participated in, and benefitted from General Revenue Sharing.

A goal of the New Federalism is that various levels of government should have responsibility for certain

governmental functions. As we have seen, those interviewed in Tacoma, and the results of their revenue sharing process so far, indicate that the city is willing to take over human and community service responsibilities. However, to really do so, the city needs more money. This means that the responsibilities will never be the city's alone, because it will always be dependent upon federal funding to do the job. By setting up its Department of Human Development, however, Tacoma sees its administrative and evaluative responsibilities in that area, but acknowledges its financial dependence on the federal government to do a meaningful job of providing services.

There was no indication in the Tacoma study that City Officials feel the city will gain a measure of strength from revenue sharing through the New Federalism to where it could develop any real independence from either State or Federal governments. As we have seen the "power" gained by the money and added responsibilities of revenue sharing are partly, even largely, negated by other fiscal and political realities. The amount of money so far is also too small to give the city the "independence." Revenue sharing or no, the city is still the legal creature of the state and the state retains many options that can negate any possible challenge

the city may render to the power of the state. As we have seen in the case of Tacoma, part of the reason it feels so little new power from its revenue sharing money is the possible need to have to use those monies to shore up programs the State Legislature has cut from Tacoma thinking the city was now "fat" with revenue sharing money.

There is considerable evidence that Tacoma citizens are using both the traditional input mechanisms and the new evaluation process to gain revenue sharing funding at the city level because of the frustration they now find from federal cutbacks in categorical grants. As we have seen, the citizen component in the evaluation process ranked social programs high in terms of priority for revenue sharing funds. It can be assumed that they were certainly aware of federal cutbacks in categorical programs if only because of the programs submitted to them in those categories by social agencies for evaluation. Those interviewed repeatedly pointed out how politicized many citizens had become due to War on Poverty and Model Cities programs and indicated officials from those programs submitted program proposals for evaluation and attended open hearings on revenue sharing.

Those interviewed in Tacoma were unanimous in saying the revenue sharing evaluation process was set up

using nonpolitical activist citizens as half the Technical Evaluation Team in a deliberate effort to avoid the influence of local elites in that aspect of the decision-making process. Mayor Johnston was particularly cognizant of the need to get average citizens to serve on the Team. He genuinely wanted the average man's input. Certainly local power interests will have their chance to influence final revenue sharing decisions by whatever influence they exercise over the City Council, but in terms of national priorities versus local priorities, Tacoma went out of its way to see that the influence of local power interests can be balanced by the input of average "representative" citizens. We have seen that those in City Hall are willing to use General Revenue Sharing funds to support War on Poverty and Model Cities programs although all do not agree this was the intention of General Revenue Sharing. They also felt the support should be temporary until other funds for social and community programs arrived for the city. It does not sound as if Tacoma is abandoning national priorities as they manifested themselves in the late 1960's in categorical grants for the poor and minorities. This conclusion may be a bit premature, however, because although the City Council has called for social programs to be funded at the same level as economic and physical programs, we must wait

and see which programs the Council ultimately does fund to reach any final conclusions.

Another national priority in recent years has been trying to politicize the poor and the minorities into permanent activist groups. In Tacoma, we have seen that Office of Economic Opportunity and Model Cities groups are active in the revenue sharing decision-making process and the Tacoma evaluation process seems a further commitment to the national elite goal of political inclusion of the disadvantaged.

The guidelines established by the Tacoma City Council seem an effort to maintain a governmental responsibility for worthwhile programs no matter what level of government might once have sponsored the program. The establishment of a Department of Human Development seems to say the city recognizes collective action to solve social problems is part of the responsibility of government in America today. The need to solve social problems through public resources has been a goal of government for many years, as explained and examined in Chapter III. There is no indication that local power interests in Tacoma are trying to subvert that national goal. Again, final Council action is needed to verify that statement, but at this point the opinions and actions of City Hall officials support it. The thing that seems to be holding

back Tacoma from further collective action to help its disadvantaged citizens is not a lack of commitment, but a lack of funds. It should be noted, however, that in the programs now ranked one through fifty, the programs in the "bottom twenty-five" are those most related to social services. It is still up to the Department of Human Development to suggest to the Council more of the lower ranked social programs for higher ranking and thus funding.

Tacoma city officials interpret the guidelines to General Revenue Sharing as very broad. Mrs. Glenn even felt the Revenue Sharing Act provided that General Revenue Sharing Funds could be used, and even should be used, to continue federal programs that might be cut back. There was no indication that those interviewed felt General Revenue Sharing needed more guidelines to preserve what progress had been made in this country for the poor and disadvantaged. They did not feel the cause of civil rights was jeopardized by giving block grants with few guidelines to the city to allocate. As was the case in Seattle, city officials seem to feel those in power in their city could not use the new federal money to set back what progress has been made in civil rights and related areas. It is true, however, that interest-group liberalism was not weakened in Tacoma with the arrival of General Revenue Sharing. Interest groups lobbied the city

bureaucracy, the Mayor's Office and the City Council for part of the General Revenue Sharing pie. The city, however, took the special precaution of establishing the evaluation process that was intended to make sure special interests did not dominate the decision-making process and that the "little man" was heard. It is interesting that the elaborate guidelines discussed in the early part of this chapter which were established by the City Council to direct the Technical Evaluation Team were intended to give a measure of planning and purpose to the use of the General Revenue Sharing funds. Lowi's fear that block grants and categorical grants tend to encumber the causes of planning and justice in this country because of the interplay of interest groups and government after legislation has been passed may have been dealt with in Tacoma because of the direction the City Council has given, after the federal legislation was passed, to the use of General Revenue Sharing money.

Lowi points to the "autonomous city" and suggests it is a further handicap to achieving the rule of law in America because it is a decentralization of the political system beyond the original federal structure. On the face of it, General Revenue Sharing monies going to Tacoma would seem to strengthen its "autonomy", but as we have seen, there are many factors, fiscal and political, that

take away substantially from that autonomy. Yet whatever measure of increased power and discretion is given the city through revenue sharing is a further decentralization of the American political system and the Tacoma experience does not suggest that city has not been somewhat "strengthened" by the new funds. As would be expected, those interviewed felt the city, more than the state or federal governments, best knew how to handle urban problems and did not see decentralization as a handicap to achieving justice in America. Tacoma city officials seem to recognize the political encumbrances to solving problems but mainly see financial limitations as keeping them from getting the job done.

CHAPTER VI

GENERAL REVENUE SHARING IN PORTLAND

I. CITY FINANCES AND REVENUE SHARING WHAT PORTLAND HAS DONE

Portland, Oregon, is the largest urban center in the State of Oregon. As of the 1970 U.S. census, the population of Portland was 380,620 persons.¹ Unlike Seattle, which is a city dominated by one major industry, Portland is considered to be a center of diversified commercial and industrial enterprises. The city has witnessed an unemployment rate of about six percent in recent years due to a regional recession affecting the Pacific Northwest, but it is predicted that that rate should soon return to the three and one-half to four and one-half percent rate that is average for Portland.²

General Revenue Sharing funds have been handled differently in Portland than in the other cities contained in this study. Portland has taken its General Revenue Sharing funds and included them in the city's

¹The 1972 World Almanac and Book of Facts,
(New York: Newspaper Enterprise Association, Inc., 1972),
p. 193.

²"The City of Portland, Oregon, 1973-74, Approved Budget", 16 May 1973, p. 119.

General Fund. Because of this, in order to understand the general fiscal situation in Portland and the role played by General Revenue Sharing, it would be useful to examine the resources and expenditures for the City of Portland's General Fund for 1973-74, which is contained on the following page in Table V.

General Revenue Sharing, therefore, accounts for 12.3 percent of the total resources for Portland's General Fund for 1973-4. While not an extremely large amount of revenue, those interviewed in the city along with the Budget itself indicate that General Revenue Sharing has been an important factor both in the fiscal and policy making activities of the city this year.

The story of General Revenue Sharing in Portland starts in 1972 when the City Council became aware of the need to prepare for the arrival of revenue sharing funds. The Council asked the Office of Management Services to survey the city bureaus soliciting what each felt its needs might be for revenue sharing funds. Those requests were then to be considered for funding either through the Accelerated Supplemental General Revenue Sharing Budget of Fiscal Year 1972-73 or through the City of Portland Budget of Fiscal Year 1973-74 where General Revenue Sharing funds are to be considered as part of the General Fund.

TABLE V
SUMMARY OF TOTAL GENERAL FUND
RESOURCES AND EXPENDITURES
PORTLAND, OREGON
1973-74

Summary of Total Resources for the General Fund:

Beginning Cash Balance	\$ 3,131,979
Revenues (taxes, fees, etc.)	45,427,104
Transfers from Federal Grants	10,885,028
Transfers from Revenue Sharing ^a	9,769,000
Transfers from Revenue Funds	6,927,054
Transfers from Operating Funds	<u>3,039,212</u>
Total General Fund Resources	<u>\$ 79,179,377</u>

Summary of Total Expenditures for the General Fund:

Police	\$ 15,500,000
Fire	12,900,000
Parks	7,400,000
Streets, Sidewalks, Structures, Sewer Maintenance	7,000,000
Traffic Maintenance	2,500,000
Streets, Sidewalks, Structures, Construction	6,400,000
Building Safety	1,600,000
Human Resources	1,300,000
Administrative, Legislative and General Transport Services	17,200,000
Transfer to Other Funds ^b	227,243
General Operating Contingencies ^b	7,140,000
Other	<u>12,134</u>
Total General Fund Expenditures and Requirements	<u>\$ 79,179,377</u>

SOURCE: "The City of Portland, Oregon, 1973-74, Approved Budget," 16 May 1973, pp. 122 and 124-5.

^aRevenue Sharing Funds account for 12.3 percent of General Fund revenues.

^bThe Portland City Budget Classifies these items as "requirements" rather than "expenditures" for the General Fund.

Near the end of 1972, the bureau requests were submitted to the Office of Management Services and they prepared for the City Council a document entitled "Revenue Sharing Summary, December 1, 1972." In the report, the Office of Management Services tried to acquaint the Council with the probable effect of revenue sharing on the normal operations of the city and its probable impact on further fiscal allocations by the city. Also, they suggested the Council develop a strategy for the allocation of revenue sharing funds over time. Pursuant to this, the Office made certain alternative strategy suggestions.

The report included the requests by bureaus for revenue sharing funds. These were classified as being mainly for capital expenditures and deferred maintenance projects. A number of requests were classified as continuing programs.

In the section of the report entitled "Summary and Recommendations", the Office of Management Services set forth their guidelines and alternative strategies by which the Council could identify how best to deal with General Revenue Sharing funds. Specifically, they recommended that the Council consider:

Integrating revenue sharing funds within the normal budgetary process to the fullest extent possible.

Distributing the revenue sharing funds over

a seven year time period.

Providing for the expenditure of revenue sharing funds on an increasing schedule of payments, rather than according to the manner in which they are received.

Investing the check received in December (1972) for the remainder of the 1972-3 fiscal year. This would generate over \$100,000 in additional funds to be applied³ at a later date for revenue sharing purposes.

The Office of Management Services went into many reasons why they thought the Council should adopt their recommendations. They pointed out that the Revenue Sharing Act gave full responsibility to the city to deal with revenue sharing funds with few guidelines. Specifically, revenue sharing funds are to be treated as any other source of general fund revenues, i.e. "any project or program which is an ordinary and necessary expenditure" can be funded with revenue sharing funds. The Office thus recommended that revenue sharing funds be integrated with the normal budget process keeping in mind that they must be accounted for separately. In early 1973, the Portland City Council adopted this recommendation.

The Office of Management Services felt the Council should spread the revenue sharing funds over a seven year period and spend the money on an increasing schedule of payments "rather than according to the manner in which

³"Revenue Sharing Summary, December 1, 1972", Office of Management Services, Harold Johnson, Management Service Director, Portland, Oregon, pp. 1-2.

they are received," largely because Portland is undergoing at this time "some very critical changes" in its budget process and adoption of all the recommendations would foster the development of these new budget procedures. The report explained the Office of Management Services position by stating:

In general, we eventually hope to be able to divide services and activities into broad program areas. Having allocated needs within this program structure, goal statements can be developed which explain what is to be accomplished. Goal statements are accompanied by objective statements which explain how a given goal is to be accomplished. Planning and implementation become a continuous process, one providing feedback for the other. The most critical stages to be concerned with in this decision-making process are identifying needs, converting them into goal statements, determining expenditure levels, and finally prioritizing the list of goals.⁴

The report goes on to explain that the Office is just beginning to move into such a program and dealing with revenue sharing funds in conjunction with the regular budget process will reinforce their efforts. The Office was certain that if the Council treated General Revenue Sharing funds as windfall funds and did not integrate both the money and the decision-making process for allocating it into this new program of budgeting, the new "fiscal management system" would be compromised.⁵

⁴Ibid., p. 5.

⁵Ibid., p. 6.

The report goes on to suggest how important revenue sharing monies are to Portland in the 1972-73 fiscal year and how important those funds will continue to be. It is pointed out that the property tax is the basic source of general revenue for the city. That source of revenue is not expected to expand any more in the future than in the past and with increasing expenditures the significance of revenue sharing becomes obvious. "Revenue sharing will now become the second leading source of funds among 'general revenues'. In 1972-73 alone, it will increase revenues to a new level of nearly \$62 million. Revenue sharing will represent twenty percent of this total, the property tax forty percent."⁶

Although revenue sharing will continue to be an important source of city revenue as long as the program lasts, the Office of Management Services report points out that revenue sharing funds will decline in Portland during the five year period of the program. "This is because revenue sharing is on a calendar year basis and our budgeting falls within fiscal years." So the largest payment will be in the first "year" (eighteen month period from January, 1972, to July, 1973) and the smallest payment will be in the last year. The report continues:

⁶Ibid., p. 8.

Because of the declining payment schedule, the revenue sharing funds take on less importance relative to the rest of the general funds over time. By 1975-76, the \$10.3 million of revenue sharing will represent only 15.8% of all general revenues. This is based on projections of the other revenue elements of the general fund at various growth rates.

The Office of Management Services predicts that between 1972 and 1980 general revenues for the city will reach a peak in fiscal year 1976. By 1977 revenues should drop about 3.8 percent or \$3 million. In 1978, the first full year without revenue sharing, the drop is expected to be another \$2 million. To cushion the reduction in city revenue, the Office suggests drawing the revenue sharing funds out over a seven year period. Such an accomodation is not forbidden by the Act. The report further suggests:

To account for annual rises in costs and the increase in demand for future services and goods, it would be advantageous to expend general revenue sharing funds on an increasing scale. This would better enable revenue sharing funds to become part of the normal budget process, allowing them to grow in like manner with other general revenues...

In a short time, after considering this report from the Office of Management Services, the Portland City Coun-

⁷Ibid., p. 8. This 15.8% figure would probably be reduced considerably by the Office of Management Services at this time because as of the 1973-74 budget General Revenue Sharing accounted for only 12.3% of general fund revenues, as we have seen.

⁸Ibid., p. 14. See "Revised Expenditure for Revenue Sharing" in Appendix B.

cil adopted all of those recommendations regarding revenue sharing. The Council decided to expand the fourth recommendation regarding the investment of the 1972-73 check and to invest all federal revenue sharing checks that had come to Portland as of September, 1973. It is expected that will earn the city from five to seven hundred thousand dollars per year in interest.⁹¹

With respect to the bureau requests submitted to the Office of Management Services for revenue sharing funds, the Office decided the projects were not complete enough; they contained "insufficient information." It appears the requests were sent back to the bureaus and were asked to be resubmitted for consideration for funding under a later supplemental or regular budget. It was assumed, of course, that the resubmitted projects would be thought out in terms of Office of Management Services recommendations and adopted City Council guidelines (which are one and the same).

Early in 1973, the City of Portland saw the need for a supplemental budget to the Annual Budget of the City of Portland which began July 1, 1972. City Ordinance Number 136302 authorized the supplemental budget saying:

⁹Interview with Mike Kaeil, Office of Management Services, Portland, Oregon, 5 September 1973.

Inasmuch as this Ordinance is necessary for the immediate preservation of the public health, peace and safety of the City of Portland in this: That it is necessary to proceed with the projects and services set forth in Supplement No. 1 to the 1972-73 Budget without undue delay; therefore, an emergency is hereby declared to exist, and this Ordinance shall be in full force and effect from and after its passage by the Council.¹⁰

Because an "emergency" situation was found to exist, Portland did not hold public hearings or use other aspects of its developing new budget process in allocating these funds. The bureaus were asked to submit requests for the funds on the basis of their most urgent needs. By April, 1973, the Supplemental Budget had been submitted to the State Tax Supervision and Conservation Commission and after their approval adopted by the City Council and signed by the Mayor. While the funds were actually waiting to be spent, they were invested to gain interest for the city.

The Supplemental Budget used \$2,379,105 of General Revenue Sharing funds then held by the city. By the end of the 1972-73 fiscal year, \$1,769,000 of this General Revenue Sharing money was not spent and was thus reallocated to supplement the 1973-74 General Revenue Sharing funds and consequently included in the city's General Fund for that fiscal year. The Supplemental Budget rev-

¹⁰ Ordinance No. 136302, City of Portland, Oregon, signed by Mayor Neil Goldschmidt, 4 April 1973, p. 5.

enue sharing funds were allocated as follows:

TABLE VI

PORTLAND REVENUE SHARING ALLOCATIONS
1972-3

Bureau of City Engineer (services reimburse)	\$ 15,871
Bureau of Maintenance (reimburse)	94,822
Bureau of Fire (reimburse)	661,000
Bureau of Parks (reimburse)	860,782
Bureau of Communications & Electronics (reimb.)	110,364
Bureau of Building Maintenance (reimburse)	53,000
Office of Commissioner of Public Utilities	19,559
Non-Departmental (reimburse)	10,839
General Operating Contingencies	200,000
TOTAL REVENUE SHARING FUND ALLOCATIONS	\$ 2,379,105

SOURCE: Ordinance No. 136302, City of Portland, Oregon, April 4, 1973, p. 5.

For the fiscal year 1973-4 Portland had \$9,769,000 in General Revenue Sharing funds. \$8 million was in "new" revenue sharing money from the federal government, and \$1,769,000 was General Revenue Sharing money rebudgeted from the 1972-3 allocation.¹¹ Pursuant to the advice of the Office of Management Services which was now City Council policy, these General Revenue Sharing funds were incorporated into Portland's General Fund in the amount and proportion suggested at the beginning of this chapter. Consequently, the decision-making process with regard to the allocation of these funds was the regular city budget process for the fiscal year 1973-4. The actual delineation of funded General Revenue Sharing projects and the final approval by the Council of that delineation,

¹¹City of Portland, "Approved Budget," 1973-4.

however, were in addition to the regular budget process, as we shall see.

The first stage of the Portland budget process is the Office of Management Services asking the city bureaus to develop their own budgets for the 1973-74 fiscal year. They were asked to take into consideration the guidelines established earlier with respect to the use of General Revenue Sharing funds.

In working out their 1973-74 fiscal needs, five of Portland's bureaus worked with a task force assigned to each bureau. Citizens made up these task forces. They were appointed by the Office of Management Services and the Mayor's Office. There were usually two or three citizens on each task force. Their job was to help develop goals and objectives for those bureaus. Their role is to be expanded next year as Portland further develops its neighborhood concept that is to evolve into more representation from neighborhoods into City Hall. Several of those interviewed in Portland commented on the neighborhood concept and how revenue sharing relates to it. The next section of this chapter will look at that in some detail.

After the bureaus, with their task forces, develop budgets they submit them to the Office of Management Services for review. Analysts there review the bureau bud-

gets and make recommendations and send this information to the Budget Review Hearing Committee.

The Budget Review Hearing Committee is made up of two citizens (a housewife and a worker for the Port of Portland), the Management Services Director, a member of the Mayor's staff, and the Commissioner's assistant responsible for the budget under review at a particular time. Open hearings are held while this Committee examines each budget request. At one time or another all Commissioner's assistants attend to make the case for their bureau to the Committee.

After these hearings, the budgets go back to the Office of Management Services, where its analysts make adjustments when necessary. At this stage, the Office is working closely with the Office of the Mayor to try to develop a balanced budget. After the Mayor has had time to look over the city budget developed so far, it is sent to the City Council for approval. This year, the Mayor and the Office of Management Services suggested that \$3 million be set aside in municipal funds as a mid-year contingency fund. It was suggested that all bureaus will have a chance to vie for the funds at mid-fiscal year on the basis of performance in terms of efficiency and effectiveness in the use of regularly budgeted funds. As we will see, those interviewed felt the contingency fund

might have to be used, however, for programs cut back by the state and federal governments. Exactly what will be done with the money will not be known until the Council decides on its allocation, of course. At this stage of approving the 1973-74 City Budget, however, the Council did agree to establish the contingency fund.

Before the Council could give final approval to it, however, it had to hold public hearings. Representatives from many social service groups attended these hearings and asked the city to fund their programs because the federal government was either ending its support, cutting it back, or would end it soon.

Also, before the Council could give final approval to the budget, it had to submit it to the State Tax Supervision and Conservation Commission for approval. The Commission approved the budget. The budget was then approved by the City Council and signed by Mayor Goldschmidt.

Before revenue sharing, the Portland budget process would end at this stage. However, two additional steps were taken for the 1973-74 budget process because revenue sharing funds were included in the general fund. The Revenue Sharing Act requires that programs and their funding levels where revenue sharing is used must be specifically identified for auditing purposes and to see to it that the Act's guidelines are followed. Therefore, because of

Portland's procedure of not dealing with revenue sharing funds separately but instead incorporating them into the city's general fund, it became necessary after setting up and approving the budget to go back through those programs approved by the Council and delineate those that will now be considered funded with General Revenue Sharing monies. The Department of Finance and Administration of the Office of Management Services drew up a document indicating those programs Portland will now consider funded with General Revenue Sharing funds. They were careful to try and balance the programs between capital and social programs. This document, specifying revenue sharing funded programs and their funding levels is entitled "Revenue Sharing Allocations" and is in Appendix B to this paper. A representative from the Office of Management Services talked with representatives of the Revenue Sharing Office of the United States Treasury about the Portland procedure for dealing with revenue sharing funds and they felt the procedure not to be in violation of any Treasury guidelines.¹²

The "Revenue Sharing Allocations" document was submitted to the City Council for approval and was approved by the Council. They also stipulated that \$1,893,700 of General Revenue Sharing funds will contribute to the

¹²Kaeil, Interview.

\$3 million the Council would budget after the mid-year review in January.

Portland dealt with General Revenue Sharing in a very different manner from the other cities studied in this paper. As we shall see in the following section, those interviewed in City Hall all agreed it was the best process for Portland.

II. THE POLITICS OF REVENUE SHARING IN PORTLAND HOW CITY OFFICIALS VIEW REVENUE SHARING

Portland's experience with General Revenue Sharing is given fuller meaning through an examination of how city officials feel about the original intention of federal revenue sharing, how they feel about what their city has done with its revenue sharing funds, what their feelings are about the city's revenue sharing decision-making process, and how they view the entire question of federal aid to cities. At the end of this chapter, the Portland experience with General Revenue Sharing will be briefly analyzed in terms of the goals and ideas of the New Federalism outlined in Chapter III.

Views of City Officials on the Original Intention of Federal Revenue Sharing

City officials interviewed in Portland feel that the original intention of revenue sharing was to give funds to the states and localities to reduce their fiscal bur-

den. Mike Kaeil, of the Office of Management Services, points out that local governments do not have the kind of elasticity in their revenues that the federal government has and therefore the federal government is a better tax collector. He points out that Portland is in a "tight" financial situation at the moment and that revenue sharing dollars have enabled the city to fund some traditional city services like the Park Department and the Fire Department that have long been in need of additional funds for essentials. He further points out, however, that revenue sharing has been real "opportunity" money for Portland, also. It has "freed up" money to be used for certain projects. Although it will not be found in the "Revenue Sharing Allocations" sheet in Appendix B to this paper, revenue sharing money is responsible for Portland getting its neighborhood concept off the ground. The actual money came from other general fund sources, but it was available only because revenue sharing financed other programs to make the neighborhood project money available. Kaeil explains that Portland's current fiscal situation is such that without revenue sharing it would even be difficult to balance the budget and retain current service levels and current city staff: "Without the total receipt of revenue sharing funds we wouldn't have had any money available for any new programs or services, period."

There is probably no one in Portland who has worked more closely on revenue sharing than Mike Kaeil. Therefore, it is significant that he should feel that revenue sharing should not go for tax relief purposes. He wonders if using it for such purposes is even within the guidelines of the Act. "And besides," he adds, "it would win no friends for revenue sharing." Mr. Kaeil's position differs from many of those interviewed in other cities, particularly Mr. Doolittle in Seattle. It may be remembered that Doolittle not only thought that tax relief was within the guidelines of the Revenue Sharing Act, but that it would be the best use of funds for Seattle. He is Seattle's revenue sharing expert.

In his position at the Office of Management Services, Kaeil felt it was important that revenue sharing funds not be used for recurring expenses and that the money mainly go for capital expenses. Remembering, however, that revenue sharing has not been allocated as a separate package, Kaeil believes that the \$3 million left from the budget for mid-year allocation, some of which is revenue sharing money, could justifiably go for social projects, such as cutback federal programs.¹³

Making up for cutback federal categorical grants is an unfortunate use of General Revenue Sharing funds in

¹³Kaeil, Interview.

the opinion of Bill Scott, assistant to Portland's Mayor Goldschmidt. He too sees the original intention of revenue sharing money as being funds for the city to use to meet needs ignored or underfunded before due to lack of money from other city sources. Scott suggested, "the threat of now having to use General Revenue Sharing funds for replacement money for discontinued categorical grants is in flat contradiction to the promise of the Administration." Scott said that the Nixon Administration got cities to support the Act in the first place through the National League of Cities and the U.S. Congress of Mayors by indicating this money was not going to be substitute money for presently running categorical grants.

Mr. Scott also sees the revenue sharing funds as being opportunity dollars for Portland. He does not see it as enough money to solve all of the city's problems, of course, but as need money to get some new things going. Significantly, Scott feels the receipt of these federal funds may have postponed the need for a city income tax in Portland. What is unfortunate, he adds, is that the money may be eaten up by the need to use parts of it as substitute money for cutback federal categorical grants. Also, if inflation continues at the current rate, and the size of revenue sharing money does not dramatically in-

crease, the money will all be "eaten up" by the end of the five year program.¹⁴

A somewhat different opinion about the intent of General Revenue Sharing was offered by Frank Ivancie, City Commissioner. Mr. Ivancie is of the firm opinion that revenue sharing funds should go for capital items long neglected in the city. He does not really see as justified spending the money for creating "new layers of bureaucracy" such as the neighborhood development concept. Ivancie is responsible for city parks and the Fire Department and it is understandable that he feels the neglected needs of these departments should be attended to now that money is available. He quotes the guidelines of the Act where it says the General Revenue Sharing funds should go for the "necessary and ordinary expenditures of government." To him this does not include funding programs that belong as the responsibility of other units of government. In this vein he points to Day Care Centers which he feels should be funded by the State as they are not a city responsibility.¹⁵

¹⁴Interview with Bill Scott, Assistant to the Mayor of Portland, Oregon, Portland, Oregon, 16 July 1973.

¹⁵Interview with Frank Ivancie, City Commissioner, Portland, Oregon, 17 July 1973.

Views of City Officials on How Portland Allocated Its
General Revenue Sharing Funds

Those interviewed in Portland could not really comment on how General Revenue Sharing funds were ultimately allocated because revenue sharing money was pooled with other city revenues and made part of the General Fund. Therefore, City Officials commented on the programs revenue sharing money supported indirectly. That is, these new federal funds freed up General Fund money to develop new city programs. They also commented on whether the city should have dealt with revenue sharing in the way it did.

Bill Scott joins all others interviewed in feeling there was really no better way for the city to deal with General Revenue Sharing monies than to integrate them into the General Fund. He said that then the money would not be treated by the City Council as "mad money." Scott emphasized that the revenue sharing money allowed Portland to try to fundamentally improve city government itself. It freed up money so that the city could develop institutional changes that "can effect the way the current city bureaucracy deals with its problems..." He felt that the wisest use of the money was to try to make Portland government more efficient rather than spending the money on "new services that we aren't sure we can continue to

fund after five years." Specifically Scott pointed to funding certain management planning programs that should save money in the long run for the city. They could not be funded before because of the lack of money for this purpose -- the money had to go for essential city services alone.

Money freed for use by the receipt of revenue sharing is now going into development of the neighborhood concept should also make Portland city government more responsive to its citizens, and thus, more effective government in the opinion of Mr. Scott. There is an effort here to set up neighborhood planning councils to help coordinate city services with neighborhood needs. "Neighborhoods were given money, seed money, to try and aid them in developing programs to help themselves."

Scott also points to the Bureau of Human Development which he feels would not have gotten off the ground without the indirect aid of revenue sharing. As we can see from looking at the Portland Revenue Allocations document, some revenue sharing money was specifically allocated to social services under this Department. The amount was not too much, but Scott would maintain, as stated above, that the prime use of General Revenue Sharing funds was not create new programs but to make government more efficient and effective in an administra-

tive and structural sense. He suggests that the real benefit of the Bureau of Human Resources will come with the receipt of Special Revenue Sharing funds. When those monies arrive, the Bureau will hopefully have finished examining the city's social service needs and will know how best to meet them. Scott counts this as a considerable accomplishment in itself and a very worthwhile use of revenue sharing money. He also suggests that a large part of the midyear allocation should go to the Bureau of Human Resources. In sum, Scott says that the city's whole planning and management program got a boost from General Revenue Sharing money.¹⁶

Jim Setterberg is also with the Office of Management Services and he feels that the fact that not much money on the Portland Revenue Allocations sheet seems to have gone to social services does not mean that those services have been ignored. He joined with others interviewed in believing the city is not now clear as to which social services it should handle and which belong to other levels of government. Hence, he endorses the funding of the Bureau of Human Resources that enables it to make studies to determine where the city's obligations are in this area. Also, he agrees with Scott and Kaeil that a large

¹⁶Scott, Interview.

portion of the midyear allotment will probably go to social services as a result of federal cutbacks in that area.¹⁷

Those who mentioned it defended the early allocation of the 1972 revenue sharing money on an "emergency basis." Mike Kaeil, for example, said that the money went for expenses that were very necessary. Certain equipment and park needs had long been neglected and this new source of revenue was wisely spent in helping out those areas of need. The 1972 General Revenue Sharing money was the only General Revenue Sharing money allocated by the Council as a separate block of money from the General Fund. In terms of the overall use of General Revenue Sharing, Kaeil is certain that Portland would not have been able to make any capital improvements or make government more efficient through developing better management techniques without the revenue sharing money. He is satisfied with how the money was handled.

Mr. Kaeil has run into one aspect of General Revenue Sharing that no one else in any of the cities studied has confronted so far. A team of advisors from the Treasury Department have recently come to Portland and questioned how cities are allocating their revenue sharing

¹⁷Interview with Jim Setterberg, Office of Management Services, Portland, Oregon, 16 July 1973.

money. They are especially careful to examine whether the money seems to be being spent to the advantage of one segment of the city as opposed to another. The team indicated to Kaeil that this would be a form of discrimination forbidden by the Act. Also the team questions, as Kaeil has done himself, whether revenue sharing money can legally be used for tax relief purposes. Because the Act is so broad in its guidelines, the team from Washington, D.C. told Kaeil that much of what can be allowed and what cannot will have to be decided in the courts. They indicated that several cases are now pending in the courts contesting whether some form of tax relief is a legitimate use of General Revenue Sharing funds. But as we have seen, whereas revenue sharing may have postponed the need for Portland to raise taxes or impose new ones, there has been no intention to use General Revenue Sharing money as an excuse to cut taxes.¹⁸

Commissioner Ivancie is of the opinion that using revenue sharing money to "free up" other monies to be used to create new layers of city government was not a wise use of the money. He specifically points out the creation of the Office of Community Development which "is just more support services and coordinators." The

¹⁸Kaeil, Interview.

city needs to use all the money it can to better perform its traditional services, he feels. The revenue sharing money has helped the city perform many of those basic services better, especially in police, parks and fire, but he considers it a waste simply to create more government with the money. It is clear that Mr. Ivancie does not agree with some of his colleagues on how the General Revenue Sharing money was allocated.¹⁹

Views of City Officials on the Portland General Revenue Sharing Decision-Making Process

Because Portland integrated all but its 1973 General Revenue Sharing funds into its General Fund, there was no specifically designed decision-making process for the allocation of General Revenue Sharing funds. The revenue sharing decision-making process was the decision-making process used in developing and finalizing Portland's fiscal year budget. Mike Kaeil mentioned that there are no plans whatsoever to allocate revenue sharing funds separately from the General Fund and set up a special citizen involvement mechanism for such a decision-making process.²⁰ Bill Scott reiterated this point and said the reason no special mechanism has been or will be set up for the allocation of revenue sharing

¹⁹Ivancie, Interview.

²⁰Kaeil, Interview.

funds is because the city has for some time now been developing a citizen involvement process to be part of the regular budget decision-making process.

Scott explains that the city budget process has been changing dramatically in recent years. The effort is to involve the public to a greater degree in that process. In the past, says Scott, the Council has been bogged down in detail and has not had time to look at the "macro" aspect of city problems. Now the hope is that the Council can make more decisions on the major services the city should perform and how they should be performed. There has been a real effort, he adds, to involve citizens in the budget process too, in terms of reviewing budgets of bureaus and their programs and solicitation of citizen's views of those programs. "The budget process has opened up."

This citizen involvement in the budget process is tied to the neighborhood concept mentioned earlier in this chapter. Scott explains that the city is working on a District Planning Organization process that recognizes representatives of certain neighborhoods for certain purposes. The process is not worked out in detail yet, he adds, but the city hopes to have the whole process developed for next year's budget process. As we saw in the first part of this chapter, the Mayor did

seek some citizen involvement in this year's budget process. He asked citizens to help form task forces to work with some bureaus and Scott believes they had real impact as they caused changes in some bureau proposals. Exactly how representatives will be chosen in the future is still uncertain in Scott's opinion. So far it looks as if several task forces will be created and involved in the budget process and they will be made up of representatives from neighborhoods and some selected by the Mayor and Commissioners to represent special interests such as environmental groups, the League of Women Voters and so forth. "Minorities will certainly be involved."²¹

For quite a period of time, Paul Hepker was Technical Planner for the District Planning Organization Task Force which was formally under the Portland Planning Commission. Hepker believes that so far there has been only minimal citizen participation in the budget processes of the city. A few citizens on the task forces, a few on the budget committee and those representatives of special interests who attend public hearings have so far been the extent of public participation. He believes, however, that this is an important start and that Portland is moving toward a viable citizen participation mechanism

²¹Scott, Interview.

for all its city government. He believes it is not so much what has been done so far in the formal budget process as it is the work to this point on the District Planning Organization concept that foreshadows a citizen involvement apparatus for Portland city government.

Hopker recounts that when Model Cities functionaries saw that federal money was going to be cut back or eliminated, they began to view the Bureau of Human Resources and the District Planning Organizations as agencies through which they might get some new federal funds in the form of revenue sharing. In September, 1972, Hopker says that Mr. Charlie Jordan, then acting head of the Bureau of Human Resources, saw that revenue sharing was coming and made a strong bid to the City Council to get them to involve the public, through community organizations, in budget matters. Jordan found others in City Hall agreed a start in this direction should be made. The Mayor was on record as believing in such a concept.

Hopker would agree with Scott that the District Planning Organizations concept is still in its formative stages but he believes it should be operational by the time the city has to decide how to allocate Special Revenue Sharing funds or the next year's allocation of General Revenue Sharing funds as part of the regular

budget process. Hopker said the proposed design of the District Planning Organization is as follows: At the bottom are the neighborhood organizations, on the next level up are the district organizations, and at the top is the Bureau of Neighborhood Organizations. This last body is to be made up of representatives of the other tiers and will advise the City Council on budget matters. In the case of Special Revenue Sharing, for example, the lower levels of the neighborhood organization would write up proposals for Special Revenue Sharing money and these would be scrutinized by the Bureau of Neighborhood Organizations who would then make recommendations to the City Council. Many details have yet to be worked out; in fact, the whole project may not become reality. But Mr. Hopker feels the District Planning Organizations concept is favored by many citizens groups and by many city hall officials and should be finally realized. Also, we saw earlier in this chapter that General Revenue Sharing has played a significant role in "freeing up" the money to get the District Planning Organizations concept off the ground.

Paul Hopker was definitely of the opinion that Model Cities and Office of Economic Opportunity groups have had a strong impact in politicizing the citizens affected by these programs. He points, also, to the

presently organized task forces that worked on this year's budget as being the result of the "Office of Economic Opportunity era." He feels that some neighborhoods are clearly dominated by a few political professionals who may only coincidentally represent their neighborhood's citizens. In both cases the leaders of these neighborhoods have seen federal cutbacks as endangering either their own jobs or the worthwhile accomplishments of the federal programs, or both, and have sought city aid as a replacement. In his research in working on the District Planning Organizations concept, Hepker found that some Community Action Program neighborhoods are not as aggressive as they once were. They have become "fat" with federal money and thus lackadaisical. Threatened cutbacks in federal funds have begun to reawaken these neighborhoods such as the Corbett-Terwilliger neighborhood and the Northwest District Association area have pulled themselves together without any Community Action Program organization as predecessor. The Corbett-Terwilliger and Northwest areas are very aggressive in city politics as Hepker sees it. For the most part, however, only a few political functionaries from city neighborhoods lobby city hall, but Hepker firmly believes that the social service organizations developed and/or inspired by the War on Poverty programs have gone a long

way toward involving more common citizens in city politics and have created a new era where city government now assumes more citizen participation must take place in public policy making.²²

Commissioner Ivancie agreed that the citizen task force groups that worked in helping to develop the 1973-4 city budget were the result of citizen participation in War on Poverty organizations. "Such participation in government is now expected as a matter of course..."²³

Mike Kaeil commented on the Portland decision-making process in terms of his being glad the Council adopted the Office of Management Services guidelines, especially the suggestions of spreading the General Revenue Sharing funds into the General Fund. He also agrees with his colleagues that the role of the citizen in the decision-making process will be expanded next year. If the District Planning Organizations concept is not worked out completely by then, more citizens will probably be used in the task force program developed for the current budget, in Kaeil's opinion.²⁴

²²Interview with Paul Hepker, Formerly Technical Planner for the District Planning Organization Task Force, Portland, Oregon, 18 July 1973.

²³Ivancie, Interview.

²⁴Kaeil, Interview.

Views of City Officials on Federal Aid to Cities

Bill Scott of the Portland Mayor's Office was philosophical in the categorical versus block grant system of federal aid to cities. He suggests that among Portland city officials there is disagreement as to which form of federal aid is best for the city. Some feel that the city is best able to determine policies for itself and others believe policies should be largely directed by the federal government. Scott feels that Portland is very able to compete successfully for categorical grants and has done so in recent years. His data tells him, too, that Portland will get less money under the two revenue sharing acts than it is getting now under categorical grants, assuming that most, if not all, categorical grants will be discontinued when Special Revenue Sharing becomes a reality. He feels, however, that the leverage and discretion given cities under the block grant system speaks in its favor. Categorical grant monies intended for a specific purpose and modeled after the problems of one region of the country are often not appropriate for attacking Portland's problems. Scott seems to feel the discretion given local policy makers with block grants is worth the loss in funds that will result from losing categorical grants.

Mr. Scott believes that national priorities enforced by categorical grants with strings attached have

been very useful on many occasions. That is, the cities and states have been very reluctant to move on some issues and the federal push was what was necessary. At the same time, he says, "...programs that are locally initiated and led are much more successful than federal programs. Federal programs create an endless hassle with guidelines and restrictions that are serving some federal objective that is not always clear or applicable to the local situation, or it may be an objective local officials do not share." The question is whether the additional expense and hassle that is involved in a lot of federal programs is worth the benefits.²⁵ One gets the impression that Mr. Scott does not feel categorical grants are worth the hassle.

Bill Scott's favoring of a block grant system is indicated in his enthusiasm for the governmental changes revenue sharing has enabled Portland to initiate. He says that General Revenue Sharing has "...given the city a terrific opportunity to start new programs to effect institutional change in the city that will affect the way current city bureaucracy deals with problems. It is best to spend the money on more efficient and effective government."²⁶

We saw in the cases of Seattle and Tacoma that

²⁵Scott, Interview

²⁶Ibid.

there was little, if any, cooperation between those cities and their respective counties in planning for the use of their revenue sharing funds. Scott indicated that in Portland this was also largely the case. The receipt of revenue sharing funds has had some effect, however, on these two levels of government deciding which will have responsibility for which programs dealing with the aged. Although Portland and Multnomah County are working toward eventual consolidation, there has been only talk and no real action in coordinating their revenue sharing decision-making and allocations efforts. As we shall see in the Eugene case study, counties in Oregon have often assumed many social service responsibilities that cities in the State now also feel they must deal with because local service agencies are asking for their support due to federal cutbacks. Eugene and Lane County worked with this issue together, but this was not the case with Portland and Multnomah County.

Mr. Kaeil believes Portland will be better off if block grants are used by the federal government in its aid to cities than it is now with so many categorical grants. He believes the flexibility of the block grants make them more desirable. He also believes the increased responsibility given to cities is good for them. Kaeil indicated that Portland is well on its way in preparing for Special

Revenue Sharing. Not only is the Bureau of Human Development assessing the city's social programs and needs, the Portland Community Development Commission has been developing for some time now and has a budget of about \$10 million. This Commission will be largely responsible for the community development money that would come to Portland under one of the Special Revenue Sharing categories. A central problem, says Kaeil, is that under the categorical grant that now largely funds the Commission, Portland is getting about \$8.9 million. Under the proposed community development segment of Special Revenue Sharing, the Portland grant would be reduced to \$4.05 million. This is a serious loss in funds and Kaeil goes on to point out that this year, federal grants (excluding revenue sharing) account for about fifteen percent of the budget's General Fund. If the city loses that level of support and it is replaced only with the lesser revenue sharing funds, it will be "in serious trouble." Yet Kaeil joins Scott in preferring the increased leverage and policy making power given to cities under block grants. He says: "Revenue gives a city more responsibility. It will test local government to see if it is capable of managing its own resources well. If not, we'll go back to more centralized government and that would not be good."²⁷

²⁷Kaeil, Interview.

Commissioner Ivancie was not at all equivocal as to whether he preferred block or categorical grants from the federal government. He preferred block grants because there has been too much of a tangle with categorical grants. He says that categorical grants are "a cumbersome, unproductive method of assistance."²⁸

Portland city officials seem to prefer block grants because of the flexibility they offer the local policy maker in terms of reduced federal guidelines. Even the fact that federal aid may be cut in half seems to bother them little if, in return, they get the autonomy block grants are supposed to offer.

III. PORTLAND: SUB-CONCLUSIONS

As we have seen, one of the goals of the New Federalism was to give more power and responsibilities to localities by giving them federal aid with few restrictions. The localities could decide how to spend the money. This responsibility would be another ingredient in their increased power. Do Portland city officials feel they have more power as a result of General Revenue Sharing so far? It would be going too far to say yes. The other sections of this study seem to indicate that Portland needed most of its 1972 General Revenue Sharing allo-

²⁸Ivancie, Interview.

cation just to meet certain emergency needs. The needs dictated the use of the funds, so there was little latitude for deciding where the money should go. We have seen that Portland was committed to some form of citizen participation in its budget process beyond open hearings even before revenue sharing money was received, but some measure of power can be said to have been given city officials in the moving ahead on the District Planning Organization project that revenue sharing funds allowed. Bill Scott, Mike Kaeil and Paul Hepker all were enthusiastic about the development of the neighborhood concept and all agreed it would have been impossible to move effectively forward without the money freed up by revenue sharing. So far in this study we have defined power as the command over the allocation of resources. When traditional urban responsibilities are unmet or underfunded it is the requirement of meeting those responsibilities that dictates the use of funds. We see in Portland, as we have seen in the other cities studied, that whatever new power revenue sharing is supposed to give to these cities is compromised by underfunded traditional city responsibilities, inflation and cutback federal programs. The demands for the money are so great and so obvious that real flexibility in the use of the money may not exist. The fact that Portland included its General Revenue Sharing

funds directly into the General Fund acknowledges that fact. The Office of Management Services was fearful that if the bureaus and the Council saw this separate bundle of money standing by itself they might be tempted to spend it on "non-essential" projects. There was fear it would be used as "mad money." What power Portland can be said to have gained from General Revenue Sharing is the little extra money it did provide to get the Bureau of Human Resources off the ground and to spur the neighborhood concept.

The New Federalism was to enable cities to establish their own priorities in social and community service areas and determine the best means of meeting responsibilities in those areas. In assuming the responsibility for setting those priorities, cities were to be developing a measure of independence from federal control and the American system was to be moved toward decentralization. In the case of Portland we found that those interviewed believed in this goal of the New Federalism. They felt strongly that Portland was capable of establishing its own priorities and determining the best ways of meeting its social and community needs. General Revenue Sharing, however, has not given them enough money to where they have the flexibility to do so meaningfully. Those interviewed agreed that decentralization of American government may

be a good idea but their fiscal needs are far greater than the funds supplied by General Revenue Sharing so far. The city is therefore no less dependent on the federal government for aid than before. Portland city officials do not question the ability of the city to work out its own problems with little or no federal guidance. At the same time they acknowledge that fiscal realities may not allow them to do any more than meet basic urban needs. It is not setting your own priorities simply to keep the police, fire and park departments going. More General Revenue Sharing and Special Revenue Sharing funds uncompromised by federal categorical cutbacks and runaway inflation are necessary if decentralization of American government is to be a reality. Otherwise, there is no independence in decision-making.

Portland is taking seriously another goal of the New Federalism. It will be remembered that Mr. Nathan, a New Federalism architect of the Nixon Administration, suggested that cities have to work out programs in the social and community service areas that best meet their own cities needs. Portland seems to be moving in just this direction through the work of its Bureau of Human Resources and Community Development Commission. Both of these organizations are assessing Portland's needs in their respective areas and will advise the Council on the allo-

cation of General Revenue Sharing and Special Revenue Sharing funds in these areas. Portland, as the other cities studied, seems to be taking seriously the fact that urban governments are going to have to begin to assume more responsibility in the social and community services than ever before. At the same time, they are assuming that the categorical grant money that used to support these programs will be replaced with Special Revenue Sharing money. If this is not done, there is no way the cities can assume their new responsibilities. So far, the outlook for Special Revenue Sharing is grim and the demand on Portland and other cities by social service agencies in their cities for funding is tremendous. It is the central paradox of revenue sharing today.

The danger of some programs being lost in the shuffle as we move from categorical grants to block grants to aid cities is very great. In Portland, there is a real effort, however, to assess all the social and community programs that have taken place in the city through federal funding and to determine which deserve continued funding. This, of course, gives a great deal of influence to local elites and local government officials in determining which programs will be continued. Their influence may be balanced, however, if Portland substantially develops its neighborhood concept and/or its task force

concept before the allocation of either Special Revenue Sharing funds, or next year's budget with its new allotment of General Revenue Sharing funds. In other words, if Portland's average citizen plays a meaningful role in determining city priorities, fewer social and community programs developed for the poor and minorities may get lost in the shuffle between federal aid programs. Thus, a fear of the New Federalism may be avoided.

General Revenue Sharing, as we have seen, has played a role in bringing government closer to the people of Portland. The process of developing task forces composed of average citizens and the Budget Review Hearing Committee are innovations developed and funded separately from General Revenue Sharing. Mayor Goldschmidt wanted citizen involvement in the budget process, and, as Commissioner Ivancie has said, such a development was inevitable due to the politicization of citizens during the War on Poverty and related programs of the late 1960's. Those interviewed, however, agreed it was General Revenue Sharing funds which freed up money to further develop the District Planning Organization concept. Whereas it might be argued that the use of citizens on the task forces and on the Budget Review Hearing Committee went enough beyond the regular open hearing procedure to say that Portland is bringing government closer to the people, it is more

convincing to suggest that the neighborhood concept development spurred by revenue sharing funds will probably do a significant job of giving access to government to the average individual citizens. Perhaps the task forces and Budget Review Hearing Committee can be said to be special mechanisms to include the individual citizen in the budget policy making process in Portland. Now, very few citizens participate. The District Planning Organization concept, on the other hand, will enable a very large segment of the city's population to deliberate major policy questions in their own neighborhoods. Their representatives will then let City Hall know what neighborhood citizens feel. In theory, such a mechanism should enable the individual to have considerable input into City Hall. This process is not in force at the moment, but as we have seen, many of those interviewed feel it is well on its way, thanks to the political activism spurred by the War on Poverty programs of the late 1960's and the money freed up by General Revenue Sharing. The mechanisms Portland has set up to include citizens in the budget process so far are an important step. It is farther than Seattle, but not as far as Tacoma has gone. If the District Planning Organization program goes into effect, Portland will have gone a long way toward establishing a process whereby the individual citizen will feel he can be heard by govern-

ment. If this mechanism is established, it will be important to study it carefully to see if it works equally well in all parts of the city and whether the average citizen is heard in his neighborhood and is not shut out by local elites.

We have seen that it is essentially up to each individual city to define for its own situation how the New Federalism goal of returning funds, power and responsibility to "the people" will manifest itself in that city. In Portland it appears that there is an effort to build up an individual citizen participation program with the help of General Revenue Sharing funds. The Jeffersonian ideal of individual participation still prevalent in American thought combined with the participation of individuals in the War on Poverty have led to a realization on the part of Portland officials that individuals want to participate and must be allowed to do so.

The New Federalism has as a major goal the decentralization of the federal system. A measure of "independent" strength among the units of the federal system should be developed so they can each work out for themselves areas of functional responsibility. Has General Revenue Sharing given such strength to Portland? The realities of Portland's fiscal situation dictate that the revenue sharing funds received so far and those expected

to arrive in the next three years are only enough to help the city meet its most basic responsibilities and enable it to start some new programs. Mr. Scott felt the General Revenue Sharing money should go to better government administration rather than new programs at all. He would put development of the neighborhood concept into this category. What this seems to mean is that Portland's receipt of revenue sharing funds, even if forecasted levels of Special Revenue Sharing funds are included, is far too small to enable the city to be a self-sufficient unit of government whereby it could in any way be considered independent power-wise to either the State of Oregon or to the federal government. Even though Portland is the largest city in Oregon it is still the legal creature of the State. Although we have not seen in Oregon what we saw in Washington State, that is, the State Legislature curtailing state aid to cities because the city's have received revenue sharing funds, the potential power of the State of Oregon over the fiscal well-being of its cities is always there. A direct grant of federal aid to Portland in the form of revenue sharing would have to be in an astronomical amount to offset the power the State could exercise on the city's fiscal well-being. In the case of Portland, as in the other cities examined so far, it seems to be unrealistic to suggest that a city could ever be an

"independent power" vis-a-vis "higher" levels of government in the federal structure. They simply do not have the constitutional status to give them the independence needed for such power.

A fear of those opposed to the New Federalism was that citizens politicized under the War on Poverty programs might be shut out or lose their desire to participate with the demise of those programs. In Portland, we have found that minorities and the poor who were politicized during the late 1960's through the War on Poverty programs and through Model Cities are very active in trying to get the city to develop its neighborhood program and in petitioning the City Council for revenue sharing funds through appearance at various open hearings. Minorities have also served on the budget task forces. The federal cutbacks in categorical grants have activated the newly politicized to seek revenue sharing funds from the city. Frustrated by the federal level they are going to the city level for help. This politicization is also a goal of national elites as they worked to activate the disadvantaged during the Kennedy and Johnson Administrations.

How successful the minorities and the poor will be depends on how the \$3 million midyear allocation is distributed by the City Council. It also depends on how the

District Planning Organizations work in representing their interests. To look merely at how revenue sharing monies have so far been distributed in Portland, one would not feel that social and community programs have benefitted much. Those interviewed said repeatedly, however, that social and community programs are probably going to get the bulk of the midyear allocation and these areas are the specific funding responsibility of Special Revenue Sharing. Portland city officials said that it is too early to run head-long into funding social programs before the Bureau of Human Resources completes its work to determine which social programs deserve and really need city aid. They implied that the city does not lack commitment to social responsibilities but only funds and adequate knowledge about which programs are their responsibility and which are most worthwhile.

It is difficult, therefore, to assess the status of the recent national goal of giving aid to minorities and the poor in the current revenue sharing situation. It is not fair to say that local interest groups have frustrated the national goal of recent years to provide services for the disadvantaged at the government level because city officials have a good point in moving slowly to this responsibility. It is too early to decide the city's commitment to the disadvantaged in light of federal aid

cutbacks to them. Developing the Bureau of Human Resources indicates a serious commitment to use some General Revenue Sharing funds and all of the Special Revenue Sharing funds for social and community service programs. Because the city is not used to dealing heavily in these areas by itself in terms of administration, caution in evaluating and developing programs is understandable. By the end of the five year General Revenue Sharing program, however, if Portland has not clearly and dramatically moved into the social service area, assuming federal categorical grants will continue to decline or end, then local interests will clearly have been able to defeat the national priority of establishing government as the prime vehicle in helping the disadvantaged. A major fear of New Federalism opponents will then have been realized.

Assuming that local special interests in Portland have had some influence on the City Council in its decisions to use some of the revenue sharing money so far for social services, and on the decision to allocate \$3 million at midyear when the federal cutbacks can be better measured, and in establishing the Bureau of Human Resources, it can be suggested that there may be a consensus in Portland, and perhaps in most other cities, that there should be collective action to solve social problems through public resources. Portland has not ignored the

social service area, it has just moved cautiously in that direction. It does not seem that local interests are trying to get the city to abandon its social responsibilities to the disadvantaged, but a more meaningful answer to whether national priorities in this area have taken hold in Portland awaits the time when the city allocates Special Revenue Sharing and its midyear budget fund. It would also be fair to say that if Special Revenue Sharing does not become a reality or its funding level is very low, if Portland does not allocate a fairly large amount of its General Revenue Sharing funds to social programs it would have to make a strong fiscal case for why it had ignored the social service area.

So far, it does not appear that revenue sharing is going to set back the progress made in recent years in civil rights in terms of the Portland case study. Indeed, it appears that the federal government may be especially wary of local government discriminating in the use of revenue sharing funds. We saw that Mike Kaeil had talked with Treasury Department officials who were checking to see that Portland did not use its funds to the advantage of one group and the neglect of others in the city. In The End of Liberalism, Lowi feared that lack of guidelines in block grants might erase progress in this area made by national elites. So far it does not appear that those in

positions of influence in Portland, at least in the opinions of City Hall officials, wish to erase or set back what has been won for minorities in the civil rights struggles of the 1950's and 1960's. Really, there were only two specific guidelines in the Revenue Sharing Act. One insisted that the funds could not be used as federal matching grant funds and the other said that funds could not be used in a discriminatory fashion. Lack of guidelines by the federal government invites local priority setting, but in the case of civil rights it appears that the Nixon Administration and the Congress want to maintain that national priority. Again, the extent of federal enforcement of that guideline over time will be the real test. If federal enforcement is weak, we will be able to see the extent to which local power groups are committed to the civil rights cause in Portland and elsewhere.

There was no indication that those interviewed in Portland felt more guidelines, to protect national priorities, would beneficially add to future revenue sharing legislation. In all cases they felt the city was best able to deal with its own problems and establish its own priorities and that federal guidelines contained in past categorical grants were obstructionist in effect. General national rules that accompany so much categorical grant

legislation has hampered efficient government, and that is the perspective held by those interviewed. They did not seem concerned that Portland might retreat from social-governmental responsibilities in the social service and civil rights areas. They did not seem to have Lowi's perspective that the rule of law was endangered and that justice was unlikely unless clear and specific direction existed for the carrying out of federal legislation. It is perhaps to be expected that those wrapped up in the affairs of a city would feel themselves capable of seeing the need for justice and carrying it out in their own town, and not see the dangers Lowi points out suggesting that some cities and states might very well not be so committed.

The cause of interest group politics was certainly not set back by the way Portland dealt with its revenue sharing funds. Interest groups were able to petition the Office of Management Services through lobbying the various city bureaus. Interest groups were very evident in the open hearings held. Of course, General Revenue Sharing was specifically supposed to be allocated the way local units of government wanted it allocated and interest groups always play a role in the policy process. A particular sort of interest group was strengthened by the Portland experience: the neighborhood organization. By

freeing up funds for the further development of the District Planning Organizations, revenue sharing has strengthened the ability of each neighborhood to take its case to City Hall.

Lowi would not object, of course, if such a block grant system was intended to affect only those areas of public policy where national rules had no place, but revenue sharing seems to be so broad in terms of the areas it may finance and the policy areas it can touch that Lowi would probably fear the latitude given local power groups. He would probably see General Revenue Sharing and Special Revenue Sharing as just further examples of the failure of interest group liberalism to achieve justice for all Americans.

Lowi especially feared the city as a political unit because it only compounded the opportunity of interest groups to compromise and bargain away whatever attempt toward achieving justice and problem-solving national legislation might have had. The "autonomous" city was seen by Lowi as a further decentralization of this nation away from its original federal design. General Revenue Sharing in Portland may not have done much to strengthen the city at this point, but it certainly has not weakened the city either. If anything, those interviewed in Portland feel that revenue sharing plays and, throughout the length of

the program, will continue to play an important role in maintaining the viability of the city to hold its own financially and to move ahead in some areas. Of course, the stated purpose of General Revenue Sharing and Special Revenue Sharing was to strengthen state and local governments and although Lowi would support the strengthening of states he would be opposed to the strengthening of Portland or any other city in terms of their remaining important decision-making units of government.

The Portland revenue sharing experience is very different from that of Eugene, Oregon. We will now turn to the Eugene experience and then to the concluding chapter of this paper where the "Sub-Conclusion" sections of the case studies will be brought together in the hope of making some final conclusions.

CHAPTER VII

GENERAL REVENUE SHARING IN EUGENE

I. CITY FINANCES AND REVENUE SHARING WHAT EUGENE HAS DONE

Eugene, Oregon, lies deep in the Willamette Valley and is the home of light industry, farming, and the state's largest university, the University of Oregon. It is by far the smallest city in this study, with a population in 1970 of 78,389 persons.¹ Eugene is useful as a case study because the size of its population contrasts to the other cities studied and because it lies at the foot of the Seattle to Eugene "development belt."

In its revenue sharing deliberations, Eugene has used its regular city budget process. The city Budget Committee, made up of the entire City Council plus eight laymen (the Council has eight members as well) first debates the budget issues and then makes its recommendations to the City Council itself. The eight laymen on the Budget Committee are appointed by the Council members on the Committee, each Council member making one appointment.

¹The 1972 World Almanac and Book of Facts,
(New York: Newspaper Enterprise Association, Inc., 1972),
p. 193.

As we shall see, the regular budget process was the main decision-making process used in Eugene, but other groups augmented this process because of the complexities and opportunities offered by the General Revenue Sharing funds.

The laws of the State of Oregon forbid any city within the state from going outside the six percent property tax limitation in a year's budget. However, if a city feels it cannot stay within these fiscal limits it can go to its voters and ask them to approve a higher budget. In the past five years, Eugene has found its tax base to be inadequate, not only because of increased demands for services, but also because of inflation. Consequently, the city has sometimes had to go to the voters to ask them to approve a city budget in excess of the six percent limitation. In 1972 and 1973, the Eugene electorate defeated the budgets put to them by the City Council. On each occasion, the Budget Committee and the City Council had to make some changes and resubmit the budget to the voters. On the day most of this writer's interviews were conducted in Eugene, the voters had just the day before, by 150 votes, approved a budget for the city. Several weeks before, the voters had turned down a budget, but they approved a revised version. The battle over approval of Eugene's budget by the voters is instructive in that it demonstrates something of the fiscal condition of

the city and it also shows the philosophical differences that exist on the Budget Committee and the City Council that highlight the Eugene experience with General Revenue Sharing.

Tom Williams is a member of the Eugene City Council and is President of the Williams Bread Company, a major baking concern in Oregon that is based in Eugene. When asked what he thought of Eugene's overall financial situation, Mr. Williams said he was of the opinion that the city had more money than it knew how to spend intelligently. He went on to say: "One's opinion of whether Eugene is adequately supplied with revenue is probably a function of one's view of what activities are appropriate for city government." Williams felt that if one views the protection of people and property, the traditional roles of city government that would include funding parks, street maintenance, police and fire as what the city should be doing, then the city is not short of money. If one feels, however, that the purpose of the city is to be one of the vehicles to be used in altering the social income structure of America, "... then Eugene would not be seen as adequately funded because Eugene does not do as many of those things as some people feel it ought to."²

²Interview with Tom Williams, Member of Eugene City Council, Eugene, Oregon, 20 July 1973.

Mr. Williams considered himself a conservative on most political, social and economic issues. He contributed to the recent defeat of the Eugene budget by Eugene voters because he felt the Council had allocated some money unwisely, especially on unnecessary social programs. He also felt there was no reason for an increase in the tax levy beyond the six percent limitation since the city had enough money with revenue sharing to carry out its essential and proper functions. Williams wrote an open letter to the citizens of Eugene making this point, which very likely had an effect on them. At any rate, the voters turned down the budget request. Williams goes on to say that when the budget was referred back to the Budget Committee, compromises between the liberal majority on the City Council and the conservative minority were made that were satisfactory enough to Williams and those who support his position that there was no active, organized, opposition to the most recent budget proposal put before the voters. It thus passed, if only barely.

Mr. Williams' rather traditional viewpoint about the fiscal needs and responsibilities of Eugene is not shared by the City Manager, Hugh McKinley. McKinley believes the city must do more to help those who are disadvantaged and regrets the city had not gotten farther into the social services area before the War on Poverty got

started. But now, he feels, more and more citizens and government officials at the local level are coming to feel that collective action for social good is a city responsibility. Although Eugene has outgrown its tax base, says the City Manager, and the property tax load is quite high, with federal aid, especially revenue sharing, the city should be able to go beyond minimum services and provide for some of the needs of its disadvantaged citizens. He points out that revenue sharing in fiscal 1973 makes up about twenty percent of Eugene's general fund. The city has experienced inflation at about a ten percent rate and hence the benefits of revenue sharing have already been compromised in terms of it being a real fiscal dividend. McKinley fears that unless there is an increase in traditional revenue sources that in the next two years revenue sharing will be eaten up even if it is only spent on traditional services, but the Council has decided to do new things with the money, too. The financial crunch of the city is such that the City Manager indicated that some revenue sharing money has had to go for projects such as the building of a new fire station that will require more money as revenue sharing receipts decrease or end in the future. His staff wanted the General Revenue Sharing funds to go for nonrecurring expenditures, but the city needed the fire station and the revenue sharing money was

all there was to build it with. Eugene will have to figure out how to maintain the station as time goes on.³

Assuming Eugene plans to spend money for more than minimal services, it seems the city's property tax base is inadequate to support the additional services. Thus, there is the need to ask the voters frequently for permission to go beyond the six percent limitation, and to continue to hope for increased traditional revenues and continued revenue sharing. It is in this fiscal climate that Eugene has allocated its General Revenue Sharing money received to date.

As we have seen, Eugene voters are not automatic in their approval of budgets going beyond the six percent limitation. In 1972, the voters turned down such a request from the Council. The city government then found itself in a financial bind, especially in funds for the police department and for parks. These two areas had been particularly suffering in recent years due to budget defeats. With the receipt of 1972 General Revenue Sharing funds, the city decided to develop a Supplemental Budget for fiscal year 1972-73. The Supplemental Budget was debated and passed by the Budget Committee and the City Council. Most of the money in this budget was revenue sharing money, but not all of it. The money went for reg-

³Interview with Hugh McKinley, City Manager of Eugene, Eugene, Oregon, 20 July 1973.

ular operating budget programs. Since an "emergency" was felt to exist, the money could not be spent on new programs. An accounting of General Revenue Sharing funds in the Eugene Supplemental Budget of 1972-73 is contained in Table VII.

TABLE VII

ACCOUNTING OF GENERAL REVENUE SHARING FUNDS
EUGENE SUPPLEMENTAL BUDGET OF 1972-73

<u>Department Funded</u>	<u>Amount</u>
City Manager	\$ 14,280
Personnel	11,568
Data Processing	51,452
Planning	58,949
Library	26,794
Airport	12,730
Fire	40,099
Finance	26,282
Police	110,859
Parks and Recreation	38,479
Public Works	14,704
General Overhead	79,200
Equipment Service	71,700
Capital Projects	196,100
TOTAL GENERAL REVENUE SHARING FUNDS	
FINALLY APPROPRIATED	<u>\$ 669,861</u>
TOTAL 1972 GENERAL REVENUE SHARING FUNDS	\$ 1,807,617

SOURCE: "Supplemental Budget Report, 1972-73, City of Eugene," Eugene, Oregon, 1973. Data compiled from pp. 1-73.

Although several social agencies asked for part of this money, little went to them. The General Revenue Sharing funds held by Eugene but not allocated in the Supplemental Budget went into the 1973-74 General Revenue Sharing

fund.⁴

In February of 1973 the Budget Committee first met to decide how to allocate Eugene's \$4.3 million in revenue sharing monies now allotted for the 1973-74 fiscal year. The money was dealt with as a block sum by itself and no special decision-making body was organized to deal with this money, just the regular Budget Committee. As we shall see, a special liaison joint committee with Lane County, however, was established to deal with General Revenue Sharing funds to be spent on social services.

At the outset, the staff working in the Eugene City Manager's Office asked the city's department heads to make recommendations as to how their departments would prefer to use General Revenue Sharing funds. With this input, the city staff put together a list of programs it felt the Budget Committee and the City Council should consider as priority items for which to allocate General Revenue Sharing monies. The staff recommended that some monies go for new programs that might continue operation for some time, but for the most part they encouraged the Budget Committee to spend the money on one-time only programs and capital projects. The staff proposed the largest amount of revenue sharing money be spent on parks and recreation, the

⁴"Supplemental Budget Report, 1972-73, City of Eugene," Eugene, Oregon, 1973, pp. 1-73.

needs of the fire department, the creation of a new planning division for the city, the police department in terms of new personnel and a public housing complex for persons in low to moderate income categories. The specific staff proposals are located in Appendix C and entitled "Eugene City Staff Proposals for Revenue Sharing." At this early stage, the public was not consulted or asked to make recommendations as to how Eugene might appropriate its revenue sharing money. Also, at this early stage, it is important to note that a major issue of debate in Budget Committee meetings was how much money should go for property tax relief, if any, and how much for social programs.

Some General Revenue Sharing money did go for tax relief in Eugene. The staff recommended to the Budget Committee, and the Committee accepted, a recommendation to fund certain existing programs with General Revenue Sharing funds so there would not have to be an increase in the city's property tax rate to fund them. As Loren Stubbart, Budget Officer in Eugene's Finance Department explains, a "spread sheet", which delineates programs in the general fund that were transferred to General Revenue Sharing funding to prevent a tax hike, was prepared.

...(T)he "spread sheet" of departmental general fund priorities...are all existing programs within the city's operations which were "put on the block" in an effort to prevent a substantial increase in the city's property tax rate. Those items that

were cut from this "spread sheet" were shifted into the revenue sharing fund. The reasoning behind this shift of existing programs into revenue sharing support is that the Budget Committee felt obligated, with the existence of revenue sharing, to keep any tax rate increase to a minimum, yet they also felt⁵ that existing services should not be curtailed.

The amount of revenue sharing money spent on these programs, that is, spent for property tax relief, was \$929,499. That expenditure, plus all the rest of Eugene's revenue sharing allocations can be seen in Appendix C in a document entitled "Eugene Summary of General Revenue Sharing Allocations - May 25, 1973." As can be seen from that document, of the \$4.3 million in total revenue sharing resources held by Eugene, \$2.9 million had been allocated by September, 1973. The remaining revenue sharing money will either be allocated in some sort of a supplemental budget this year or will revert to the next fiscal year. It is very likely Eugene will adopt a program such as Portland's where part of every year's revenue sharing allotment will be carried over to the next year because both cities are on fiscal years and the revenue sharing checks arrive on a calendar year basis. So, for the revenue sharing monies not to decrease over the five fiscal years the cities would receive the money, it is necessary to carry over some funds.

⁵Loren L. Stubbert, Budget Office, Eugene Finance Department, letter explaining the "spread sheet", received at McMinnville, Oregon, 13 September 1973, p. 1.

The "Summary" sheet indicating how Eugene has so far allocated its revenue sharing funds indicates that the suggestions of the City Manager's staff were largely followed. It is significant to note that the two largest allocations were for social services (\$200,000) and for a low-moderate income housing project. The only allocation that was larger was the approximately \$900,000 used to prevent a property tax increase ("Spread Sheet" priorities). As we shall see in the next section of this chapter, all three of these allocations were hotly debated on the Budget Committee, especially the funding for the public housing project.

The "Summary" sheet indicates that Eugene allocated \$200,000 for social services. The document in Appendix C entitled "Joint Committee Recommendations" shows exactly what social services were funded. A look at that document shows that it was \$275,000 that was allocated for social services. The added \$75,000 came from Lane County from part of its General Revenue Sharing funds. The cooperation between the City of Eugene and Lane County in allocating General Revenue Sharing funds for social services is the major difference in the Eugene revenue sharing experience from the other cities studied in this paper.

Fairly early in its deliberations, the Eugene Budget

Committee decided to work with Lane County in deciding what social services in the area should be funded with General Revenue Sharing and in what amounts. The Budget Committee decided to work with the county because the county had been in the social service business for some time and also, the city did not want to overlap its social service programs with those of the county. Those interviewed in Eugene frankly admitted they were at a loss as to how best to decide which social programs of all those applying for funds should be funded. They sought the experienced cooperation of the county and hence the Joint City of Eugene-Lane County Budget Committee was formed.

This Committee pooled the social service requests that had been submitted to them separately and processed over forty applications representing over \$500,000 in applied-for funds. Together, the city and the county had decided to allocate, as we have seen, \$275,000 for social services and so several applicants were to be disappointed. This Joint Committee decided to form a subcommittee to look over the applications and make recommendations to it. This was the Joint City/County Social Service Review Committee. This Committee decided to enlist the help of yet another group, the Lane County Organization of Governments. That group was asked for advisory help because they had a staff of experts in social service matters that might

advise the city/county committees on which social functions are the responsibilities of which levels of government. They were also asked to prioritize which social programs deserved funding and at what level.

The Lane County Organization of Governments gave its report and it carried some weight with both the joint committees and the Eugene Budget Committee. The "Joint Budget Committee Recommendations" document in Appendix C largely follows the recommendations of that report regarding which social services should be funded and at what levels. It is very significant that the report suggested that public housing was the responsibility of the state and federal governments and not of the county or the city. None of the joint county/city social service monies went for public housing, but a majority of the Eugene Budget Committee and City Council felt strongly enough about the city responsibility in the public housing area that they went ahead and allocated, as we have seen, \$150,000 for public housing in Eugene. This was the biggest area of disagreement between the Lane County Organization of Governments report and the final judgment of the Eugene Budget Committee and the City Council.

In its final report, the Joint City/County Social Service Review Committee suggested that the cooperation between the city and county on revenue sharing should

continue in the evaluation of programs funded and in other areas of joint city/county concern. The cooperation between these governments indicated to them that working together in the delivery and coordination of social service programs is beneficial to both levels of government and the citizens they serve.⁶

In terms of citizen involvement in the decision-making process, the city did hold open public hearings on the fund allocations and lay people do sit on the Eugene Budget Committee. Also, the Joint City/County Social Service Review Committee consisted of staff people from both governments and two lay representatives. The Joint Committee did hold public hearings as well. Several social agencies applied for funds and were heard, but no special effort was made to involve the public beyond the regular budget process of open meetings and public hearings. An exception to this might be the lay people on the Joint Committee.

II. THE POLITICS OF REVENUE SHARING IN EUGENE HOW CITY OFFICIALS VIEW REVENUE SHARING

In this section of each case study we look at the opinions of City Hall officials on how they interpret the

⁶"Report to the Joint City of Eugene-Lane County Budget Committees from the Joint City/County Social Service Review Committee," Eugene, Oregon, 30 May 1973, p. 5.

original intention of federal revenue sharing, how they feel about how their city has dealt with its General Revenue Sharing money, what their feelings are about their city's decision-making process on the revenue sharing question, and how they feel about the entire question of the various forms of federal aid to cities. This chapter will be concluded, as have the other case studies, by examining the data from Eugene on the basis of the goals and fears of the New Federalism.

Views of City Officials on the Original Intention of Federal Revenue Sharing

All of those interviewed in Eugene agreed that the Administration and Congress intended General Revenue Sharing funds to be used by each political unit of government in accord with its most basic needs. If certain services had not been provided in the past or certain departments of government underfunded, then the "new" money should go for those purposes. Hugh McKinley is Eugene City Manager. He is active in the International City Manager Association which is closely associated with the National League of Cities. This affiliation has enabled him to keep close watch on revenue sharing proposals and legislation and he has gone to Congress to testify in support of revenue sharing on several occasions. The day before McKinley's interview for this study he had returned from testifying

before a Congressional Committee on Special Revenue Sharing.

From this experience, McKinley was of the firm opinion that neither the Congress nor the Administration intended General Revenue Sharing to be used necessarily for property tax relief. He also felt General Revenue Sharing funds were not to be a substitute for existing federal programs supported by categorical grants. As he saw it, the intent of General Revenue Sharing was to use the federal tax collecting ability to gather funds that could be returned to the local jurisdictions and used by them as they saw fit with no restrictions except that the money is not to be used for education or matching funds for federal grants. He felt Eugene was under no real obligation or directives from anyone in Washington, D.C., with regard to how to use the money.

From his vantage point as City Manager, McKinley has had the opportunity to observe the City Council for some time. He felt the Council in many ways reflected the philosophical differences that exist in the United States Congress. There is a wide disparity of views concerning how to spend the revenue sharing money. From his own administrative point of view, however, McKinley felt that each city receiving revenue sharing should look at its own needs and determine where its most pressing needs

lie. It should examine the need for new services as well as the need to perform old duties better. He argues that the results may be different everywhere, but once needs are recognized then revenue sharing money should go to meet them. He strongly opposes those in the federal government and those in the Oregon Legislature that say "you have revenue sharing money and therefore you ought to be picking up this or that program." Such restrictions were not the intent of the legislation. It is up to each unit of government to decide independently how to spend the money.⁷ For the most part, those interviewed on the Eugene City Council would agree with their City Manager.

Mrs. Campbell is a member of the Eugene City Council who would go along with Mr. McKinley's interpretation of the original intent of revenue sharing, but she would emphasize that the revenue sharing money was "new money" that should largely be used for new programs. She was strongly opposed to using General Revenue Sharing for property tax relief alone. She felt the money should go for social programs as well. It will be remembered from Part I of this chapter that the major debate among members of the Council was whether the General Revenue Sharing funds should go for tax relief or social programs. Mrs. Campbell fought hard for social programs. She inter-

⁷McKinley, Interview.

preted the Revenue Sharing Act guidelines very broadly and was reaffirmed in that interpretation as the result of a meeting in Washington, D.C., she and other Council members had recently attended in the Office of Revenue Sharing.⁸

Neal Murry is another Eugene Council member and he shares Mrs. Campbell's opinions on revenue sharing. In a way he was more outspoken than Mrs. Campbell in that he felt revenue sharing money should not go at all for property tax relief. He saw the needs of the city as too great not to examine city service needs and then spend the General Revenue Sharing funds on them. Murry felt that no matter how nontraditional the needed service might be in terms of usual city responsibilities, the city should get into that area if the need is real. As did McKinley, Mr. Murry opposed the theory that revenue sharing money, at least General Revenue Sharing, was intended by Congress to be used in place of categorical grants. He said, "...it is not fair that the Administration should cut those grants just when cities are deciding what to do with General Revenue Sharing. It puts them behind the eight-ball." He believed in the services provided by categorical grants, but he feels they should continue to be fund-

⁸Interview with Mrs. Campbell, Member, Eugene City Council, Eugene, Oregon, 20 July 1973.

ed by the federal government, not local government with General Revenue Sharing funds.⁹

Another member of the City Council, Tom Williams, agreed with the City Manager's interpretation of revenue sharing as a vehicle through which local government might gain the benefit of the efficient federal tax collecting system. The money redistributed back to the states and localities, he felt, could be used as the local unit of government wanted, but he felt a very justified use of General Revenue Sharing funds was for tax relief. Mr. Williams was a White House Fellow for one year during the Nixon Administration, working most closely with Secretary of Commerce Stans. Although he did not take part in revenue sharing deliberations, Williams observed and formulated his opinions on revenue sharing, he says, during his time in Washington. He feels, therefore, that the Nixon Administration did not want to make suggestions to the states and localities as to how to spend revenue sharing money in their own areas. "That was the whole intent of the General Revenue Sharing program." He felt, therefore, it becomes a matter of local needs and local politics as to how the money is allocated.¹⁰

⁹Interview with Neal Murry, Member, Eugene City Council, Eugene, Oregon, 20 July 1973.

¹⁰Williams, Interview.

A man who would agree that it is largely a matter of politics as to how revenue sharing money is distributed is Louis Peters, City Minority Affairs Representative for Eugene. A few years ago, Eugene created the position Peters now holds as a special effort to give representation to the city's minorities, who comprise about three percent of Eugene's population. Although Peters is Black, he sees his job as not just to represent the interests of Blacks in the community, but all minorities, Native Americans, Chicanos and Orientals as well. In this position, it is not surprising that Peters believes the revenue sharing money so far received by Eugene should go for social services for the city's minorities and disadvantaged. He felt that the minorities of America were led to believe that the purpose of revenue sharing was to take over for categorical grants and since the "...whole social structure of many Black communities in America is based on programs from categorical grants, when they heard of revenue sharing, they assumed it was going to replace categorical grants." Peters felt this impression was reinforced by the cutbacks in categorical grants by the Nixon Administration, but he feels the reality of the situation, that is, that revenue sharing money need not necessarily go to replace cutback categorical grants, shows

that "Blacks were either mistaken or misled."¹¹

Views of City Officials on How Eugene Allocated
its Revenue Sharing Funds

Mrs. Campbell and Mr. Murry are part of the liberal majority on the Eugene Budget Committee and City Council. As such, it would be expected that they would generally agree with the way those two bodies allocated revenue sharing monies, and they do. Mrs. Campbell first of all agreed with the allocation of the 1972 funds in the "emergency" Supplemental Budget. The fiscal needs of the police and parks were acute due to recent budget defeats and the revenue sharing money was a blessing for taking up the slack. She also agrees with the approximately \$1 million allocation that went for property tax relief, although the allocation "looks blatantly political." She was, however, particularly enthusiastic with the allocations for social programs, especially the money pooled with the county for social service programs and the money that went for public housing in Eugene. She remarked, however, that the allocation was only about one-half of what the majority of the Council wanted, but they had to compromise with the conservatives.

Mrs. Campbell remarked that the city had been in the

¹¹Interview with Louis Peters, Eugene City Minority Affairs Representative, Eugene, Oregon, 20 July 1973.

social service business to a degree before. It had financed a detoxification center, a drug clinic and a senior citizen's center. The pressure to increase its social service obligations has increased dramatically, she said, due to recent federal cutbacks in social service aid. She thought it was important to note that even though the city is spending General Revenue Sharing funds for new social services, the city itself is not really getting into the social service business on a large new scale. The county is in the process of setting up a special new Social Services Department and the city will contract for these social services through the county and will pay for the services through its \$200,000 from General Revenue Sharing allotted for that purpose. She added that, "The city's General Revenue Sharing funds are going for social services but not its time or administration -- there would be too much duplication between city and county otherwise; hopefully other cities in Lane County will do the same but so far they have taken no similar action."¹²

Councilman Murry agrees with Mrs. Campbell's positions on how Eugene allocated its General Revenue Sharing funds. He emphasizes that he feels the money

¹²Campbell, Interview.

should have gone to previously unmet city needs, especially high on such a list would be the needs of its senior citizens. Therefore, he was particularly gratified that as much money as was allocated for them, especially the public housing, was allocated. He wished that more of the revenue sharing money could have gone for programs such as juvenile crime prevention and the many other programs that need funding if the city is really to address its problems. He felt that the city must now see it as its responsibility to deal with social ills on a major scale because, obviously the federal government was drawing back from its commitment. Murry regretted, however, being pushed into specific social service programs because of the federal withdrawal from them. He believed that certain social programs that the federal government has been funding for some time should continue to be funded, but he agreed that it is the duty of the city to take up the slack until Special Revenue Sharing or some other funding source comes along, if one does. Mr. Murry is cognizant of the many innovative ideas that have emerged in recent years as to how a city might deal with its social responsibilities and he sees revenue sharing as "opportunity dollars" for the city to experiment with new programs. Therefore, he is very disappointed that the revenue sharing money is so small

and the federal categorical cutbacks are so large as to compromise the essence of the revenue sharing opportunity. He feels Eugene has taken only a small step so far in its social service responsibilities and it must go further.¹³

Although Mrs. Campbell and Mr. Murry were quite pleased with the social service programs allocated with General Revenue Sharing, but wished it could have been more, Louis Peters, in his position as Minority Affairs Representative, felt the General Revenue Sharing allocations were completely inadequate in terms of the needs of Eugene's minorities. He was upset that the programs he specifically recommended for funding were turned down by the City Council and the Budget Committee. Peters wanted some of the General Revenue Sharing funds to go for the establishment of a Chicano, Native American Affairs Center. He wanted also to see funded an Afro-American Institute. These were to be community centers for these minority populations to enable them to get together and study their heritage and reinforce their senses of identity. He was pleased, however, that the Affirmative Action procedures he advocated were adopted promising the employment of minorities in social service

¹³Murry, Interview.

agencies contracted with General Revenue Sharing funds and the fact that all groups would have equal access to the funded social services.

Although Peters felt that minorities hoped General Revenue Sharing money would go for social programs to a large extent, in reality he saw the money going mostly for public safety, public works and property tax relief. He added, "...this again is a situation where the middle class is bettered at the expense of the lower class." Peters did believe, however, that the Mayor of Eugene and the City Manager do have the interests of the city's minorities in mind and what progress has been made in their behalf, those men have had a great deal to do with.¹⁴

Hugh McKinley does seem to have the interests of the city's minorities at heart, he nevertheless defended the Council decision not to fund the two community centers Peters wanted. He felt the money for these projects would be money for a special interest block; a request by one segment of the community to enhance their own community only. He, and the Council, saw the purpose of the centers as to develop the identities of these minority people, which was not seen by the city decision-

¹⁴Peters, Interview.

making units, or the Joint Committee, as a regular request. It was seen as being too particularized and too partisan. McKinley felt that giving money to Peters' projects "would have been giving money to an agency that would not be making its services available to the whole community and that would be wrong."

The City Manager also remarked that he was glad the city did not succumb to pressures from the State Legislature to assume Day Care Center responsibilities with city revenue sharing money. The state feels the city is "fat" now with its General Revenue Sharing money and has been pressuring the city to take over such programs, but McKinley feels Day Care Centers should continue as a state responsibility. He also had hoped it would not be necessary to spend revenue sharing money on projects like a new fire station and fire trucks because with the future drawback of General Revenue Sharing funds, a possibility exists that the further support of such capital projects will be difficult. But the fire equipment was necessary, and the General Revenue Sharing funds were all that was available to fund them.¹⁵

Tom Williams considered himself the conservative voice of the Eugene City Council and as such endorsed the

¹⁵McKinley, Interview.

staff recommendations as to how the General Revenue Sharing funds should be allocated. Those recommendations were that the money should go primarily for the police department and the general administrative functions of the city and less money for social services and parks and recreation. He does not go along with the Budget Committee and City Council revenue sharing allocation decisions. Williams feels "the first responsibility of the city is to adequately serve the function of protection of people and property and as those needs become reasonably well satisfied, then, if the city has funds left over, it can spend them in the social service area." Especially, he agrees with the Lane County Organization of Government's recommendation that public housing responsibilities rest with the state and federal governments and not the city. He was flatly against spending General Revenue Sharing funds on public housing for the elderly.¹⁶

Views of City Officials on the Eugene General Revenue Sharing Decision-Making Process

In the opinion of the City Manager, Eugene's revenue sharing decision-making process was an open one. It was open in the sense that persons or groups could make

¹⁶Williams, Interview.

requests to the city staff on General Revenue Sharing funds and could attend the hearings of the Budget Committee, the City Council and/or the Joint Committee. Also, McKinley feels the City Council membership is broadly representative of the various interests in Eugene. He did not regret that no special machinery for citizen participation was set up as he interpreted the Act as saying that General Revenue Sharing funds are to be allocated according to regular budget processes. It should be remembered, however, that half the Eugene Budget Committee is made up of lay people, so the public has long been involved in the budget process. McKinley does feel, however, that minorities were not represented in the Lane County Organization of Governments deliberations and that that was a serious oversight. As he put it, "At the county level, no one constantly goes to bat for minorities and so they are left out sometimes." McKinley endorses the Budget Committee decision not to fund the minority centers requested by Peters because they were going to serve only a part of the community. McKinley points out that the decision was not taken lightly and many representatives of minority groups came to hearings asking for the centers, which supplemented Peters' own appeal.

Mr. McKinley feels that the Community Action Program in Eugene has had some effect in politicizing the city's

minorities, but not much. In his opinion, the program in Eugene has been chiefly a failure due to mismanagement. Now, most of the Community Action Program responsibilities have been taken over by the county, but McKinley feels the real fault may lie with local government. He maintains that cities and counties should have taken up social service responsibilities long ago before the War on Poverty, but they did not, so private groups had to fill the vacuum. He said he felt guilty for not responding long ago to the needy in his area. Now, however, revenue sharing has offered the city and county the financial ability to take up some social responsibilities and he is glad of it. McKinley has watched as the Council and Budget Committee have dealt with the General Revenue Sharing funds and he feels they were not sure what to do with so much money at first because they were used to having barely enough money to meet basic city needs. The idea of getting together with the county and the Lane County Organization of Governments resulted from their earlier difficulties in deciding how to deal with General Revenue Sharing funds.¹⁷

Neal Murry and Mrs. Campbell both mentioned a shortcoming in the decision-making process in Eugene that goes beyond the revenue sharing deliberations themselves. Both mentioned that the position of City Councilman in Eugene

¹⁷McKinley, Interview.

is a nonpaying, volunteer position. As such, it precludes moderate and low income people from either having the money to run for office or taking the time from work during the week to meet City Hall demands. Murry estimated he spent about twenty hours per week doing city work apart from his administrative position with the University of Oregon. So the Council itself may not be as broadly representative of Eugene as it should be because of the volunteer nature of the position.

Mr. Murry also pointed out that it has been a long-standing problem in Eugene that Budget Committee hearings are lightly attended and sometimes not attended at all by townspeople. In part, he feels, it is because of the complexity of the issues. Regular citizens lack a knowledge of budgetary specifics. He added, "...it might be wise to try to find some creative ways to get citizens' participation." Murry was concerned that the opinions of Eugene's small minority population were not adequately heard in the General Revenue Sharing decision-making process. Because they make up only three percent of the population, some members of the Council feel the city really has no problem in the area of minority affairs. Mr. Murry is not one of those people.

Murry pointed to one aspect of the Eugene political scene that is having increasing significance in terms of

representing people in city government. Many of Eugene's neighborhoods are developing neighborhood councils that send representatives to hearings. The whole city is not organized along these lines yet and all organization that exists so far has been done by the neighborhoods themselves and not at the initiative of city government. Some revenue sharing funds, however, have gone to help these councils with clerical needs. Murry and Mrs. Campbell felt, however, that members on the City Council quite adequately represent the city's neighborhoods, partly because they are elected on a ward basis.¹⁸

Two of those interviewed in Eugene were less happy with the representation given all groups in the city in the revenue sharing decision-making process. As we have seen, no one has been wholly satisfied, but Tom Williams and Louis Peters seemed most critical. Mr. Williams felt that the Council and Budget Committee processes were not particularly open "as they never are in the governing process." He felt that the input from the community was not particularly representative of the community. He specifically pointed out that the only people who appeared at hearings in any numbers were not those who want and need city services, but those who want to provide them. He was clearly talking about social service agency activ-

¹⁸Murry, Interview.

ist administrators who were worried about losing their jobs due to federal funding cutbacks. Further, Williams felt the minority populations of the city are not well represented. Mr. Peters, as minority affairs representative, "is supposed to represent all city minorities but he tends to represent mainly Blacks." "However," he adds, "minorities are not a major problem in the community."¹⁹

Louis Peters felt he was largely excluded from the General Revenue Sharing decision-making process. As Minority Affairs Representative for the City of Eugene he does not have a vote on either the City Council or the Budget Committee and so his input could only be in an advisory capacity. When he heard that General Revenue Sharing was coming to Eugene, he went to the various minority communities in the city and advised people there to go to public hearings on revenue sharing and push for the programs they wanted.

While organizing the city's minorities to petition for revenue sharing funds, Peters also told the City Manager and his assistant what the minority communities were asking. They wanted, as we have seen, an Afro-American Institute and a Chicano, Native Americans' Affairs Center. About seventy-five minorities came to the Budget Committee hearings and spoke for these projects. The Committee

¹⁹Williams, Interview.

listened and then reviewed the Joint Committee findings and decided not to fund the programs. Upon the advice of the city's Human Rights Commission, Peters went back to the Budget Committee and tried again, this time also asking for an Affirmative Action plan for equal treatment for minorities with revenue sharing funds be adopted. The Committee decided in favor of the Affirmative Action plan but still turned down the other proposals. Hugh McKinley, earlier in this chapter, gave the city's reasoning for turning the programs down.

Although discouraged by not getting what he wanted from the Council, Peters is still pleased about one thing. He believed that the city's minorities are now more activist due to the revenue sharing struggle. Now they have formed a new organization, the Lane County Non-White Tax-Payers Association. It is an effort to solidify Eugene's minorities for political purposes, says Peters. This new organization is also the outgrowth of the performance of the local Community Action Program. In his opinion, the local Community Action Program does not have the support of Blacks and other minorities in Eugene. He maintains that it has never been representative of the needs of the city's minorities. Peters has gotten minorities hired in the Community Action Program organization but they have all shortly quit because of the "institutionalized racism

that permeates the institution." He believes this is so partly because the chairman of the local organization is an unsympathetic white and partly because the program is so disorganized. A further reason, however, that local minorities were turned off to the organization to begin with was because it replaced an organization called Lane Human Resources. That organization was primarily staffed with minorities and when it became a Community Action Program they were replaced with nonminorities. Later, when Peters thought he could place some minorities in Community Action Program positions he had little luck because it was being led by whites living in rural Lane County, who have a long history of being anti-Black. So, Peters saw that the Community Action Program was not a group that could lobby for minorities and hence his new organization was created, the Lane County Non-White Taxpayers Association.

Peters joins McKinley in lamenting the lack of minority representation on the Lane County Organization of Governments staff. In Peters' opinion, its recommendations clearly showed they did not have much minority input. Mr. Peters, however, has great hope for the future success of his new interest group and thanks revenue sharing for indirectly helping it to get off the ground. He also believes the City Manager and the Mayor truly care about the

city's minorities. It is rural Lane County that seems least sympathetic to minority needs and that is a serious problem.²⁰

In three areas, revenue sharing seems to have developed better communication and representation between units of government and citizens of the Eugene/Lane County area. First, there is the new minorities organization mentioned above. Second, there is the help revenue sharing funds are giving to the further development of the neighborhood concept in Eugene. Neal Murry explains that the neighborhood organizations so far are developed in a wide range of neighborhoods in terms of socioeconomic levels. Each neighborhood organization is working to develop plans for its community in the context of the 1990 Comprehensive Plan already worked out for Eugene, which is a land use plan. The revenue sharing funds going to provide city staff help for the neighborhood organizations should help to spur the neighborhood's work and bring them closer to city government, in Murry's opinion. Third, revenue sharing has definitely encouraged city/county cooperation in the area of social services. As the Joint City of Eugene-Lane County Social Service Review Committee said in its report:

²⁰Peters, Interview.

Revenue Sharing presents a unique opportunity to promote coordination, cooperation, communication and continuity of care and services within our rather complex and confusing delivery system.²¹

Through Joint City/County efforts, it is hoped that overall community priorities can be established prior to the initiation of the review process next fiscal year.²²

Views of City Officials on Federal Aid to Cities

If General Revenue Sharing has had a beneficial effect in the greater Eugene area in terms of representation and communication, it has also been received enthusiastically by all but one of those interviewed as a very desirable form of federal aid.

Mrs. Campbell and Mr. McKinley were specific in pointing out their belief that cities are very able to determine their most pressing needs and the flexibility and latitude given cities such as Eugene in block grant programs is thus seen as very desirable. McKinley went on to say that block grants recognize the superior taxing ability of the federal government and at the same time the superior knowledge of local problems by local government. He strongly endorses this type of aid but feels cities should have to make application for Special Revenue Sharing. He argued that a city should have a community development plan that is submitted to the federal government

²¹Report to the Budget Committee, p. 5.

²²Ibid., p. 7.

that indicates in detail that the city is ready for its block grant and knows what it is going to do with it. Only then should the block grant be forthcoming. Such a process, he said, is "better than a shotgun block grant." He feared, however, after his recent trip to Washington that Special Revenue Sharing was in deep trouble and would not come out of Congress for some time.²³

Mrs. Campbell added that categorical grants tend to make the cities apply for them whether the city needs that specific form of federal aid very badly or not. This is wasteful of tax money and also the time and energies of local government as it tries to decide what to do with inappropriate categorical grant money. She preferred block grants for the same reasons stated by the City Manager and she echoed the Tacoma City Manager's hopes that the cities perform well with General Revenue Sharing so that Congress will continue it indefinitely.²⁴

As Minority Affairs Representative, Louis Peters said he would not be opposed to a block grant like revenue sharing if the money would go to the minorities and other disadvantaged in the community in the amounts they really need. He felt minorities were tricked into believing the General Revenue Sharing money would go into social pro-

²³McKinley, Interview.

²⁴Campbell, Interview.

grams. In reality, not enough is, and under the guidelines of the Act, as he reads it, no revenue sharing money need necessarily go to replace cutback social service categorical grants. He feels minorities are increasingly alienated as a result of this. The specific guidelines of categorical grants are all that can insure the disadvantaged will get any federal aid, felt Peters. So far, he said, General Revenue Sharing has demonstrated the "typical neglect of the minorities by the white majority."²⁵

III. EUGENE: SUB-CONCLUSIONS

If the New Federalism is working, it means that power, funds and responsibility are flowing from Washington, D.C., to the states, localities and the people, in part, through General Revenue Sharing. The liberal majority on the Eugene City Council seem to have taken the funds that have flowed to them and exerted considerable independent judgment and responsibility in deciding where the General Revenue Sharing funds should go. In spending as much as was spent on social services, and especially the funding of a public housing project, the increased responsibility of the Council over the restrictions of categorical grants was evidenced. To say that Eugene has

²⁵Peters, Interview.

more power due to General Revenue Sharing is also possible. Certainly, Eugene faces the same categorical grant cutbacks, the same inflation and an increase in the demand for services that the other cities studied faced. And, although these were certainly compromising factors in the overall power increase gained by the city from General Revenue Sharing, the Council still dared to allocate heavily for other than traditional city service needs. Again, the public housing allotment and the relatively large amount spent on social services witness this fact. The amount of power gained by the city cannot be measured in any absolute sense, but an assessment of its General Revenue Sharing activities indicates a command over the allocation of resources was exercised by the City Council that it had been financially unable, together with being, perhaps, philosophically unwilling, to exercise before General Revenue Sharing.

Eugene took unusual initiative in trying to assess its own social service needs through its cooperative program with Lane County in that area. The New Federalism argues that it is desirable for cities to establish their own priorities in the community and social service areas and determine the best methods for meeting their needs. This is part of the decentralization aspect of the New Federalism. Although there was certainly considerable

debate in the Budget Committee and on the City Council on priorities and methods for realizing them, the city took the responsibility seriously and the availability of General Revenue Sharing funds made the whole thing possible. It would be going too far to suggest that the Eugene experience itself has measurably decentralized American government, but the interest and initiative shown by that city in independent priority setting and determining its own means to fulfill those priorities show that a measure of decentralization may be possible if not compromised by other fiscal constraints and interference by "higher" levels of government that could infringe on local affairs.

Eugene has taken seriously Mr. Nathan's categories for local decision-making under the New Federalism, namely, human and community service programs. Again, some on the Council and the Lane County Organization of Governments report may not agree with the majority on the Council that some of these functions are properly assumed by the city, but the majority has ruled that the city's responsibilities are quite broad in these areas. It must be pointed out, however, that although the City Manager and some on the Council feel the city should take up responsibilities in these areas, it is the reality of federal cutbacks in categorical grants in the human and community service areas that has also driven the city to assume some respon-

sibility in those areas. But one gets the impression that Eugene knows now that it will have to move increasingly in the human and social service areas and programs such as city/county cooperation in the social services indicate that commitment.

Mr. McKinley was careful to point out that the city and the county are in the process of evaluating social programs that have gone on in both units of government in an effort to see to it that worthwhile programs are continued to be funded and not lost in the shuffle from categorical grant funding to revenue sharing funding. Actually this process has gone on since the Lane County Organization of Governments' study was started. It appears that as long as the current administration and the current majority on the City Council exist in Eugene, their appraisal of which programs should be continued will likely be sympathetic to the city's disadvantaged and its minorities. Mr. Peters might want the city to go further but he too agreed that the city of Eugene is the only hope for minorities in the area. Lane County government, in his opinion, is quite hostile to their interests.

Has General Revenue Sharing brought the government closer to the people of Eugene? As we have seen, the Eugene Budget Committee has laymen equal in number to

Council members serving on it; thus the individual citizen has a voice on budget matters over and above the open hearing process. The regular budget decision-making process has already been designed to include "the people." Also, the Joint Committee making social service recommendations had individual citizens serving on it as well. But revenue sharing had an effect in bringing the government of Eugene closer to the people, in individual and small group forms, at least potentially, in two areas. First, some revenue sharing money went to aid the development of Eugene's neighborhoods as effective representation units for their citizens at City Hall. Also the new minority interest group, the Lane County Non-White Tax Payers Association was formed to lobby for revenue sharing money because the town's minorities saw the local Community Action Program as not really representative of their interests. In these two ways the access of individuals and small divergent groups to the halls of government seems to have been given impetus by General Revenue Sharing. But the importance of the individual and his need to have access to government seems already to have been recognized in the previously established decision-making procedures for budgetary matters in Eugene. It is fair to say that the decision-making process for revenue sharing in Eugene was fairly open. Mr. Peters

and others argued, however, that the average citizen and particularly the average minority, did not have the representation they should have had. And it is true that the city did not go out of its way to create a special citizen inclusion apparatus for deciding revenue sharing allocations, with the possible exception of the citizens on the Joint Committee. How "open" a decision-making process is is a relative question. Relative to the other cities in this study, Eugene is perhaps less open than Tacoma in making General Revenue Sharing decisions, but more open than either Portland or Seattle. The individual citizen was deliberately included in the decision-making process in Eugene and that leads to an "individualistic" interpretation of the New Federalism in terms of how the city defined the Nixon Administration's goal of returning power to the people.

A goal of the New Federalism was that various levels of government should play certain functional roles in providing services. As we have seen, in Eugene there was a willingness expressed by most of those interviewed to assume human and social service responsibilities at the city level. The main point being that if there is not enough money available, local government will not be able to do the job adequately.

The New Federalism also has as its goal that the

federal system should be decentralized. It was argued earlier that Eugene has gained a measure of power from General Revenue Sharing, but it would be going too far to suggest this small city has become so strengthened as to be very "independent" from either the State of Oregon or the federal government. Eugene is financially and constitutionally incapable of functioning as substantially detached from either of those two units of government, with or without General Revenue Sharing.

In Eugene we see a very special effort by the city's minorities to seek help from the city where help has been denied them from the Federal and State and even county governments. The Lane County Non-White Tax Payers Association is an effort to petition City Hall for money and programs to address the needs of the town's minorities and the disadvantaged in the light of federal aid cut-backs and the failure of the local Community Action Program to represent those groups. General Revenue Sharing indirectly led to the formation of this group because the town's minorities pulled together to lobby for General Revenue Sharing funds and then formed the new interest group having found a sense of group identity and a measure of effectiveness. Those fearful of the New Federalism worry about minorities not finding a hearing at the local level with General Revenue Sharing, fear

a loss of politicization of the poor and minorities. In Eugene those disappointed by the cutback in federal grants for social programs are definitely seeking to open Eugene government to their requests for help. But these people are asking the city for help, less because they were politicized during the War on Poverty program period than because of Mr. Peters' current efforts. In fact, the minorities seem to be more active in spite of the Community Action Program in the area than because of its success.

To a significant degree Eugene and Lane County are working to continue to fund social programs that existed during the War on Poverty and are now threatened with financial cutbacks from the federal government. True, many of the social programs funded by the \$275,000 for this purpose were not specifically War on Poverty programs, as Mr. McKinley reported, many of those programs folded long ago. But Head Start and other programs considered useful to the needy are going to continue to be evaluated by both the city and the county and if not funded, will be considered for funding at the midyear allocation period. There is no evidence the Council majority wants to abandon the recent national priority of helping the disadvantaged as much as limited funding will allow. The Council majority stated more specifically

that was the case in any other city studied, that they felt the community had a responsibility to solve social problems through the use of public resources. Mr. McKinley wished the city had started long ago. Mr. Williams represented the voice of the town's conservative business community, but that group is in the minority on the Council and the Budget Committee. Thus it seems that as of now, there is no danger the local special interests will be able to set priorities different from recent national goals in terms of responsibility of the collectivity to help the needy with public funds. But politics is fluid and the balance on the Council could change, and if a Williams majority ever takes power, then such national priorities as discussed here would be in danger in Eugene.

There is no evidence those interviewed in Eugene believe General Revenue Sharing should come to them with strict guidelines from Washington, D.C., in order to protect national priorities and effect justice and the rule of law in America. They seem to feel law and justice are not jeopardized by locals making decisions that affect the whole community. It is not that the problems addressed by the possible use of revenue sharing monies are not problems that the federal government once would let locals deal with only under the direction of

of federal guidelines, because the General Revenue Sharing funds used to carry on categorical grants are funds being used for programs carefully regulated from Washington, D.C. It is simply that the New Federalism does not lay strict guidelines in its block grants and very area of society is potentially affected. The possibility that local interests could erase the progress made in this county in civil rights and other areas there, but in Eugene the Council majority seems to agree with the goals of national interests and Lowi, that justice for all citizens equally should be a local goal as well as a national one. In the brief time Eugene has had General Revenue Sharing, there is nothing to indicate the cause of civil rights or of minority interests are not also the cause of the majority who make the decisions in City Hall at this time.

Interest group liberalism would have to be seen as being a considerable boost in Eugene as a result of General Revenue Sharing. The new minority organization that has already been active in seeking General Revenue Sharing money and the new neighborhood groups are indirectly the product of General Revenue Sharing and its surrounding politics. Many interest groups petitioned for General Revenue Sharing funds and were dealt with either by City Hall or by the Joint City/County committees. General

Revenue Sharing did nothing to weaken interest group liberalism in Eugene, it strengthened it. As to whether this will further frustrate the cause of justice in American remains to be seen. But Lowi would agree, that because General Revenue Sharing had so few guidelines in the first place, the bargaining at the state and local level as to what will be done with the funds is the inevitable result. Lowi would be upset over the wide range of areas touched by General Revenue Sharing with no firm guidelines from Washington protecting the rule of law and the cause of justice, but such is the design and intent of General Revenue Sharing.

Lowi was particularly worried about the further decentralization of the American system that results from strong and "autonomous" cities. As a result of General Revenue Sharing, Eugene may be a measure stronger, but it is in no way autonomous. Again, the goal of the New Federalism was to strengthen the concurrent regimes below the national governmental level in our compound republic. It is clearly a philosophy of decentralization that is contrary to what Lowi advocates for the promotion of justice in this country. Lowi did want the states strengthened, but the cities eliminated as separate decision-making units of government. General Revenue Sharing may be helping the states, but it is also helping

the cities financially. But it is always important to remember that the strength of every level of government touched by General Revenue Sharing may be, and in many cases is, compromised by fiscal incumbrances that may be no net gain for the city or state if Special Revenue Sharing and other forms of federal aid are not forthcoming. In terms of Lowi, however, General Revenue Sharing by itself is doing nothing to lessen whatever autonomy the city has.

CHAPTER VIII

GENERAL REVENUE SHARING AND THE NEW FEDERALISM: SOME EARLY CONCLUSIONS ON THE URBAN EXPERIENCE

In this final chapter we will pull together and analyze the information contained in the "Sub-Conclusions" sections of the case studies of Seattle, Tacoma, Portland and Eugene. We will make a further effort to compare and explain the General Revenue Sharing experiences of these cities in terms of the goals and fears of the New Federalism outlined in detail in Chapter III. Each of the goals and each of the fears will be specified. Under each heading, a final evaluation of General Revenue Sharing and the New Federalism will be made in terms of that specific goal or fear.

I. GOALS OF THE NEW FEDERALISM

1. Seeing to it that Power, Funds and Responsibility Flow from Washington, D.C., to the States, Localities and the People.

Throughout this study, we have defined power as the command over the allocation of resources. Each city could be assumed to have increased its power if, due to receiving General Revenue Sharing funds, it had a greater control over its fiscal situation than it did before receiv-

ing the revenue sharing funds. In each case, we have found that, although the city officials welcomed the General Revenue Sharing funds, and especially the fact that it came with so few federal guidelines, they found the money did not give them much new power. Inflation, rising labor costs, cutback federal categorical grants and increasing demands for traditional city services have all combined to negate whatever control over the allocation of resources revenue sharing funds might have given the cities. We saw that in Portland, traditional urban responsibilities were unmet or underfunded. With this being the case, the city had to spend its General Revenue Sharing funds on meeting the city's most basic needs. In the case of both Seattle and Tacoma, we found that the Washington State Legislature is further insuring that the cities do not gain any real power from General Revenue Sharing. The Legislature seems to feel that the cities are now wealthy with their new General Revenue Sharing funds and thus can absorb cutbacks in state aid. Those interviewed in Seattle and Tacoma could not agree less with the Legislature.

In Eugene, the situation seemed to be a bit different. In that small city the City Council allocated considerable General Revenue Sharing funds to public housing and other social programs that were not at all traditional city responsibilities. The Council allocated funds in new

areas and thus demonstrated considerable power, new power, to do things they were financially unable to do without revenue sharing. It can perhaps be explained that being a smaller city, Eugene had fewer demands on its financial resources and thus could afford to spend the money in new areas that larger cities could not afford to do. This is probably the case, at least in part. In a larger sense, however, where the money goes is a function of the priorities of the City Council majority. In Eugene, the majority wanted large parts of the General Revenue Sharing funds to go for nontraditional purposes.

We saw the same thing in Seattle. The Council majority there wanted a large part of the General Revenue Sharing funds to go for housing rehabilitation, the renovation of historical sights and other purposes. These are not usually funded with city monies. Certainly, Seattle is a large city with tremendous demands for the allocation of its funds.

The reality, then, of the fiscal crunch shared by all cities is a constraint upon how much power has been gained through General Revenue Sharing. However, the city may venture forth into new areas with the General Revenue Sharing money if the City Council majority so authorizes. Doing so, of course, means that something else is not being funded. One thing that everyone interviewed seemed to

agree on is that the General Revenue Sharing allocation to their city was not very much money. Especially considering the fact that Special Revenue Sharing has not passed Congress, the General Revenue Sharing funds were being demanded by social service agencies that should have been funded by categorical grants or Special Revenue Sharing. So the amount of power gained by each city was compromised by the fact that the actual amount of General Revenue Sharing that the city received was not as great as it might be if it was really to be the "new money" promised by the Administration. If the amount of General Revenue Sharing had in fact been greater it could have been the "new money" that could provide the opportunity for each city to undertake new programs without ignoring or underfunding traditional services. But the demands on the General Revenue Sharing funds were too great for the money to be "new money." Where General Revenue Sharing allowed new programs to develop it was less because of the financial opportunity offered by revenue sharing than because of the political muscle used by council majorities.

Pursuant to the goals of the Revenue Sharing Act, funds did flow from Washington, D.C., to Seattle, Tacoma, Portland and Eugene. Little power accompanied those funds because of fiscal constraints. In every city, however, the increased responsibility given the city through the

General Revenue Sharing block grant was definitely felt. Each city realized it had to decide how to allocate General Revenue Sharing funds and where to allocate them. The Revenue Sharing Act itself only gave the broadest guidelines as to how and where to allocate. Each city took this new responsibility very seriously. In terms of procedure, however, they varied. They varied principally in deciding who should participate in the revenue sharing decision-making process. This will be examined in some detail later.

The cities were remarkably consistent in recognizing the need to set up some sort of bureau to help decide how to allocate and how to administer revenue sharing funds for human and community services. Each city had some variation of a human services bureau established. They seemed to recognize clearly one hard fact about the New Federalism, that being that local government is going to have to take over deciding about and administering human and community service programs. The federal government will only supply the money.

The severity of political conflict in Seattle over the allocation of General Revenue Sharing funds attested to this new responsibility. Some councilmen refused to believe or agree that human and community services were municipal responsibilities, regardless of the New Federal-

ism. Councilman Williams in Eugene held a similar sentiment. Yet the Council majority in each city seemed to recognize the new responsibilities of revenue sharing and tried to organize for them. All that was missing was enough General Revenue Sharing (and Special Revenue Sharing?) money to handle the new responsibilities properly.

Later in this chapter, we will examine whether the power, funds and responsibility flowing from Washington, D.C., to the cities has reached "the people."

2. Making Government, at All Levels, More Responsive. This Can Be Done by Making Specific Layers (National, State, Local) of Government Responsible for Specific Programs So It Will Be Easier for the People to Know Which Layer of Government to Hold Accountable for Which Programs. A Goal Is the Decentralization of American Government in Terms of Certain Functions being Assumed by Certain Levels of Government. For Example, Human and Community Services Would be Functional Areas of Concern to State and Local Governments, Not the National Government.

This goal of the New Federalism suggests the Administration sees American federalism in terms of the layer cake theory. The top "layer" in Washington, D.C., should be responsible for some governmental responsibilities and the "lower" layer should have separate responsibilities. In seeking to so divide and separate governmental responsibilities, the Nixon Administration appears to want to get away from the shared responsibility for most governmental functions that has typified American federalism through history. This New Federalism goal wants to elimi-

nate the shared responsibilities and decisions expressed in the "marble cake" theory of federalism.

This goal of the New Federalism is difficult to assess in terms of the cities studied because of the newness of General Revenue Sharing and the nonexistence of Special Revenue Sharing. As we have seen, although every city studied has taken very seriously the fact that they are expected under the New Federalism to take as their functional concern human and community services, they have not received adequate federal funding to do the job. This is because General Revenue Sharing is inadequate and Special Revenue Sharing has been held up in Congress. The basic decentralization goal of the New Federalism simply cannot be accomplished unless Special Revenue Sharing becomes a reality and General Revenue Sharing is extended indefinitely.

The latter is the case because the cities studied are reluctant to fund anything but temporary or short-term programs with General Revenue Sharing because they do not want to get into an expensive long-term program and then find General Revenue Sharing ended, thus cutting off their financial support of these programs. In every city the sentiment was shared that they were reluctant to undertake the long-term types of programs that the city must undertake if it is to get into the human and community services

business permanently. They feared Congress would not renew the program when General Revenue Sharing expires. The human services bureaus set up in every city were a tentative step toward recognizing the city's new responsibilities, but they were modest undertakings considering the bureaucratic undertaking each city will have to commit itself to once it is assured revenue sharing is a permanent thing. Before cities can do that, Congress will have to establish a permanent revenue sharing program that can withstand the partisan politics of various administrations and congresses. As of this writing there seems very little chance of Congress making such a commitment. Due to Watergate, the Nixon Administration appears to be substantially weakened in its ability to get legislation through Congress and this, too, lessens considerably the chance that revenue sharing will become the established national policy it must become if the cities are to commit themselves to decentralization.

Because the decentralization aspect of the New Federalism is so incomplete it is not possible for local citizens to hold their local governments responsible for human and community services in place of the national government. Thus, it is not possible to evaluate whether citizens at the local level feel their city governments are more responsive to them in these functional areas.

A feeling of some sort of "independence" from the state and national government that would accompany genuine decentralization of American government has not been felt in the cities studied. City officials still consider themselves the creatures of their states and greatly dependent on the state and federal governments for financial aid. Of course, the New Federalism did not suggest that the decentralization it seeks would ever have as a component part the financial independence of local government. The goal was that local government should decide how to spend federal monies at the local level on human and community service programs. Yet even in this sense, the officials interviewed felt the limited amount of revenue sharing funds they were getting, together with the great demand for funds, limited considerably whatever "independence" they might exercise in allocating the funds. That is, demands were so strong from areas traditionally funded by the city that it was difficult to fund reduced federal programs, much less any new or innovative ones. Yet we did see Council majorities in Eugene and Seattle exercising some independence in allocating General Revenue Sharing funds for nontraditional purposes. But, as stated earlier, this exercise of "independence" seems less an opportunity given by the receiving of General Revenue Sharing funds than the successful exercise of political power

by one group of Councilmembers.

Cities became dependent on the federal government because they needed money to carry out basic services, to keep up with inflation and to meet increasing labor costs. For cities to develop any independence from the federal government in determining priorities in human and community service areas, that is, for decentralization to become a reality, the federal government must give considerably more money in the form of revenue sharing to the cities and must guarantee it indefinitely. Otherwise, the cities will not be able to make either the financial or psychological commitment necessary to in fact assume responsibility for human and community services. That commitment is necessary to make decentralization a reality.

3. Involving the Average Citizen in Local Decision-Making Processes on Public Policy Matters. The Goal Is to Bring Government Closer to the People, Thus the Citizen Will be Able to Evaluate Both Programs and Officials and Will Seek to Retain Those That Are Useful and Dispose of the Rest. Citizens and State and Local Officials Are to Work Together in Establishing Priorities and Policies Based Upon Local Characteristics and Needs.

We saw in Chapter III that the New Federalism goal of returning government "to the people!" is an ambiguous but important goal. Because the State and Local Fiscal Assistance Act of 1972 did not specify how "the people" were to be involved in the revenue sharing decision-making process, it was left to each city to decide how, and to

what extent, "the people" in their community were to participate in the General Revenue Sharing experience. We have seen in the case studies that a wide variety of procedures were adopted for deciding how to allocate General Revenue Sharing funds. There was also variety in terms of how broad a cross section of citizens in the municipal area received benefits from the allocation of General Revenue Sharing funds.

In the January/February, 1974, issue of Society, Gregg Beyer examined the role of the individual citizen in the revenue sharing decision-making process. He said that, "...the trend toward greater citizen participation in the decision-making process seems irreversible. There is, after all, no power greater than an idea whose time has come."¹ There is no question but that this central fact of political life was recognized by those interviewed for this study. Nevertheless, the four cities did vary in how they addressed the current trend toward citizen participation in this country.

Tacoma. In Tacoma, we found a Mayor who was supported by an administrative staff and a majority of the City Council who felt that citizen participation in government decision-making was a good idea. Tacoma, under

¹Gregg Beyer, "Revenue Sharing and the New Federalism," Society, January/February, 1974, p. 61.

the Mayor's leadership, went out of its way to set up a very elaborate decision-making apparatus that included many citizens from all walks of life in various stages of the project evaluation and fund allocation of Tacoma's General Revenue Sharing monies. The ultimate decision on allocation rests with the Tacoma City Council, but there is no question but that the average Tacoma citizen had a representative in the pre-City Council decision-making activities. In Tacoma, "returning government to the people" has meant returning government not just to city government institutions, but to individual citizens as well.

There was an important element of Jeffersonian individualism in the Tacoma experience. Jefferson said that citizens in a local community should determine local priorities and make policy decisions. In Tacoma, the average citizen could not participate in a direct democracy process such as that advocated by Jefferson, but a large number of average citizens who would ordinarily not be included in local public policy-making were given the opportunity to participate. Other citizens could participate in the regular manner, through their elected representatives on the City Council or through interest groups who petitioned the Council for part of the General Revenue Sharing funds. All in all, Tacoma went a long way toward recognizing the fact that today citizens want to partici-

pate (at least some of them do) and that suitable mechanisms need to be established so they can participate, regardless of their socioeconomic group, race or sex. The only explanation for the Tacoma experience being so different from the other cities studied has to be the determination of the Mayor and his staff to make citizen participation a reality. In the other cities there was not the same commitment to such participation, or if there was, it did not manifest itself in their revenue sharing experience.

Tacoma made the individual matter in an age when we are continually told that the average citizen's policy-making role is over. Mayor Johnston of Tacoma believed in the citizen participation aspects of Model Cities and War on Poverty programs that had taken place in his city and wanted to continue citizen involvement in a meaningful way. It did not appear to be a political ploy, he sincerely believed the average citizen has something to contribute.

Eugene. There was some citizen participation in Eugene as well. Tacoma is unique among the cities studied in that it set up a citizen participation process especially for the purpose of deciding on revenue sharing allocations. The process worked so well there were plans to use the evaluation process for all budget matters in the fu-

ture. In Eugene we found a degree of citizen participation already established as part of the city's regular budget process. In Eugene, the Budget Committee is made up one-half by City Councilmembers and one-half by regular citizens. Because the Eugene City Council decided to use the regular budget process for deciding how to allocate revenue sharing funds, citizens on the Budget Committee did play a role. Also, in the city's effort to develop the best process for deciding how to allocate revenue sharing funds to particular social programs, it worked with Lane County in a joint effort. The decision-making mechanism established for that purpose also contained average citizens.

In Eugene, it would be hard to say that General Revenue Sharing and the New Federalism brought government closer to the individual citizen. Some degree of citizen participation was used as a matter of course in the city's decision-making activities on budget matters. This, of course, is to Eugene's credit. For some time the city has seemed to realize that citizen participation is indeed an idea whose time has come. But, we saw that Mr. Peters, Eugene's Minority Affairs Representative, did not believe the minorities of the city were effectively represented in the General Revenue Sharing decision-making process. It is also true that Mr. Peters and others interviewed in

the city felt Eugene had had a bad experience with the War on Poverty and its citizen participation aspects.

Considering the small poor and minority population in Eugene, the pressures for broad citizen participation beyond the process already established were not very great. It would be going too far to say that Jeffersonian individualism or the individualism of the War on Poverty was strengthened in the Eugene revenue sharing experience. It is true, however, that a new grass roots interest group made up of the city's minorities has emerged under Peters' direction as a result of their feeling left out of the revenue sharing process. In this reverse sense, perhaps revenue sharing has helped activate some citizens in Eugene and maybe the result will be government brought closer to them. One gains the impression, however, that in Eugene, the Budget Committee, the City Council and the joint city-county committees did a good job in representing the majority of citizens in the revenue sharing decision-making process.

Portland. In Portland, the short-run influence of revenue sharing in bringing government closer to the people of the city seems to be minimal. There are a few individual citizens who advise the city bureaus on budget matters. As a matter of course, citizens can petition the City Council on budget matters. They can also petition

the Office of Management Services. But in the long run, the Portland situation may be very different and largely due to revenue sharing. Portland is moving toward the establishment of a neighborhood participation concept that seeks to involve individuals in policy-making matters that affect their neighborhoods. Representatives from the neighborhoods would be in contact with City Hall and thus represent their neighborhood needs to city officials.

Those interviewed in Portland indicate that final realization of this citizen participation mechanism is not imminent, but they also indicate that General Revenue Sharing funds "freed up" monies to get the program off the ground. This plan was in the works before revenue sharing, but it appears that General Revenue Sharing may be responsible for its final realization. Such a neighborhood concept would go a long way toward establishing the individual Portland citizen as a more integral part of the city public policy-making process. As Commissioner Iavncie said, citizen participation is now a fact of life. It would be going too far to suggest that citizens in Portland are now working with local officials to determine local priorities and allocate revenue sharing funds accordingly, pursuant to the New Federalism goal, but when the neighborhood concept develops, assuming that revenues and politics will allow it to develop, citizen involvement

may become a reality in Portland.

Seattle. In Seattle, there was the least amount of citizen participation in the General Revenue Sharing decision-making process of any city studied. Councilman Miller said the Seattle 2000 project had worn citizens out and there was little use in trying to get their help in deciding the allocation of General Revenue Sharing funds. Perhaps this was true. Nevertheless, nothing was tried in terms of including individual citizens in the General Revenue Sharing decision-making process in Seattle. Citizens could petition the Office of Management and Budget or the City Council, but no specific citizen participation mechanism was set up or suggested for the future. Only the Human Rights Commission hoped to include citizens in some of their future work, which may or may not include revenue sharing allocations. It will if Special Revenue Sharing becomes a reality.

General Revenue Sharing definitely did not bring government closer to the individual citizen in Seattle. In no way did the Jeffersonian model or the city's War on Poverty or Model Cities experience translate itself into a citizen involvement program from General Revenue Sharing allocations. At best, the Madisonian group competition model was active in Seattle. In the case of Seattle, then, "returning government to the people" meant not the indivi-

dual, but the city government was beneficiary, along with the local special interests who have a regular hearing at City Hall.

4. Participation Versus Benefits

"Returning government to the people" can be evaluated in one other dimension. In addition to seeing who participated in the General Revenue Sharing decision-making process, we can see who benefitted from revenue sharing allocations.

In Eugene and Seattle, a rather broad cross section of the city's population would appear to benefit if funds are actually spent for the purposes indicated by city staff. In both these cities, large amounts of General Revenue Sharing funds went for housing. In Seattle, the money was for housing rehabilitation, while in Eugene it was for building public housing for the city's aged and poor. An Asian and Indian Cultural Center in Seattle also shows that some General Revenue Sharing funds were going for the distinct interests of minority citizens. In Eugene a large amount of revenue sharing money was allocated for social services in cooperation with Lane County. In Seattle, however, the tentative nature of the allocation in the "reserved" category must be kept in mind, but if those monies are approved, Seattle will have gone a long way toward including a large cross section of the

city in General Revenue Sharing benefits in terms of allocations.

In Tacoma, the City Council has yet to finally approve General Revenue Sharing allocations. The Council has said that it will fund programs that have been evaluated in the top fifty rankings on a "first ready" basis. It is ironic that in Tacoma, the city with the widest citizen participation in the General Revenue Sharing allocation process, that the possibility exists that not much General Revenue Sharing money will be spent to benefit the city's poor and minorities. Most of the human and community service programs are ranked in the last ten or fifteen places among the top fifty programs. Yet, if the Council does fund on a "first ready" basis, human and community service programs may be able to prepare themselves for final approval as quickly as any other program. What is clear from this study, however, is that as long as the City Council is the body with the final decision-making capability, it is ultimately dependent on the political and social disposition of the Council whether a broad cross section of the city's population will benefit from General Revenue Sharing funds. The citizen participation elements in the Tacoma experience are significant, but because the evaluation teams did not rank human and community service programs very high, it will be up to the

Council to see to it that those programs are funded if it is interested in spreading the benefits of General Revenue Sharing throughout the city.

Because Portland did not allocate its General Revenue Sharing funds separately from other general fund monies, it is hard to assess who in the city benefitted from revenue sharing. The city did draw up a list of programs for the purpose of satisfying U.S. Treasury requirements, that can be considered General Revenue Sharing funded, which were programs funded out of the general fund, which included General Revenue Sharing monies. In examining these programs, it appears that human and community service programs did not receive a great deal of attention. Some money did go to the new Bureau of Human Resources. Large amounts of money went to parks and recreation, and it can be assumed that the poor and minorities enjoy these facilities if they are near them.

In Portland, the sentiment was strongly felt that the city was hard pressed to meet the financial demands for traditional city services and that, even with General Revenue Sharing, there was not much money for social service programs. It would be up to Special Revenue Sharing to supply money for these programs. The emphasis in Portland, according to Mr. Scott, was to spend General Revenue Sharing funds to develop the neighborhood program and to

increase the efficiency of city government. This sort of allocation would ultimately bring the most benefit to all of Portland's citizens.

As was the case in other cities, Portland was reluctant to spend General Revenue Sharing funds on major programs because of the danger the revenue sharing funding may be withdrawn in a few years. Then how would the city pay for the programs? City officials in Portland cited this as a major reason why more money was not spent on new innovative human and community service programs.

It must be emphasized that in every one of the cities studied, those interviewed said they would spend money for a wider range of human and community service programs if they had adequate funds to do so. It is only fair to remember all the financial constraints faced by city government mentioned many times in this study. It should also be remembered that human and community service programs are new areas of concern for most cities. Consequently, they are not well organized nor do they have the expertise they feel they need to move boldly into these areas at this time. In every instance, however, these cities were preparing to move into these areas of concern with the development of Bureaus of Human Resources.

In every city studied, a very large percentage of General Revenue Sharing money went for capital expenses.

Also, a great deal of money went for labor costs. In each city there was also the hope that General Revenue Sharing funds would hold down the need for the city to tax its citizens further, at least in the short run. These sorts of allocations benefit the whole community. We have paid particular attention to allocations specifically for the poor and the minorities because the goal of the New Federalism was not just to bring government closer to the people but to engage the city in human and community service responsibilities. Therefore, it is important to see the extent to which these four cities have done so, even without the help of Special Revenue Sharing. It is also interesting to note that so far it appears that there is not necessarily a correlation between degree of citizen participation and benefits going to those citizens in the form of General Revenue Sharing allocations. Tacoma, for example, had a sophisticated participation process yet there is still a chance the City Council will not substantially fund programs beneficial to those who participated in the evaluation process.

In sum, it can be said that in Seattle and Eugene, allocations of General Revenue Sharing funds specifically for the poor and minorities were significant. In Portland and Tacoma, the allocations were, in the former case, not significant, and in the latter area incomplete. In terms

of this aspect of bringing government closer to the people, the political and social disposition of the Councils combined with brutal fiscal reality have brought General Revenue Sharing benefits to a wide cross section of citizens in two cities and maybe three, but not in Portland.

II. FEARS OF THE NEW FEDERALISM

1. That the Decentralization of Government Cited as a Goal of the New Federalism May Bring Forth an Abandonment of Programs on Behalf of the Poor and Minorities.

We saw in the previous section that it would be an exaggeration to suggest that the decentralization of American government sought through the New Federalism had been accomplished. The New Federalism is too new and all its programs have yet to be enacted. Yet General Revenue Sharing is a first step and it is possible to come to some preliminary conclusions as to its effect on previously established national programs for the poor and minorities.

General Revenue Sharing has given an opportunity for the major interest groups and the city governments of the cities examined in this study to reinforce or move away from nationally established programs to benefit the poor and minorities. Because the General Revenue Sharing legislation sets few guidelines, it is possible for a city to establish priorities and policies for the allocation of General Revenue Sharing funds that might ignore War on

Poverty and Model Cities programs established in the late 1960's. In Tacoma, Seattle and Eugene the author got the distinct impression that city officials had no intention of abandoning the poor and minorities in their cities. Because these groups are, after all, a minority in the city, it is understandable that they did not receive as much money from General Revenue Sharing as did the programs designed to benefit the whole community. But the officials in these cities seemed genuinely to want to keep the good programs of the War on Poverty and Model Cities. They seemed to recognize that this nation had started something and now it had a commitment to continue to help the poor, the aged and racial and ethnic minorities. Those interviewed who had this sentiment were in the majority on the city councils of their cities. They did not speak for the entire council nor for the entire community. They spoke only for themselves and others who voted with them on these matters on the City Council.

Mr. Williams in Eugene and Mr. Coolèy in Seattle would disagree that the funding of programs for the poor and minorities should be a major priority in their cities. They feel that traditional services (fire, police, etc.) are underfunded and human and social programs should be funded only when traditional programs are adequately funded. Yet in these cities we saw that activity on behalf of the poor

and minorities had not been abandoned with the advent of General Revenue Sharing. Unless Special Revenue Sharing comes along soon or cutback categorical grants are re-instated, the chances that those who want to continue to help the poor and minorities in these cities will be able to continue to do so are remote. Without adequate funds, the liberal tendencies of city officials will be frustrated.

In Portland, the activity that is taking place as a result of General Revenue Sharing to help the poor and minorities is less obvious. Among those interviewed, there seemed to be less commitment to national programs to help the city's disadvantaged. The development of the Department of Human Resources is an indication, however, that Portland intends to maintain programs for the disadvantaged when there is adequate funding. It remains to be seen how extensive that commitment is in terms of funds expended and programs developed and preserved. In sum, it does not appear that the slight degree of decentralization so far accomplished by the New Federalism has caused local government to abandon the poor and minorities.

2. That Decentralization Will Strengthen Local Special Interests at the Expense of the Disadvantaged.

In Chapter II, we saw a wide range of opinion that feared that local special interests would not allow local

governments to spend revenue sharing money on the poor and minorities in their communities. The lack of guidelines accompanying the Revenue Sharing Act provides an opportunity for local government to allocate General Revenue Sharing funds in such a way that the poor and minorities of their communities are left out. With the reduction and/or elimination of many categorical grant programs by the Nixon Administration, further funding of programs to aid the poor and minorities must come from state, county or local funds.

The fears of those who felt local government combined with local special interests would not spend the General Revenue Sharing funds on the poor and minorities at the local level have not been confirmed by this study. All of the cities have allocated some funds for human and community services and Eugene and Seattle have allocated (in Seattle, "reserved") a great deal. It seems that it is the overall fiscal crunch that is prohibiting further allocations for these purposes, not lack of commitment to the needs of the disadvantaged. Unless General Revenue Sharing funding is substantially expanded and/or Special Revenue Sharing becomes a reality, local governments will have no choice but to underfund programs for the city's disadvantaged. In other words, in a very real sense, it is still up to national interests and the national gov-

ernment to see to it that something is done for minorities and the poor. It is up to the national government to provide the money. The results of this study indicate that local government will spend a fair amount of it for the poor and minorities. It must be noted, however, that in every city those advocating this active role for local government in the social service area were a narrow majority. Political trends could erase them.

Local special interests hostile to funding programs for the disadvantaged were represented among those interviewed for this study. In the future, they could drastically cut aid for the disadvantaged if they get the political upper hand. So far, however, the fear of local elites forcing local government to abandon the less fortunate has not materialized.

3. Decentralization Will Exclude the Disadvantaged from Local Decision-Making.

The City Hall officials interviewed in three of the four cities studied felt that those citizens politicized during the War on Poverty and Model Cities programs had been very active in petitioning for General Revenue Sharing funds. In Seattle, officials felt that Model Cities had done a particularly effective job in politicizing residents in the Model Cities communities. Recognizing that the Nixon Administration intends to cut back on Model

Cities and categorical grant programs for the poor, those affected by such cutbacks have appealed to the City Council and Department of Human Resources for help.

In Portland and Tacoma, the situation was much the same. In those cities, however, the War on Poverty programs seemed to have as much effect as Model Cities in politicizing the poor and minorities. Mayor Johnson of Tacoma went out of his way to see to it that citizens activated by the federal programs of the late 1960's were included in the evaluation process for General Revenue Sharing. He wanted to see to it that already established business elites in Tacoma would be balanced in their influence by those politicized by the War on Poverty. In Portland, the politicization of the poor in recent years has had influence in the decision to create the neighborhood organization concept. It has also had a bearing on the increasing effort to include average citizens as advisors in city bureaus as they draw up their budget proposals.

The Eugene situation was somewhat ironic. Mr. Peters suggested that the disadvantaged in Eugene were "turned off" by the Community Action Programs developed under the War on Poverty. Peters said the Community Action Program was dominated by white citizens from rural Lane County who did not allow much minority representation in the pro-

gram. As a reaction to that organization and in an effort to petition for General Revenue Sharing and later Special Revenue Sharing funds, Peters has founded the Lane County Non-White Taxpayers Association. He hopes the organization will politicize the city poor and its minorities so that they will have a permanent hearing at City Hall. So far he has met with some success as members of this organization have been active in City Hall hearings.

At this stage, therefore, there is no basis to substantiate the fear that citizens politicized during the War on Poverty and Model Cities programs will be shut out of participating in General Revenue Sharing decisions at the local level. The extent to which these citizens are actually, heard, however, is dependent on the extent they are actually included in the formal procedures of decision-making. If the poor are only allowed to participate at hearings and through sending program requests to bureaucratic departments, there is some question as to what real input they can make. If, however, they are included in the "machinery" of decision-making, such as was the case in the Tacoma evaluation process, then the poor and minorities are more likely to be actually represented and heard. In his article in Society on "Revenue Sharing and the New Federalism", Gregg Beyer suggests that citizen participation in the revenue sharing process would be a good

idea. "(G)reater research and experimentation, as well as careful analysis of past citizen-community action and model cities programs are needed before the model for most effective citizen participation can be outlined."² He recognizes the need to include all citizens, from all walks of life, in the revenue sharing process. Their participation cannot be left to chance. Simply allowing them to petition government or come to hearings is not insuring representation. "(C)itizen-consumer participation within the New Federalism is an important hedge against corruption and abuse of authority."³

Beyer does not specifically say that the federal government should include guidelines with the revenue sharing legislation that might be forthcoming requiring that all segments of the community be included in local revenue sharing decision-making procedures. He seems only to suggest that local government should look closely at the establishment of such a policy. This, of course, fits the goal of the New Federalism that seeks to give more responsibility to local government in making decisions in the human and community service areas. In all the cities examined in this study except Seattle, there seemed to be an understanding of the issue and some positive action

²Beyer, "Revenue Sharing," p. 61.

³Ibid.

taken to address it.

4. That General Revenue Sharing Will Strengthen Interest Group Liberalism at the City Level and Further Frustrate the Cause of Justice in America.

Theodore Lowi in The End of Liberalism argued that the constant bargaining and compromise that takes place among competing interest groups in America after legislation has been passed by Congress has frustrated the cause of justice in this country. The good intentions of liberal legislators have been bargained away in the administration and implementation of laws as bureaucrats engage in brokerage politics with interest groups. General Revenue Sharing has done nothing to abate the development of interest group liberalism in America. If anything, the Revenue Sharing Act deliberately encouraged interest group competition at the local level after the Act was passed. Because the Act seeks to involve local citizens and interest groups in a process to determine local priorities and policies it encourages brokerage politics.

In every city studied for this paper it was found that there was intense interest group lobbying for General Revenue Sharing funds. But the General Revenue Sharing Act did not contain the guidelines Lowi was worried about compromising in the brokerage politics process. The letter of the legislation did not seek to further the

cause of justice and the rule of law in America. It abdicated that responsibility to state and local government as they dealt with revenue sharing funds. Even though the programs for social justice that Lowi wanted to preserve were not the goals of General Revenue Sharing, the fact that it encouraged interest group competition is significant. Such encouragement increases the chances these groups will seek to engage in bargaining with local administrators when other legislation come from Washington that seeks to provide social justice for all Americans. The chances, therefore, of such legislation being successful is thus diminished.

The data from this study indicates that the disadvantaged recognize that they must form interest groups to be heard. They seem to recognize Lowi's fear that in spite of the good intentions of national legislators, justice may not be provided at the local level. They seem to also agree with Lowi's critics that to expect the courts to force the legislative branch to employ strict guidelines is not realistic. Because they see interest groups organized that seem unsympathetic with their needs, local poor and minorities feel the need to form their own interest groups to compete for their interests. The new Lane County Non-White Taxpayers Association is just such an interest group. It is somewhat ironic that the exis-

tence of interest group liberalism which Lowi feels impedes the progress of justice in America has only created more interest groups fighting for their interests. With General Revenue Sharing, the poor and minorities see even less federal commitment to their needs and thus it is understandable that they would form groups to represent their interests. Lowi specifically pointed out the need to insure the basic civil rights of citizens in federal legislation. He would be distressed at the discretion given to local political forces under the New Federalism in the civil rights area. The Act prohibits discrimination in the use of revenue sharing funds but that is all. Under the New Federalism it is up to local minority groups and the local poor to organize to try to protect their interests.

5. That General Revenue Sharing Will Only Strengthen the "Autonomous City!" and Frustrate Justice.

Using "layer cake" theory terminology, Theodore Lowi argues that the city is developing powers and responsibilities that make it a third layer of government in the federal system. This additional unit of federalism is another place where interest group liberalism can thrive and thus compromise chances for attaining the rule of law in America. Mr. Lowi would be upset with what the New Federalism has set as its goal, the strengthening of the city

as a decision-making unit in matters dealing with human and community services. We have seen in this study that this goal of the New Federalism has not been fully accomplished. The city is still highly dependent on the state and national governments and will be for the foreseeable future. The New Federalism does not seek to create a truly "autonomous city" at all. It does seek to strengthen the ability of cities to deal with human and community services as free from the controls of Washington as possible. Of course, the city is to rely on the federal government for funding of human and community service programs. Nevertheless, the New Federalism has done nothing to weaken cities as decision-making units and breeding places for interest group liberalism.

Mr. Lowi might be encouraged by the fact that the New Federalism also seeks to strengthen states as units of administration and decision-making in the federal system. But because the Nixon policy is also to strengthen cities, the gain in strengthening the states would be negated. It will be remembered that Lowi felt states should be substantially strengthened through federal aid and by giving them discretion to deal with many matters within their sovereignty. The goal of the New Federalism, however, is to strengthen all levels of government below the national government, not just the states. Thus, Lowi's

fear of strong cities is not lessened by the development of revenue sharing and the New Federalism.

6. Decentralization Will Jeopardize Civil Rights and Set Back Justice.

In The End of Liberalism, Lowi argued that block grants with few strings attached might be a useful form of federal aid to states for certain purposes. He believed, however, that strings should be attached when necessary to provide for social justice of all citizens and insure the rule of law in America. He specifically pointed out that in the area of civil rights there might be enough of a national consensus as to the need to maintain those rights for all citizens. That being the case, the federal government need not worry as much as it once did about attaching strings to legislation to preserve those rights.

We saw in Chapter III, however, that many participants at the New Federalism Conference sponsored by the Woodrow Wilson Foundation disagreed. Their principal fear was that there was no national consensus on the need for basic civil rights for all Americans and that the increased discretionary power given local government with the New Federalism might be used to deny civil rights to some citizens. As we have seen, the guidelines to the State and Local Fiscal Assistance Act of 1972 are very broad. The only civil rights provision is that the funds

not be spent in such a way as to discriminate against individuals. As critics of the New Federalism have argued, the funds could be spent on capital and physical projects and not for the poor or minorities directly and still be within the guidelines of the Act. They fear that the programs developed under the War on Poverty and Model Cities and the spirit of the Civil Rights Acts are in danger when the federal government loosens its control over how federal funds are spent.

The data from this study indicates that it is up to those in city government who share the interests of national groups that have fought for civil rights acts and programs for the poor to work for those programs at the local level if they are to be maintained. This study indicates that there are considerable numbers of persons in local government who have just such an interest. As long as these persons maintain their activism and political power the spirit of national priorities that sought to bring collective action on behalf of the poor and minorities will be maintained. It is true that a lack of federal control or incentive to maintain public policy for the disadvantaged puts a big burden on local groups and individuals who want to help the poor and minorities. Although observers of the American system from James Madison to the present fear the lack of tolerance for minorities at the

local level, this study indicates that it is a major goal of many local leaders to see to it that the disadvantaged in their communities are treated fairly. If one sympathizes with this position it can only be hoped that those people remain in positions of power. As the national government moves away from these concerns the protection of basic rights for all Americans becomes more and more the concern of local politics.

Based upon these conclusions, has the New Federalism hastened the "end of liberalism"? Lowi feared that American liberalism was unable to realize its goals because of interest group brokerage politics that compromised the "spirit" of liberal legislation when that legislation was being carried out. There is nothing in the New Federalism as viewed through General Revenue Sharing that seems to abate this feature of liberalism. Of course, it is doubtful the President wants to further the cause of liberalism if it must be done through a large national government looking out for the economic and social well-being of all citizens in terms of enabling all an equal opportunity to compete for the accouterments of the good life. Lowi saw the national government playing an important role in such an effort, perhaps in cooperation with state governments. But the Nixon Administration has decided to let all levels of government below the national level decide their own

priorities and policies on public policy regarding human and community service programs. Abdication of national direction in these matters does threaten liberal accomplishments that have been made in recent years. Although we have found in the cities studied here that local City Council majorities seem to want to retain the progress made in human and community services in recent years, their holding onto power in determining local policy is tenuous. Thus, the social goals of liberalism are in danger of abandonment in every state and town in America. The New Federalism does nothing to lessen the chances of an end to liberalism in terms of Lowi's thesis.

President Nixon's goal of decentralizing the American federal system is a significant one. The importance and magnitude of such a task is evidenced in the goals and fears held by the proponents and opponents of the New Federalism.

It has been the purpose of this study to assess the success of the New Federalism/General Revenue Sharing effort in terms of the experiences of four cities. It can be concluded that although all four cities were well aware of the fact that decentralization through revenue sharing was being tried by the Nixon Administration, they were experiencing few of the goals of decentralization. The heart of the matter is still money. The four cities studied

were not getting enough money to carry out traditional functions and also adopt the human and community service programs the New Federalism wants them to take over. They are not getting enough money because General Revenue Sharing grants are not large enough to make up for the non-existence of Special Revenue Sharing, cutback categorical grants, inflation, increasing labor costs and increasing demand for all services. The financial crunch is such that although most of those interviewed agreed with many of the goals of the New Federalism, they found themselves unable to do what the program indicates for lack of adequate funds. Therefore, for the New Federalism to accomplish its goals, it must increase its General Revenue Sharing funding considerably, extend the program indefinitely, and enact an ambitious Special Revenue Sharing program quickly. Only in this way will the American federal system move toward some degree of decentralization.

This study has concerned itself with federalism and also with individualism. Is there a role for the individual citizen who wants to participate in making local public policy under the New Federalism? Our findings demonstrate that citizen participation is a function of whether and to what extent local officials will permit local participation beyond the regular budget process. There is a role for the individual and all interest groups, the sys-

tem is open, when local government specifically designs an open system. In this study, Tacoma is the best example of such an effort.

The goals of the New Federalism are dramatic and it will take many years of revenue sharing and enactment of other components of the program before any definitive notion of whether it has succeeded or failed can be made. At this point, it appears that the revenue sharing element of the program lacks the substantial funding needed to make it an effective vehicle of decentralization. Until that situation is remedied, the New Federalism will remain more rhetoric than substance.

It was stated in Chapter I of this study that the author had one overriding bias. That bias was concern for the future of America's disadvantaged under a New Federalism. That concern seems justified. Although the results of this study are encouraging on this matter, the lack of national guidance to insure a place in society for the poor and minorities places these citizens in real danger of again becoming "outsiders."

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III. TAPED INTERVIEWS.

Seattle

Barrie, Al, Legislative Auditor for the City of Seattle, Washington, July 31, 1973.

Cooley George, City Councilman, Chairman of the Finance Committee, Seattle, Washington, July 30, 1973.

Doolittle, Frank, Financial Economist, Office of Management and Budget, Seattle, Washington, July 26, 1973.

Miller, John, City Councilman, Chairman of the Planning and Urban Development Committee, Seattle, Washington, July 27, 1973.

Painter, Rick, Department of Human Resources, Planning Division, Seattle, Washington, July 31, 1973.

Tacoma

Donaldson, Jim, City Manager, Tacoma, Washington, July 25, 1973.

Glenn, Regina, Mayor's Office (Manpower), Tacoma, Washington, July 24, 1973.

Johnson, Gordon, Mayor, Tacoma, Washington, July 25, 1973.

Wood, Stearns, Assistant Program Management System Director, Planning Office, Tacoma, Washington, July 24, 1973.

Portland

Hepker, Paul, Technical Planner for the District Planning Organization Task Force, Portland, Oregon, July 18, 1973.

Ivancie, Frank, City Commissioner, Portland, Oregon, July 17, 1973.

Kaeil, Mike, Office of Management Services, Portland, Oregon, August 5, 1973.

Scott, Bill, Office of the Mayor, Portland, Oregon, July 16, 1973.

Setterberg, Jim, Office of Management Services, Portland, Oregon, July 16, 1973.

Eugene

Campbell, Mrs., City Councilwoman, Eugene, Oregon, July 20, 1973.

Martin, Keith, Assistant City Manager, Eugene, Oregon, June 7, 1973.

McKinley, Hugh, City Manager, Eugene, Oregon, July 20, 1973.

Murry, Neal, City Councilman, Eugene, Oregon, July 20, 1973.

Peters, Louis, Minority Affairs Representative (Under the City Manager's Office), Eugene, Oregon, July 20, 1973.

Williams, Tom, City Councilman, Eugene, Oregon, July 20, 1973.

APPENDIX A

SUPPLEMENTARY MATERIALS FOR
TACOMA, WASHINGTON

Raw Score ^a	Converted Score ^b	Weight ^c	Explanation
NA	0		Not Applicable
			A policy or evaluation criteria statement is not applicable to this program.
1	-3	Low or Poor	Program doesn't appear to meet the particular policy or evaluation criteria or meets it poorly.
2	-2		
3	-1	Average or Fair	Program appears to satisfactorily meet the particular policy or evaluation criteria.
4	0		
5	+1		
6	+2	High or Very High	Program appears to meet the particular policy or evaluation criteria very well.
7	+3		

Figure 4. Scoring Process for Revenue Sharing Proposal Evaluations.
 SOURCE: Staff of the Program Management System, "Scoring Process for Revenue Sharing Proposal Evaluations," Tacoma, Washington, 1973, p.1.

^aRating codes used by policy evaluators for both policy and evaluation criteria statements.

^bThis is the assigned value for each corresponding raw score. This is for use by the PMS staff only.

^cThis is a pre-determined number assigned to each rated policy and evaluation criteria statement. These numbers are not used by technical team evaluators. These numbers are used in score calculation by the PMS staff.

Formula for Policy Evaluation Score:

$$\overline{X} = \frac{EWX}{n}$$

\overline{X} = weighted average or mean

W = weight

n = sum of weights

Formula for Proposal Score:

$$R.S. = C.S.(W) = X$$

$$EX = X_1 + (\overline{X} \cdot W) + X_3 + X_4 + \dots + X_{11}$$

R.S. = Raw Score

C.S. = Converted Score

W = weight

X = statement value

EX = Proposal Score

Figure 5. Formulae for Proposal and Policy Evaluation Scores. SOURCE: Staff of the Program Management System, "Scoring Process for Revenue Sharing Proposal Evaluations," Tacoma, Washington, 1973, p. 1.

Figure 6. General Revenue Sharing Program Proposal Evaluation Form.
SOURCE: Staff of the Program Management System, Tacoma, Washington, 1973.

EVALUATION CODE NO. _____

OPTIONAL COMMENTS

This page is reserved for your comments concerning this proposal. Feel free to comment on areas such as: Program Strengths or Weakness, Program Modification, Funding Levels, Program Alternatives, Program Timing, Priority, Conflicts or Duplication, etc.

CITY OF TACOMA

GENERAL REVENUE SHARING PROGRAM PROPOSAL EVALUATION FORM

Program Title: _____

Program Number: _____ Evaluation Date: _____

GENERAL INSTRUCTIONS

1. Indicate your Evaluator Code Number in the upper right hand corner of this page, and print Program Title, Program Number, and Evaluation Date in the space provided.
2. Rate proposal on Pages 2 and 3 using Rating Instructions and Rating Key listed on Page 2 and 3.
3. After rating the Proposal, Page 4 is optional for your use in making comments and/or suggestions.
4. Return to Program Management System Staff upon completion.

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PROGRAM MANAGEMENT SYSTEM

COUNTY-CITY BUILDING
ROOM 335
TACOMA, WASHINGTON 98402
TELEPHONE (206) 593-4170

REVENUE SHARING POLICIES

IN YOUR OPINION HOW WELL DOES THE PROPOSAL CONFORM TO THE FOLLOWING POLICIES:

1. Emphasize the importance of non-recurring programs or expenditures in view of the presently established expiration date for the revenue sharing program, and in recognition of the long term or permanent encumbrance associated with recurring programs.
2. Recognize the value of expanding or improving already existing programs where such programs are recognized and accepted as necessary and effective.
3. Strive to select programs which will result in maximum benefits from the investment dollar.
4. Maintain a concern for citizen desires and opinions by selecting programs with which a maximum number of persons can identify and support.
5. Consider programs which increase the level of operational efficiency of Tacoma government through improved management techniques, job skills and material.
6. Expand the capabilities of the general fund for future program opportunities by meeting commitments to outstanding loans and encumbrances.
7. Realize the importance of providing for new services and programs of recognized need or demonstrated value.

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RATING INSTRUCTIONS

1. PLEASE RATE EACH POLICY AND PROGRAM EVALUATION CRITERIA IN THE RAW SCORE COLUMN PROVIDED TO THE RIGHT OF EACH STATEMENT. DO NOT LEAVE ANY BLANKS.
2. USE ONLY THE RATING SCORES AS INDICATED IN THE RATING KEY PROVIDED BELOW. (DO NOT USE FRACTIONS OR DECIMALS).
3. USE ONLY THE RAW SCORE COLUMN FOR RATING - ALL OTHER COLUMNS AND BOXES ARE FOR STAFF USE ONLY.
4. PROGRAM EVALUATION STATEMENT NO. 2 ON PAGE 3 WILL BE FILLED IN BY STAFF BASED ON THE RESULT OF YOUR POLICY EVALUATION ON PAGE 2.
5. CHECK TO SEE THAT ALL STATEMENTS HAVE BEEN RATED.

RATING KEY

N.A.

A POLICY OR EVALUATION CRITERIA STATEMENT IS NOT APPLICABLE TO THIS PROGRAM.

LOW OR
POOR

1
2

PROGRAM DOESN'T APPEAR TO MEET THE PARTICULAR POLICY OR EVALUATION CRITERIA OR MEETS IT POORLY.

AVERAGE OR
FAIR

3
4
5

PROGRAM APPEARS TO SATISFACTORILY MEET THE PARTICULAR POLICY OR EVALUATION CRITERIA.

HIGH OR
VERY HIGH

6
7

PROGRAM APPEARS TO MEET THE PARTICULAR POLICY OR EVALUATION CRITERIA VERY WELL.

PROGRAM EVALUATION CRITERIA

IN YOUR OPINION HOW WELL DOES THIS PROPOSAL COMPLY WITH THE FOLLOWING CRITERIA:

1. Addresses an identified need or problem in the community which has been adequately documented.
2. Objectives are consistent with established City Council Policy Guidelines. (To be filled in by P.M.S. Staff based on ratings on Page 2).
3. Has given appropriate consideration to administrative and decision-making structure.
4. Objectives are clearly defined and understandable, realistic and related to the defined needs or stated objectives.
5. Technical design, work program or approach is consistent with project objectives and is considered feasible to accomplish.
6. Budget request is apparently adequate in light of stated objectives and does not require substantial modification.
7. Provides sufficient interface with and support from pertinent clients, programs, and agencies, as well as the general public, where appropriate.
8. Work elements provide for an adequate internal evaluation and monitoring process to measure project progress and effectiveness.
9. Will result in apparent desirable benefits to the city and its citizens.
10. Apparent costs are justified considering the apparent resulting benefits.
11. Will have a favorable impact beyond its stated objectives.

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TOTAL WEIGHTED
SCORE

Figure 7. Evaluation Process Results. SOURCE: Staff of the Program Management System, Tacoma, Washington, 1973.

TECHNICAL TEAM EVALUATION PROCESS SCORES BY INDIVIDUAL PROGRAM FOR REVENUE SHARING

PROGRAM		EVALUATOR NUMBER																														TOTAL SCORE	ADJUSTED AVERAGE SCORE (RPM)	CITY AVERAGE SCORE (RPM)	COMMUNITY AVERAGE SCORE (RPM)	COMBINED SCORE (RPM)	CITY RANKING (RPM)	COMMUNITY RANKING (RPM)		
NO	TITLE	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30									
1	Community Services - Revenue	31.5	34	72					40	51	31.5	44.5	3.5	75	6.5	24.5	70	X	50	75	11.5	67	61.5	55.5	6	73	42.5	40.5	37	41.5	71	46.7	52.51	41.84	5	4	9			
2	R.T.O. Services - Revenue	3.7	64.5	64.5				8	74	38.5	13.5	67	24.5	24	X	48	31.5	X	53	37	20	51.5	40	57	80	9.5	3	4.5	21	87	86.61	33.89	37.96	22	24	21				
3	Business Services - Revenue	1	133.5	52.4				44.6	49.9	15.5	24.7	56.7	67.9	26.9	X	31.5	55.7	X	10.5	44.5	76	3	38.5	-5	3.5	18.5	16.5	14.5	9.5	61.5	73.01	31.34	31.72	31	29	32				
4	Home Services - Revenue	15.5	5.1	11				40.5	41.5	18	26.6	5.3	31.5	21.8	X	3.5	82	X	9.5	51.5	33.7	44.5	6.4	81.5	16	3.5	14.5	10.1	35	28	47.30	19.30	21.72	52	48	53				
5	CITY SERVICES - Revenue	13	55.5	51.5				61.5	11	21	31	20.5	21	57	60.5	36	66	X	69	19	64	67.5	46	8.5	0	95.5	53	13	57	76.5	99.50	45.00	36.30	14	13	23				
6	Non-Residential Services - Revenue	15.5	21.5	88.8				47.5	5	37	54.5	5.5	15	40	X	51.5	4	X	68	27	50	41.5	46.5	57	2.7	-11	-15	6.5	41.5	50.5	31.5	30.46	40.21	25	32	14				
7	Community Services - Revenue	41.5	16.5	3.5				34	4	64.5	8.5	11	9.5	48	X	50.5	-11	X	52	13	54	18	30	26	13	5.5	34	2	53.5	50.5	67	28.39	30.93	39	35	37				
8	Community Services - Revenue	21	51.5	44.5				24	63	51.5	10	58	21	18	X	5.5	-2	X	30.5	15	4.5	61.5	37	34	14	67	14.5	14	-15	42	51	55.87	23.26	21.96	45	44	52			
9	Community Services - Revenue	15.5	41.5	6.5				47	69	41.5	6.5	6.5	53	54	52	X	40.5	X	90.5	38.5	40	11.7	3.5	11.5	-12	30.5	11.5	7.1	44.5	31.5	28.8	88.01	35.75	20.09	44.58	23	34	11		
10	P.E.P. Services - Revenue	38	40	67				35.5	2	31.5	5.5	42	28	12	33.5	X	16	12.5	X	51	69	51	91	58	44	1.5	61.5	39	42	52	32	92.46	38.40	44.54	30.88	17	14	38		
11	State Government Services - Revenue	40.5	10.5	68				58	45.5	54	11.5	15	71	21.5	63.5	X	63	64.5	X	63	74.5	32	35	62.5	76	88	74	33	58	46.5	84.5	92	62.61	48.23	2	1	3			
12	State Government Services - Revenue	18	58.5	26.1				81.5	47	51.5	10.5	10.5	64.8	60.7	19.5	X	71	31.9	X	30.5	34.5	30.7	15.5	54.5	46.5	31.5	0	40.5	53.8	10.5	5.5	71.72	38.65	21.23	36.77	36	46	22		
13	State Government Services - Revenue	9.5	67	81				70	32.5	11	44	25.5	35.5	57	36.5	15.5	X	66	38.5	X	57	56	87	41.5	43	63	35.5	63.5	24	60	35.5	10	94.79	38.24	35.71	38.72	16	21	16	
14	State Government Services - Revenue	12.8	53.5	44.7				45.5	59.3	40.5	15.5	14.7	20	42	23	X	74.5	36.5	X	34.5	31.5	33.7	40.5	48.5	41.5	3.7	11.1	44.7	10.5	0.5	40.5	23.41	28.33	46.31	66	75	40			
15	State Government Services - Revenue	35	58.5	81.5				71.5	20	10.5	37	33.5	31	26	93.5	X	73	70.5	X	30.5	59	57	64.5	74	0.5	64.5	76	91.5	41.5	61	42	21.5	111.52	46.31	50.83	38.61	6	5	17	
16	State Government Services - Revenue	14	45.1	64				47.5	23	54	69	64	47.1	10.5	61	X	64	64	X	30.5	50.5	64	64	57.5	64	64	64	64	64	64	64	64	64	64	64	81	81	81		
17	State Government Services - Revenue	3.5	15	21				38	30	1.5	33	16	17	42	22	36.5	X	36.5	26	X	39	34.5	30.5	8	36.5	40	14.5	16	11.5	2.5	96.5	17.5	14.93	12.46	60	53	65			
18	State Government Services - Revenue	35	3.5	97				81.5	51.5	45	40	34.5	13.5	88.5	57.5	64	X	64.5	77	X	98.5	82	97.5	64.5	46	52.5	95	83	97.5	60	87	70.5	56.79	58.36	1	2	1			
19	State Government Services - Revenue	101	54	78				12	57	21	46	9	1	108	53	48	X	50.5	85.5	X	61.5	41	2	75	14	24	78.5	15	22	22.5	25	804.82	33.57	25.68	41.88	29	38	8		
20	State Government Services - Revenue	13.5	61					66	43	47	21	35.5	8	3.5	29	5	X	69	27	X	37	53	49	25	63.5	60	7.5	6	32	37.5	20.5	21.5	21	641.25	26.71	27.75	25.57	43	36	47
21	State Government Services - Revenue	13	67	115				41.5	38.7	34.5	47	32.5	3	25.5	24	54.7	X	15.5	65.5	X	30.5	82.5	40.9	44.5	91.5	60	47	33.5	-11	46	14.7	39	513.83	21.40	13.32	28.57	49	57	39	
22	State Government Services - Revenue	10	29	65				65.5	50.5	12	36	23.5	15	96	18.5	18	X	70	20.8	X	63	36	38.5	48.5	40	42.5	20	18	44.5	25.5	48	869.04	36.21	38.74	33.34	21	18	30		
23	State Government Services - Revenue	41	13.3					78.5	31.0	37	10.5	16.8	16.8	16.8	16.8	16.8	X	36	54.5	X	5.5	12.0	21	36.7	32.5	57.6	2.5	11.7	41.5	2.4	22.0	704.06	28.33	28.94	33.41	38	49	29		
24	State Government Services - Revenue	5.5	41.5	37				64.5	43	37	33	22	19	70.5	58	40.5	X	56	74.5	X	91.5	49	-7	30	31.5	91.5	-9.5	-1	41	53.5	13	2.5	795.86	33.16	24.44	40.96	30	40	12	
25	State Government Services - Revenue	17.5	14	86.5				41.5	41	18.5	29	57.5	2	93	90.5	10.5	X	95	58.5	X	61.5	61.5	21.5	25.5	66	62	63	13	38	40.5	28.5	85	1073.00	45.52	43.00	44.57	8	16	4	
26	State Government Services - Revenue	37	36.5	57				41.5	48	21	35	35	30.5	85	64.5	48	X	64	33	X	49	66	58	40	76.5	66	16	13	6.5	40	56.5	40.5	36.18	40.53	36.18	40.53	13	20	13	
27	State Government Services - Revenue	52	52	53				31.5	30.5	29	37	46	2	57	27	38.5	X	67	4	X	-1	62	60	7	33.5	36.5	-8	-2	6	20.5	17	20.5	27.69	20.11	40.29	27.69	51	61	42	

28	Sanford Avenue Road	11.95	53.9	50.35	52.1	53.35	50.35	16.5	9.3	40.05	61	46	X	17.35	-4.1	X	14	12.8	14.55	24.55	1.7	28	41.9	50	6.95	45.6	23.5	76.3	61.75	609.4	25.38	13.57	36.17	44	55	24	
29	Sanford Avenue Road	-12.4	50.9	50.95	52.35	14	-4.5	50.7	4.5	64	75	13.05	X	52.35	-13.05	X	34.5	19	5.6	0.15	-9	15.7	51.55	-1.05	24.55	18.45	70.8	-5.1	36.56	13.14	3.54	24.07	61	66	50		
30	Sanford Avenue Road	-39.4	23	40.85	31	16.00	8.65	50.9	-8.1	0.7	100	59	17	X	-5.60	-4.1	X	34.5	19	5.6	0.15	-9	15.7	51.55	-1.05	24.55	18.45	70.8	-5.1	-16.70	-1.69	-10.20	13.40	72	74	63	
31	Sanford Avenue Road	3.00	51	1.7	52.1	53.35	50.35	17	-8	35.25	46	49	X	68.55	19.15	X	50.9	24.6	-13.75	27.35	-4.75	39	6.15	23.9	4.35	27.5	49.35	36.35	660.62	22.52	20.08	33.72	40	47	28		
32	Sanford Avenue Road	-5	54	67.5	63.5	54	4	55.5	15.5	-9	62.5	27	57	X	61.5	5	X	35	30.5	34	63	46	36	33.5	34	8	60.5	52	76	49	733.9	30.55	34.11	25.53	34	23	49
33	Sanford Avenue Road	57	-36	52.8	76.9	55.45	-1.95	53.15	24.95	-9.65	30	54	17	X	59.55	-7	X	34.5	19	5.6	0.15	-9	15.7	51.55	-1.05	24.55	18.45	70.8	-5.1	928.49	17.64	3.91	31.34	56	64	35	
34	Sanford Avenue Road	-10.45	-253	57.7	56.7	57.8	75.7	38.45	20.9	0.8	49	76	38	X	94	74.05	X	34.5	19	5.6	0.15	-9	15.7	51.55	-1.05	24.55	18.45	70.8	-5.1	1174.20	48.93	48.20	45.77	4	9	5	
35	Sanford Avenue Road	73	10	91	64	18	-39	34.9	40.5	20	59	56	63.5	X	34	52	X	60	31.5	63	51.5	56	66	50	1.5	8.5	50.5	-24.5	-9	103.5	922.18	38.42	35.32	39.50	18	22	18
36	Sanford Avenue Road	34.5	52.5	83.5	74	14	-41.5	33.5	-3.5	9	97	57	56.5	X	65	66	X	69	72.5	55.5	35	46	43	48.5	81.5	55	22.5	29	72	29.5	110.00	46.25	48.00	42.73	7	10	6
37	Sanford Avenue Road	33.5	54.5	76	63.5	16	-8.5	33	19	-9.5	50	48	49.5	X	41	41	X	62	60	24.5	28	56	66	56	81.5	52.5	47	48	79	20.5	1,050.57	42.94	50.23	35.00	11	6	26
38	Sanford Avenue Road	-13	48	-11	49	-9	-29.5	34.5	8.5	30.5	49	18	39.5	X	53	53.5	X	57	14.5	59	34.5	38.5	43.5	11.5	-1.5	36.5	20.5	37.5	59	4.5	651.75	27.15	32.75	19.21	42	27	57
39	Sanford Avenue Road	-10.45	-15	-44	67.5	55.45	-1.95	53.15	24.95	-9.65	30	54	17	X	59.55	-7	X	34.5	19	5.6	0.15	-9	15.7	51.55	-1.05	24.55	18.45	70.8	-5.1	532.27	22.20	22.68	15.42	48	43	61	
40	Sanford Avenue Road	29	11.46	23.15	71.35	33.5	34.15	34	16.15	10	38.5	54.15	67.1	X	71.6	-18.5	X	0.5	30.85	38.35	43.5	24.35	66.35	-8.35	-9.5	5.8	67.35	43.9	11.9	546.06	22.75	12.34	31.32	46	60	36	
41	Sanford Avenue Road	-25.95	-41	-21.05	63.5	-3.4	22.55	40.5	16.05	-15.55	18.6	61.55	34	X	17	45.15	X	54.6	24.9	4.9	30.5	35.9	13.5	26.55	6.6	-8.5	41.90	31.7	54.45	411.63	17.15	17.47	18.00	57	51	59	
42	Sanford Avenue Road	64.5	21.35	7.5	77.5	-12.5	57.5	58.9	35.4	22.35	66	65	39.5	X	31.6	8.5	X	31.8	28.35	1.6	37.6	60.5	40.35	20.9	17.1	-5.1	35.5	57.5	72.35	809.56	33.73	23.84	40.11	28	42	15	
43	Sanford Avenue Road	-9.5	-49	68.5	58	-15.5	-36.5	35.5	-1	-38.5	38.5	21	18	X	-5.6	-1	X	42.5	34.8	-12.5	13.5	33.5	28.5	-8.5	68.5	-3.5	41	30	-7	-10	221.91	9.22	12.61	4.38	67	58	71
44	Sanford Avenue Road	75.5	32	59	71	37	-15	30	19.6	4	67.5	-12.5	54.5	X	34	48	X	35	38	47.5	-0.5	38	17	70	16.5	58.5	53	-7	59	63.5	811.25	33.80	33.25	33.26	27	25	31
45	Sanford Avenue Road	52.5	-3	-10.5	53	28	-6.5	26	15	20	20	10	53	X	20	56.5	X	35.5	34.9	50.5	28.5	-12.5	8.5	-3	75.5	38	36	17	-36	79	494.64	20.61	26.86	13.26	50	37	64
46	Sanford Avenue Road	-31.5	-41	11	49	28	-3	30.5	7.5	30.5	-8	15	19.5	X	39.5	62.5	X	25.5	7.5	2.5	38	-35.9	-3	35.5	75	38	31	10	-30	-13	250.50	10.43	12.50	9.38	65	59	66
47	Sanford Avenue Road	38.5	-22	82	86	27	-13	38.5	2	12	37.5	7	17	X	48.5	59	X	66	56.5	49.5	36	57.5	66	47.5	81.5	59	53	48	91	-4	984.25	41.01	53.25	31.46	15	3	33
48	Sanford Avenue Road	4.5	-41	20.7	70.35	29	70.6	48.6	15.4	-3	11	54.15	82.9	X	-3.95	81.35	X	51.5	34.05	-1.85	11.35	-1.85	41.05	18.5	60.7	58.30	28	23	-6	-37.55	539.16	22.46	21.29	23.28	47	45	51
49	Sanford Avenue Road	-36.5	-41	-37	42.5	-12.5	7.5	43	17	-8	14	24.5	47	X	19.5	4.5	X	35	9.5	-17	11.5	-4.5	-2.5	-43	60	34.5	25	41.5	-27.5	-8.5	63.84	2.62	-1.04	6.30	69	69	68
50	Sanford Avenue Road	-36.5	-41	-31	46	-44	-31.5	34	6.5	-9.5	-8	21	45	X	6.5	-24	X	62	-4.5	43.5	13	-22.5	61	8.5	66.5	37.5	3.5	17.5	-17	51	133.50	5.54	13.50	-1.50	68	56	76
51	Sanford Avenue Road	74.5	13	-14.4	87.7	-12.55	57	45.5	13.8	67.5	20	20.5	30.15	X	51.5	-7.55	X	41	65.35	-1.95	34.7	-6.95	39	7.9	57.95	15.8	34.7	11.9	-31.9	7.8	472.61	19.69	14.84	26.38	53	54	46
52	Sanford Avenue Road	4	-36	-10.45	73.5	-8	62.55	30.5	12.6	77	-5.65	18.7	1.35	X	36.6	-34.4	X	41.9	24.9	9.15	33.95	-3	-10	2	6	18	58.05	10.55	9.9	-18	203.46	12.22	6.64	18.85	63	63	58
53	Sanford Avenue Road	25	-49	-13.3	70.9	-31.4	55.95	40.7	-6	15	-28.5	38.9	85.6	X	51.35	-32.65	X	32.8	18.10	6.7	33.95	-15.4	-24.5	-17.6	35.7	20.95	12	15.7	2.05	-61	18.24	.76	-4.04	5.97	71	70	70
54	Sanford Avenue Road	30	-49	-51	63.5	31	-17.5	43.5	38.5	62.5	44.5	28.5	49.5	X	63.5	42.5	X	68.5	32	57.5	49	50	36	37.5	63	57	44.5	83	43.5	-14	918.43	38.26	45.57	26.57	19	12	45
55	Sanford Avenue Road	63	-49	29	78	-8.5	29	36.5	-0.5	15	69.5	-3.5	44	X	73	17.5	X	65.5	20	59.5	51	16.5	48	38	36.5	56	50.5	71.5	-30	94.5	882.79	36.78	43.21	27.03	20	15	43
56	Sanford Avenue Road	39.5	19	57	78.5	27.5	-11	38.5	1.5	14	96	-2.9	41.5	X	85	62.5	X	75	21	58.5	45.5	5.5	34.5	23	2.5	53	57	45	34.5	11.5	816.50	34.02	32.50	35.80	26	28	25
57	Sanford Avenue Road	53	2.5	3	73.5	-31.5	-8	25.5	-37.5	-16.5	5	41.5	14	X	93	58.5	X	23	27	11.5	24	34	-20	-38.5	5.5	-14.5	47	24	80	-48	374.90	15.62	15.10	12.19	59	52	60
58	Sanford Avenue Road	35.95	49.35	-25.3	81.3	-12.5	62.35	29.15	-6.1	36	13.7	40.6	61.5	X	19.05	18.35	X	46.7	0	14.9	16.95	30.05	15.95	-17.65	-12.3	48.8	37.7	-3.5	-48	445.86	18.57	8.99	28.38	55	62	41	

59	11	-13	40.5	67	57	35	28.5	21.5	13.5	11.5	43	30.5	X	48.5	33	X	69	30	12	60	30	40.5	3.5	10.5	21.5	54	41.5	25.5	781.57	31.31	30.93	31.38	32	30
60	11.5	48	(10)	48.5	10	38.5	65.5	34.5	49	44.5	63	63	X	40	60.5	X	100	16	67	43	39	77.5	37	10.5	10.5	10.5	10.5	10.5	145.25	49.80	45.75	50.76	3	11
61	43	37	(9)	88	17	(2)	37	32.5	27.5	49	36	40.5	X	54	67	X	48	46.5	42.5	55.5	47.5	57	57	63	79	-4	106.80	44.50	49.43	38.11	9	8		
62	43.5	15	44.5	64.5	38.5	81.5	47.5	60.5	16.9	(10)	31.8	42.9	X	48.5	49	X	64	18	44.5	60	40.5	52.9	67	13.5	13.5	13.5	13.5	13.5	492.06	35.08	29.44	44.71	24	33
63	45	11.5	45	68.5	30.5	64.5	50.5	-10	69.5	65	54	40	X	40	75	X	59	14	38	43	30	5	19	-2	3	3	3	451.79	18.82	25.21	15.38	63	39	
64	46	36	47	32	38.5	9.5	24.5	7.5	41.5	(3)	21	20	X	18	-61	X	23	40.5	38	30.5	37	37.5	4.5	3.5	3.5	3.5	3.5	-216.79	-9.03	-24.21	6.19	76	78	
65	47	63	48	32	38.5	18	30	32.5	14	13	55	-2	X	55	-61	X	47	44.5	35	36	28	32.5	50	8	3	3	3	-60.84	-25.33	-24.96	-23.11	80	79	
66	48	54	55	4	40.5	0.5	33.5	16.5	14	34	(5)	36	X	6	-65.5	X	48.5	53	45	33.5	35	35	35	35	35	35	35	-220.31	-9.55	-15.68	-2.08	77	76	
67	49	64	65	71	30.5	31.5	44.5	46.5	36.5	36	15.5	3	X	26	65.5	X	58	19	47	53	5	66.5	2	2.5	2.5	2.5	2.5	737.19	30.73	36.82	20.61	33	19	
68	50	11.5	66	64	31	41.5	49	13	13.5	(11)	65.5	33.5	X	51	76	X	33	31	70	35.5	21.5	42	35	11	6.5	6.5	6.5	732.49	30.57	30.82	26.16	35	31	
69	51	11.5	67	65	30.5	40	42.7	9.6	44.5	71.7	71.5	10.5	X	65.5	43.5	X	50	105	34.9	35.6	67.5	66	34	46.5	22	41.7	44.5	998.82	44.59	39.18	42.10	12	17	
70	52	68	69	66	31.5	31.5	38.5	35.5	33	4	7	48	86	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	-154.52	-6.43	-7.98	-5.06	75	71	
71	53	69	70	67	32	32	39.5	36.5	34	11.5	11.5	11.5	11.5	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	-138.12	-5.75	-9.32	-8.84	74	73	
72	54	70	71	68	33	33	40.5	37.5	35	12	12	12	12	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	22.75	9.4	12.5	1.15	70	68	
73	55	71	72	69	34	34	41.5	38.5	36	13	13	13	13	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	643.18	44.29	50.82	38.73	10	7	
74	56	72	73	70	35	35	42.5	39.5	37	14	14	14	14	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	707.04	39.46	32.96	25.46	37	26	
75	57	73	74	71	36	36	43.5	40.5	38	15	15	15	15	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	230.85	10.45	3.75	20.25	64	65	
76	58	74	75	72	37	37	44.5	41.5	39	16	16	16	16	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	-124.99	-5.20	-9.21	-8.85	73	72	
77	59	75	76	73	38	38	45.5	42.5	40	17	17	17	17	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	313.91	12.08	2.53	21.05	62	67	
78	60	76	77	74	39	39	46.5	43.5	41	18	18	18	18	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	-276.58	-11.52	-19.92	-12	78	77	
79	61	77	78	75	40	40	47.5	44.5	42	19	19	19	19	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	-530.31	-22.89	-37.89	-2.08	79	80	
80	62	78	79	76	41	41	48.5	45.5	43	20	20	20	20	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	583.83	15.39	24.12	7.07	58	41	
81	63	79	80	77	42	42	49.5	46.5	44	21	21	21	21	X	33.5	53.5	X	33.5	34.1	40.5	19	33.5	19	33.5	33.5	33.5	33.5	651.96	17.95	18.57	34.04	41	50	

TABLE VIII

REVENUE SHARING ENTITLEMENT PERIOD 3 & 4
RECOMMENDED BUDGET PACKAGE
JUNE 15, 1973

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments ^a	Recom. Funding	Evaluation Score
1	18	Police Dept.-To modify City Jail so negotiation for jail consolidation with Pierce County Sheriff's Dept. may continue.	\$ 50,000		\$ 50,000	1,363.14
2	11	City of Tacoma (interdepartmental)- Acquire, install and operate improved radio communication system	200,000		200,000	1,355.89
3	60	City Clerk/Dept. of General Services-Provide money necessary to publish, advertise, etc., General Revenue Sharing money.	500		500	1,195.25
4	34	DeLong Recreational Development Committee-Building a playground and nature facility adjacent to DeLong Elementary School	20,500		20,500	1,174.50

INTRODUCTORY NOTE: This report was transmitted first to the City Manager for his perusal and then to the City Council for final action.

^aComments will be listed in footnote form at the bottom of each page.

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments	Recom. Funding	Evaluation Score
5	1	Personnel Dept.-Employment training program to increase the proportion of minority and disadvantaged personnel in government service.	\$ 138,506		\$ 138,506	1,168.14
6	15	Finance Dept.-Implement a cost allocation program as required by federal guidelines ref:BOB cir. A-87.	19,000		19,000	1,111.57
7	36	Public Works Dept.-Provide funding for seal coating program.	40,000		40,000	1,110.00
8	25	Public Works Dept.-Provide money to continue LID program.	500,000		500,000	1,093.50
9	61	City Clerk/Dept. of General Services-Establish a self insurance fund through a risk management program.	280,000	b	250,000	1,068.07
10	73	Public Utilities (Water Division)-Install quick connecting couplings for hydrants.	252,000		252,000	1,063.18
11	37	Public Works Dept.-Supplement Equipment Rental "B" fund to provide for equipment replacement.	205,181		205,181	1,030.57

^bAlright if legal. Reduced due to cost revision.

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments	Recom. Funding	Evaluation Score
12	69	Eastside Health Clinic Association-Provide Medical supplies, etc. for Eastside Health Clinic	\$ 20,107	^c	\$ 20,107	998.32
13	26	Public Works Dept.-Acquire land and provide for construction of consolidated Maintenance Center.	1,120,954	^d	1,120,954	984.82
14	5	Bicycle Committee (Mountaineers) Provide funds for bicycle path construction.	15,000	^e	15,000	984.50
15	47	Finance Dept.(City Treas. Office)-Increase return capabilities of city money by developing a cash management system.	64,250		64,250	984.25
16	13	Planning Dept.-Request funding for acquisition of open space and/or waterfront prop.	50,000	^f	50,000	951.79

^cAttach to Health Department.

^dAlright, but hold in abeyance pending additional legislative encumbrances of next State legislative session. (Sept.)

^eCoordinate with City's Bicycle Committee.

^fInitial priority on Waterfront acquisition.

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments	Recom. Funding	Evaluation Score
17	10	Personnel Dept.-Retain cer- tain critical positions now filled by temporary PEP personnel permanently.	\$ 339,046	^g	\$ 278,000	926.46
18	54	Planning Dept.-Establish a Recreational Pilot Program.	15,270	^h	-0-	922.18
19	35	Fire Dept.-Purchase detri- mental capital outlay equip.	156,736	ⁱ	124,000	918.43
20	55	Planning Dept.-Establish an Environmental Section.	49,140	^j	29,140	882.79
21	22	Metropolitan Park Dist.-Ex- tend the summer supervised activities two weeks.	22,780		22,780	869.06
22	2	Data Processing Divsion-Im- prove operations of Data Pro- cessing Division by software purchase, research and devel- opment, etc.	55,967		55,967	866.61
23	9	Mary Bridge Hosp.-Expand pre- natal and infant-nutri-prog.	42,973	^k	42,973	858.01

^g1973-32 positions, 1974 (1st half - 22 positions).

^hResponsibility placed in Program No. 56.

ⁱDelete non-essential equipment.

^jReduced \$20,000-consultant fee to be supplied as needed from contingency.

^kSubject to PCHC letters of conditions and administered by Health Dept.

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments	Recom. Funding	Evaluation Score
24	62	Tacoma Comm. College-To pro- vide and improve emergency medical services.	\$ 134,712		\$ 134,712	842.06
25	6	Tacoma Pub. Library-Purchase of certain major pieces of equipment listed as critical needs.	57,352	^l	29,788	839.34
26	56	Planning Dept.-Establish an Urban Design Section.	32,225	^m	32,225	816.50
27	44	Finance Dept.-Increase Finan- cial and Accounting Staff by four.	20,700		20,700	811.25
28	42	Mary Bridge Hosp.-Expand Poison Information Center	40,999	ⁿ	40,999	809.56
29	19	Police Dept.-Increase Patrol Division Manpower by 10	150,000		150,000	804.32
30	24	Metropolitan Park Dist.-Im- prove existing facilities of McKinley Park	34,500		34,500	795.86

^lVoluntarily reduced to account for a change in telephone services. Passenger car and pickup removed and rental charges added for equipment rental from City fund.

^mAssume responsibility for program No. 54.

ⁿAlright-subject to Pierce County participation.

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments	Recom. Funding	Evaluation Score
31	3	Tacoma-Pierce County YMCA- Establish recreation pro- gram for trainable mentally retarded.	\$ 6,000	^o	\$ 6,000	773.01
32	59	Urban Renewal Dept.-Supple- ment existing Neighborhood Development Prog, Wash A-3.	70,000	^p	-0-	751.57
33	67	Human Development Dept.-Pro- vide funds for Senior Citi- zens Program.	239,123	^q	239,123	737.68
34	32	Metropolitan Park Dist.-Ani- mal acquisition for Northwest Trek.	9,000		9,000	732.43
35	68	Tacoma-Pierce County Health Dept.-Provide funds for Home- maker- Home Health Aide Proj.	75,224	^r	37,612	711.72
36	12	Big Brothers of Tacoma-Pierce Co.-Provide guidance and com- panionship to fatherless boys.	17,815	^s	17,815	707.04

^oContingent on Program receiving other specified funding.

^pDoes not appear to be a priority item.

^qAssume duplicated services from program No. 31.

^rReduced $\frac{1}{2}$ reflecting City's part of Tacoma-Pierce County Health Dept. participation.

^sAdministratively overseen by Human Development Department.

Prog. Rank	Prog. No.	Applicant/ Title	Funding Requested	Com- ments	Recom. Funding	Evaluation Score
37	74	Public Utilities (Water Division)-Construct 16" main on Alexander Ave.	\$ 126,000	^t	\$ -0-	707.04
38	23	Central City Learning Center-Provide supplemental funds to operate center.	34,209	^u	34,209	704.06
39	7	Tacoma Public Library-Request to continue special service to senior citizens.	74,576	^v	56,343	695.31
40	31	Amer. Red Cross-Establish Senior citizens Outreach services in Wrights Park area.	93,290	^w	60,000	660.62
41	81	Tacoma School Dist.#10-Covered stands at Lincoln Bowl.	262,000	^x	-0-	658.96
42	38	Tacoma-Pierce County Health Dept.-Provide for additional Vector Control Staff.	25,000		25,000	651.75

^tChanges precedent for routine process which other funds can provide.

^uAdministratively overseen by Human Development Department.

^vFunding for 1974 (1st half) $\frac{1}{2}$ salaries & supplies, all of capital equip.

^wProgram will work jointly with Human Development Dept. Was reduced by negotiation because of duplicated services.

^xDesirable program. Possible future bond or other funding source.

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments	Recom. Funding	Evaluation Score
43	20	Planning Dept.-To purchase land for future Civ. Center.	\$ 270,000	Y	\$ -0-	641.25
44	28	Pierce County Council on Alcoholism-Employee Counseling and Assistance Program for Alcoholism.	25,554	Z	-0-	609.14
45	8	Finance Dept.(Contract Compliance div.)-To continue and upgrade discrimination control in contract compliance.	31,534	aa	31,534	558.29
46	40	Tacoma Housing Authority-Building community neighborhood center in Salishan area.	22,848	bb	12,000	546.06
47	48	Coalition of Child-Care Agencies/United Way- Provide cooperative child care staff training to increase treatment effectiveness, etc.	8,972	cc	8,972	538.16

^YDesirable program. Possible future bond or other funding source.

^ZReceiving other City funding.

^{aa}Funding Jan. to June, 1974, Use PEP in interim period.

^{bb}Partial funding-possible other funding available.

^{cc}Administratively overseen by Human Development Department.

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments	Recom. Funding	Evaluation Score
48	39	Tacoma-Pierce Co. Arts Com.-\$ Expand present cult, and en- vironmental enrichment prog.	87,015	dd	\$ 25,000	532.87
49	21	National Alliance of Busi- nessmen-Provide Youth Em- ployment Service.	18,749	ee	10,000	513.83
50	45	Human Develop. Dept.-Provide Services for Handicapped.	50,000		50,000	494.64
51	27	Public Works Dept.-Correct drainage problems in the Fleet Creek drainage basin.	500,000	ff	-0-	482.71
52	4	Tacoma Area Urban Coalition- Establish Youth Services Bureau to provide services, develop Mgmt. information system.	185,222	gg	150,000	479.30
53	51	Tacoma Urban League-Continue Adult Offender Outreach Prog.	152,462	hh	120,000	472.61
54	63	Human Relations Comm.-Estab- lish a Women's Rights Div.	26,793		26,793	451.79

dd Delete part for legal reasons.

ee For qualified city recipients. Get county participation. VISTA director.?

ff Seek other funding.

gg Reduction agreed to by applicant staff.

hh Reduce staff. Possible duplication. Seek special revenue sharing.

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments	Recom. Funding	Evaluation Score
55	58	Tacoma Comm. College(Office of Veteran Affairs)-Provide loan assistance for vets.	\$ 16,500	ii	\$ -0-	445.86
56	33	Bates Voc. Tech.-Establish laboratory training and Child Care Center.	102,639	jj	-0-	423.49
57	41	Catholic Children's Service- Provide Group Shelter Care facilities for runaways.	66,786	kk	35,000	411.63
58	80	Tacoma Ambulatory Care Center- To provide a family clinic.	5,000	ll	-0-	383.83
59	57	Tacoma Public Library-Estab- lish Tacoma Mall branch lib.	100,157	mm	-0-	374.90
60	17	Finance Dept. (Purchasing Div.)-Hire a buyer for the Pur- chasing Division due to in- creased demand for services.	12,742		12,742	334.57

ii Delete for legal reasons, duplications with program No. 52.

jj Questionable need. State legal restrictions. Use bond sources.

kk Work with Human Development Dept. to prevent duplication with program
No. 4.

ll Other funds available.

mm Area already served by South Tacoma Branch. Need not readily apparent.

Prog. Rank	Prog. No.	Applicant/ Title	Requested Funding	Com- ments	Recom. Funding	Evaluation Score
61	29	Boy Scouts-Hire reception- ist coordinator for Hilltop area.	\$ 7,287	nn	\$ -0-	315.56
62	77	Metropolitan Deveopment Coun- cil-Provide funds for expan- sion of prenatal and infant nutrition program.	37,880	oo	-0-	313.97
63	52	Tacoma Urban League-Provide Assistance for a Veterans Action Center.	139,310	pp	127,000	293.46
TOTAL FOR PROGRAMS 1-40 -----					\$4,401,884	
TOTAL FOR PROGRAMS 41-63 -----					634,041	
Total Funding Recommended -----					\$5,035,925	

SOURCE: Staff of the Program Management Team, "Revenue Sharing Entitlement period 3 & 4, Recommended Budget Package," Tacoma, Washington, 15 June 1973.

nn Appears to be OK using volunteers.

oo Worked out with program No. 9.

pp Staff reductions. Use 10% indirect cost factor instead of 15%.

APPENDIX B

SUPPLEMENTARY MATERIALS FOR
PORTLAND, OREGON

TABLE IX
REVISED EXPENDITURE SCHEDULE FOR REVENUE SHARING
PORTLAND, OREGON
1972-3 - 1977-8

Fiscal Year	Cash Received	Cash from Prior Years	Interest	Total Cash Available	Suggested Expenditure Schedule
72-3	\$10,509,000	\$ -0-	\$ 50,000	\$10,559,000	\$ 2,300,000
73-4	9,517,000	8,259,000	550,000	18,326,000	9,650,000 ^a
74-5	9,778,000	8,676,000	575,000	19,029,000	9,350,000
75-6	10,016,000	9,679,000	600,000	20,295,000	9,425,000
76-7	7,795,000	10,870,000	500,000	19,165,000	9,525,000
77-8	<u>-0-</u>	9,640,000	<u>-0-</u>	9,640,000	<u>9,640,000</u>
TOTALS	<u>\$47,615,000</u>		<u>\$2,275,000</u>		<u>\$ 49,890,000</u>

SOURCE: Office of Management Services, Portland, Oregon, 1973.

^aIncludes \$1,769,000 left over from FY 1972-3.

TABLE X
REVENUE SHARING ALLOCATIONS
PORTLAND, OREGON
FY 1973-4

<u>DEPARTMENT, BUREAU OR OFFICE</u>	<u>FY 1973-4 AMOUNT</u>
<u>Department of Finance and Administration</u>	<u>\$ 796,600</u>
Bureau of Police	
Convert to Civilian Dispatchers	\$ 182,000
Equipment (Other Than for Federal Grant Projects)	125,800
Civil Service Board	
Remodel and Equip City-County Civil Service Office	11,700
Bureau of Buildings	
Equipment (Other Than for Federal Grant Projects)	9,600
Bureau of Planning	
Arterial Study	50,000
Bureau of Management & Budget	
Financial Management System	140,000
Maintenance Facilities Study	50,000
Bureau of Traffic Engineering	
Modernization of Signals	88,800
Parking Meters - Contractual Obligation	85,900
Equipment (Other Than for Federal Grant Projects)	20,700
Special Appropriations	
Assessments for Improvements	32,100
 <u>Department of Public Affairs</u>	 <u>\$ 1,007,000</u>
Bureau of Human Resources	
Coordination of Social Service Programs	110,000
Indian Study	7,500 ^a
Special Appropriations	
City-County Detoxification Center	36,500
Multnomah County Health Program (Contractual Obligation)	753,000
Senior Citizens Programs	100,000

(continued)

^aIncludes amount rebudgeted from 1972-3.

SOURCE: Jim Setterberg, Office of Finances, City of Portland, Oregon, 1973.

<u>DEPARTMENT, BUREAU OR OFFICE</u>	<u>FY 1973-4 AMOUNT</u>
<u>Department of Public Safety</u>	<u>\$ 4,006,100</u>
Bureau of Fire	
Fire Apparatus	430,000 ^b
Delta Park Fire Station	250,000 ^b
Overhaul Fireboat	250,000
Additional Personnel	111,000 ^b
Equipment	114,700 ^b
Fire Prevention Responsibility Unit	548,200
Fire Alarm System Responsibility Unit	226,300
Fire Alarm Telegraph Dispatch Responsibility Unit	240,400
Bureau of Parks	
Community Centers Improvements	99,700 ^b
Playground Equipment	22,600 ^b
Wading Pools	31,500 ^b
Ballfield Lighting	317,700 ^b
Tennis Court Lighting	35,500 ^b
Modifications for Handicapped	45,000 ^b
Columbia Pool Enclosure	207,000 ^b
Recreation - Part-time	275,000
Street Tree Program	166,800
Stadium Tartan Turf - Contractual Obligation	54,900
Woodlawn Park Summer Program	22,700
Saturday & Sunday Community Centers	22,300
Saturday and Sunday High School Gyms	38,000
Columbia Swim Additional Service	30,200
Summer Band Concerts	10,000
Columbia Park Irrigation	39,600
Pittock Mansion Sanitary Facilities	7,000
Goldenball Basketball	9,500
Portable Boxing Ring	4,100
Construct Greenhouse	4,900
Equipment (Other Than for Federal Grant Projects)	41,500
Special Appropriations	
Zoological Society - Contractual Obligation	350,000
 <u>Department of Public Utilities</u>	 <u>\$ 559,400</u>
Bureau of Building Maintenance	
City Hall Improvements	\$ 46,900

(continued)

^bIncludes amount rebudgeted from 1972-3.

DEPARTMENT, BUREAU OR OFFICE	FY 1973-4 AMOUNT
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Department of Public Utilities (cont.)

Bureau of Communications & Electronic	
Communications Building Fire Safety System \$	25,000 ^b
Fire Inspectors Communications System	25,000 ^b
Council Crest Communications Building	109,000 ^c
Equipment (Other Than for Federal	
Grant Projects)	89,500
Bureau of Shops	
Fleet Management Information System	14,000
Special Appropriations	
Replacement Autos	250,000

<u>Department of Public Works</u>	<u>\$ 1,506,200</u>
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Bureau of Maintenance	
Traffic Signals	361,200
Downtown Trash Pick-up	134,000 ^c
Street Oiling Program	71,000
Showers - Kerby Yard	21,200
Lighting - Equipment Yard	6,600
Equipment (Other Than for Federal	
Grant Projects)	219,800
Bureau of Sidewalks & Structural Engineering	
Sidewalks for Schools	25,000 ^c
Pedestrian Overpass - Beach School	100,200
Neighborhood Street Construction	440,000 ^c
S.E. 92nd Widening	105,200
Curbs and Ramps for Handicapped	22,000 ^c

SUMMARY

FINANCE & ADMINISTRATION	\$ 796,600
PUBLIC AFFAIRS	1,007,000
PUBLIC SAFETY	4,006,100
PUBLIC UTILITIES	559,400
PUBLIC WORKS	1,506,200
GENERAL OPERATING CONTINGENCIES OF GENERAL	
FUND - MIDYEAR REVIEW	1,893,700 ^d
TOTAL GENERAL REVENUE SHARING ALLOCATION	\$ 9,769,000
REBUDGETED FROM 1972-3	1,769,000
NEW ALLOCATIONS FOR 1973-4	\$ 8,000,000

^cIncludes amount rebudgeted from 1972-3.

^dTo be allocated at midyear.

APPENDIX C

SUPPLEMENTARY MATERIALS FOR
EUGENE, OREGON

TABLE XI
EUGENE CITY STAFF PROPOSALS FOR REVENUE SHARING
EUGENE, OREGON
1973-5

PROJECT	1973-4	1974-5
A. PARKS AND RECREATION. Operational and maintenance costs for new community centers: Amazon Community Center (\$59,452), Kaufman Senior Center (\$27,712). Improved swimming pool maintenance (new Foreman position) and incidental equipment for relocating planning and development division.	\$ 113,641	\$ 113,200
B. PUBLIC WORKS. Rorganize Building Divison to improve public contact and keep up with increased construction activity (6 positions).	74,223 ^a	78,700 ^a
C. DATA PROCESSING. Continue development of financial informations system (payroll, fringe benefits distribution, program budget, cost accounting) commenced under 1972-73 Supplemental Budget.	80,615	85,500
D. GENERAL CAPITAL PROJECTS. Purchase park warehouse facility at 301 N. Lincoln (\$50,000). Remodel south wing of City Hall to accomodate shift in office space.	100,000	-0-
E. GENERAL CAPITAL PROJECTS. Construct new facility for Parks and Recreation to provide additional office space at City Hall.	110,000	-0-
F. GENERAL CAPITAL PROJECTS. Construction Fire Station #9 in the vicinity of Delta and Belt Line Highways.	125,000	164,600

SOURCE: Hugh McKinley, City Manager, Eugene, Oregon, 1973.

^aThis may be reduced by \$37,000 if fee increase proposed in General Fund Priority 7 is adopted.

PROJECT	1973-4	1974-5
G. MUNICIPAL COURT. Hire another "full-time" judge to handle the increase in trials and the mounting backlog of cases on the docket. This includes necessary staff support, prosecution expense and indigent counsel plus related equipment.	\$ 45,567 ^b	\$ 48,300 ^b
H. PUBLIC WORKS. Create a new planning division charged with transportation planning and environmental impact studies. Division would be responsible for updating of ESTATS study (3 new positions).	156,087	159,500
I. PERSONNEL. Continue clerk-typist position approved in the 1972-73 Supplemental Budget. Position to handle increased work flow resulting from Affirmative Action and OSHA requirements.	9,995	10,600
J. PARKS AND RECREATION. New maintenance position for Laurelwood Community facility (\$9,720). Two foreman positions, one for Mall maintenance required by expansion of the Mall and the other for general park operations maintenance.	49,936	52,900
K. POLICE. Use Revenue Sharing funds to pay for two PEP positions: Assistant lab technician and a Community Service officer (CSO), in the Community and Internal Affairs Division.	17,559	18,700
L. FINANCE. Accountant I position to assist Auditor in internal and external auditing duties. Two clerk-typists to handle increased work load. (Auditor and one clerk-typist financed in 1972-73 Supplemental Budget).	26,525	28,100
M. EXECUTIVE. Clerk-typist to assist City Council in handling complaints and general staff support.	9,177	9,700

^bRevenues should more than offset cost.

PROJECT	1973-4	1974-5
N. PERSONNEL. New personnel specialist position to assist in increased workload resulting from Affirmative Action, OSHA, labor/management problems and citywide training demands.	\$ 12,815	\$ 13,600
O. POLICE. One detective position to assist in area-wide narcotics investigations.	14,811	15,700
P. EXECUTIVE. New position requested by Human Rights Commission to assist in handling discrimination complaints and Affirmative Action efforts within the community.	15,066	16,000
Q. PUBLIC WORKS. City Hall maintenance. (Custodian position in 1972-73 Supplementary Budget)	7,399	7,800
R. GENERAL CAPITAL PROJECTS. Remodel City Council chamber to provide handicapped and covered access, City Council offices and revised dais.	30,000	-0-
S. POLICE. Major crime team (9 positions and arson investigator.)	182,395	193,300
T. NON-DEPARTMENTAL. Create an assessment deferral fund to assist the aged or low-income in deferring payment on assessments until they dispose of their property. This would begin a five-year program of setting aside \$100,000 per year to establish an adequate fund to be used within guidelines established by the Council.	100,000	100,000
U. PUBLIC WORKS. Create 3 new positions: A Traffic engineering technician to work with neighborhood groups and handle increasing citizen requests, a public information officer to assist the Public Works Department in handling public requests, a draftsman to assist in designing projects financed by the November Streets and Storm Sewer Bond Issue.	23,207	24,700

PROJECT	1973-4	1974-5
V. GENERAL CAPITAL PROJECTS. Remodel and Equip Fire Station #5 to house a new ladder company.	\$ 175,000	\$ 161,000
W. PARKS AND RECREATION. Community School Program. Expansion of City share as proposed in General Fund.	18,836	20,000
X. EXECUTIVE. Legal fees for updating and revising City Charter.	10,000	-0-
<hr/>		
SUB-TOTAL	\$1,507,994	\$1,321,900
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Y. POLICE. Junior High school liaison youth program. Police officer to be placed in each of the junior high schools in the community to work with school counselors and juvenile court personnel in identifying and correcting behavior which leads to criminal conduct. (6 positions)	90,224	95,600
Z. FIRE. Acquire ladder truck for Station #9	125,000	159,000
AA. FIRE. Reorganization of the department as recommended by ISO. Create two battalion chiefs per shift.	58,410	61,900
BB. PLANNING. Expand duties of hearings official and add staff support to handle the work.	16,107	17,100
CC. FINANCE. Increase business license enforcement activity. Program should develop revenue to offset costs. (2 positions)	18,333	-0-
DD. EXECUTIVE. Continue funding of second Community Relations position as approved in 1972-3 Supplemental Budget.	14,796	15,700
EE. PARKS AND RECREATION. Provide extra help for Parks administration. Introduce mobile playground equipment and staff in neighborhoods lacking playground facilities and enrich existing recreational programs.	15,862	16,800

PROJECT	1973-4	1974-5
FF. PARKS AND RECREATION. Expand Mall maintenance and Park maintenance (\$30,966). Expand recreational programs for low-income, special recreation, summer and outdoor activities plus miscellaneous administrative costs.	\$ 42,708	\$ 45,300
GG. LIBRARY. Modify every circulating volume in Library in preparation for using new photographic check-out equipment.	63,522	-0-
HH. GENERAL CAPITAL PROJECTS. Danebo Park improvements (\$50,000), improve irrigation systems in various parks because of high maintenance on existing systems (\$20,000) Washington-Jefferson Bridge Park improvements (\$35,000) acquire storage area in Mall (\$6,000).	111,000	-0-
II. POLICE. Noise abatement team to be used in developing a realistic approach to controlling noise within the community. (4 positions).	57,738	61,200
JJ. PLANNING. Expand comprehensive planning effort with five neighborhood groups (50 percent of the cost for positions within the planning department, the other 50 percent for other departments).	50,907	54,000
KK. NON-DEPARTMENTAL. Low-moderate income housing program. Construction of 20-30 units using no-interest financing.	275,000	-0-
LL. FIRE. Institute an on-shift inspector program which provides each shift with its own investigator and supervisor for the shift inspection activity.	40,705	43,100
MM. PUBLIC WORKS. Supervising civil engineer for Maintenance Division. If revenue sharing funds are not used to finance the position, it may be financed from other funds such as the Sewer Utility fund.	17,753	18,800

PROJECT	1973-4	1974-5
NN. PUBLIC WORKS. Utility worker position for flusher-sweeper operation. This position was kept vacant following reduction in assessed value in 1972-73 budget, then reauthorized as a result of Supplemental Budget.	\$ 9,591	10,200
OO. FIRE. Alarm systems improvement and construction of storage room at Substation 4 to house air tank storage and radio repeater station. Include some miscellaneous training costs.	14,570	-0-
PP. POLICE. Acquire new microfilm equipment and replace Lektriever (the electronic file card storage machine).	13,890	-0-
QQ. PARKS AND RECREATION. Extra help for maintaining ballfields and community centers (\$8,553) plus miscellaneous supplies and transportation for recreation programs.	<u>12,439</u>	<u>13,200</u>
TOTAL	<u>\$ 2,556,549</u>	<u>\$1,933,800</u>

TABLE XII
SUMMARY OF GENERAL REVENUE SHARING ALLOCATIONS
EUGENE, OREGON
MAY 25, 1973

APPROVED EXPENDITURE		AMOUNT AUTHORIZED
<u>AMOUNT AVAILABLE</u> for expenditures (revenue sharing)		<u>\$ 2,759,449</u>
	Spread Sheet Priorities	\$ 929,499
	Reserve for Social Services	200,000
A.	Parks and Recreation-Amazon and Kaufman Centers	87,164
B.	Public Works-Building Division Reorganization	74,223
C.	Data Processing-Financial Information System	80,615
D.	General Capital Projects-Park Warehouse, City Hall Remodel	100,000
E.	General Capital Projects-New Park and Recreation Facility	110,000
F.	General Capital Projects-Fire Station #9	125,000
G.	Municipal Court-Second full-time judge	45,567
H.	Public Works-Create New Planning Division	131,087
I.	Personnel-Clerk-typist	9,995
	Parks and Recreation-Year-round operation of Jefferson pool	57,547
J.	Parks and Recreation-Maintenance at Laurelwood	9,720
L.	Finance-Accountant and two clerks	26,525
M.	Executive-Clerk-typist for City Council	9,177
P.	Executive-New Position for Affirmative Action, etc.	15,066
R.	General Capital Projects-Council offices, ramp for handicap.	17,000
S.	Major crime team	85,000
T.	Non-Departmental-Assessment deferral fund	100,000
V.	General Capital Projects-Remodel and Equip Fire Station #5	175,000
W.	Parks and Recreation-Community School Program	18,836
X.	Executive-Legal Fees for Charter Revision	10,000
EE.	Parks and Recreation-Mobile Playground Equipment and Administration and Recreation	15,862

APPROVED EXPENDITURE		AMOUNT AUTHORIZED
FF.	Parks and Recreation-Maintenance and Some Recreation programs	\$ 42,708
GG.	Library-Cataloging backload and retooling	63,522
HH.	General Capital Projects-Danebo, Irrigation, Washington, Jefferson and Mall Storage	72,500
JJ.	Planning-Comprehensive planning in neighborhoods	50,907
KK.	Non-Departmental-Low-moderate income housing	150,000
	(4) Community Service Officers.	36,980
	SUB-TOTAL	\$ 2,849,500
	less revenue from court (Item G)	- 45,567
	NET TOTAL	\$ 2,803,933
	encumbrance from unexpended Supplemental Budget	161,500
	1973-4 TOTAL APPROPRIATIONS	<u>\$ 2,965,433</u>
	TOTAL REVENUE SHARING	
	RESOURCES- 1973-4	<u>\$ 4,380,743</u>

SOURCE: Hugh McKinley, City Manager, Eugene, Oregon, 1973.

TABLE XIII

JOINT BUDGET COMMITTEE RECOMMENDATIONS
FUNDING OF SOCIAL PROGRAMS
EUGENE, OREGON
JUNE 28, 1973

The Joint Budget Committee met on June 28, 1973 and approved and recommended for adoption the following expenditures for the \$275,000 designated for social services:

Total Agency Recommendations as listed	\$189,971
Total contingency/agency	56,029
Monitoring, evaluation and development	<u>29,000</u>
	<u>\$275,000</u>

A fund of \$29,000 is recommended for the monitoring of contracts, the development of next year's process and assistance to the approved agencies.

Of the original \$275,000 designated for social services, \$59,029 is recommended to be held as a contingency for certain agencies if expected state funds are not available. If these state funds become available, it is recommended that the \$56,029 be expended according to the recommended priority numbers 24-31 of this document.

The Joint Budget Committee recommended that the Civil Rights provisions in the fee-for-service contracts to be signed include a clause requiring each agency to develop within the contract period an Affirmative Action Plan which covers all persons of minority status, i.e. persons of minority races, women and the aged.

The Affirmative Action Plan should include the following elements:

1. The extent of increased client services received by persons of minority status.
2. The inclusion of persons of minority status on the organizations administering board.
3. The recruitment and use of volunteers who are persons of minority status.
4. The inclusion of persons of minority status on the staff of the agency.
5. The education of the organization's staff and administering board in the areas of special problems and needs of persons of minority status.

(data on specific programs begins on next page)

SOURCE: Joint Budget Committee, City of Eugene, Oregon, 28 June 1973.

SERVICES BY PRIORITY	AMOUNT RECOMMENDED
1. Buckley House(Full 36,957, Minimum 31,800) Detoxification of alcoholics provided through a live-in treatment facility.	\$ 31,850 ^a
2. White Bird (Crisis and Counseling)(Full 56,092, Minimum 37,862) <u>1.</u> Crisis intervention unit-24hrs/7 days per week, emergency situations ranging from drug overdose, suicides, family crises, depressions and first aid. <u>2.</u> Counseling Department: Individual or group counseling for drugs, family, personal and communications problems.	15,000 ^a
3. Pearl Buck (Full 2,256, Minimum NL) Development of market outlets, and contracts for products produced by the mentally retarded and multiple handicapped children through a rehabilitation program of adult-sheltered employment and work adjustment training center.	2,256 ^a
4. Legal Aid (Full 67,649, Minimum 41,366) Free civil, legal services for low-income residents.	25,000
5. Halfway House (Full 5,000, Minimum NL) Sheltered, short term transitional living facilities for persons returning to the community from agencies or institutions which treat the emotionally disturbed.	5,000
6. Harmony House Friendship (Full, 7,680, Minimum 1,128) A drop-in recreation center for lonely, isolated adults, most of whom have a history of psychiatric illness for the purpose of assisting clients in making a transition to wider social and community involvement.	1,500
7. Carlton House (Full 6,992, Minimum NL) Lane County Council on Alcoholism. Rehabilitation of male alcoholics provided through a live-in facility which includes a counseling and therapy program.	1,792
8. Behanna House (Full 10,569, Minimum NL) Rehabilitative services for female alcoholics provided through a live-in facility which includes therapy and counseling.	7,000 ^a

^aAgencies designated for possible contingency funds.

SERVICES BY PRIORITY	AMOUNT RECOMMENDED
9. White Bird (Medical and Detox, see above) <u>1.</u> Drug Detoxification Clinic: Live-in drug detoxification facility for persons voluntarily requesting assistance, services include counseling, referrals to other services and medical supervision or treatment. <u>2.</u> Medical clinics: VD, pediatrics, women, general medical, clinical lab, medical counsel and referrals for indigent persons.	\$ 15,000
10. Family Shelter House (Full 7,500, Minimum NL) Emergency shelter and board for homeless families with children (the aged and pregnant women are also assisted), and the provision of supportive services, through referrals to social service agencies and the location of permanent housing which assist the families to regain their self-sufficiency.	7,500
11. Volunteer Action Center (Full 10,280, Minimum NL) The coordination of the local volunteer work force with the appropriate agencies in need of volunteer staff, including the education and training of agencies to fully utilize volunteer services.	5,000
12. Family Counseling Services of Lane County (Full 3,750, Minimum NL) Marital and family counseling and related services which are utilized primarily by metro residents and an extension of the "Family Life Education Series," a preventative program, to the outlying communities.	3,750 ^b
13. Looking Glass Family Crisis Intervention Center, Inc. (Full 16,800, Minimum NL) Family counseling for children 12-18, and their parents during crisis situations. Includes crisis center services, shelter care facilities, counseling program, jobs and school placement, foster home placement program, recreation program and community preventative education program.	5,400
14. Planned Parenthood (Full 11,000, Minimum 6,000) Education, information, referral and counseling services in the area of family planning to the residents of Lane County.	3,500

^bAgencies designated for possible contingency funds.

SERVICES BY PRIORITY	AMOUNT RECOMMENDED
15. Lane County American Red Cross-Meals on Wheels (Full 12,328, Minimum NL) Home delivery meals to persons aged 60 or over who are physically unable to prepare their own meals on a short-term or permanent basis. Noon meals are delivered 5 days/week. Other social services, including health and welfare counseling, transportation and escort services, shopping assistance and nutritional education are also provided.	\$ 7,500
16. Retired Senior Volunteer Program (RSVP) (Full 7,000, Minimum 7,000) Placement of Senior Citizen Volunteers in local community agencies with meal and transportation reimbursement.	1,000
17. Senior Opportunities and Services (Full 3,500, Minimum NL) Outreach information and referral, food stamp assistance, shopping assistance, visitation, social and recreational activities and friendly visiting services to low income senior citizens aged 55 or over.	1,000
18. Information and Referral Service (Full 4,950, Minimum NL) Telephone Assurance Program-Routine friendly calls to isolated elderly to assure that their safety and vital needs are being met.	1,000
19. Help Elderly Locate Positions (HELP) (Full 5,000, Minimum NL) Assistance to senior citizens in finding part-time jobs to supplement their retirement incomes.	1,000
20. Drug Information Center (Full 5,070, Minimum 3,627) Free information on drugs and drug-related topics upon request by persons of the general public, free and anonymous analysis of street drugs, publication of a weekly drug information bulletin, the conduct of a University class, Psychoactive drugs, which is open to the public, and maintains the largest drug information library in the Northwest.	3,627
21. Mental Health Center (Full 3,687, Minimum NL) A coordinating unit for Lane County Mental Health Clinic, the Sacred Heart Johnson Unit, related mental health facilities, organizations and programs. Also, the center serves as a base for mental health citizen advisory committees.	3,687

SERVICES BY PRIORITY	AMOUNT RECOMMENDED
22. Mental Health for Children (Full 28,465, Minimum 12,128) To be provided by the Lane Co. Dept. of Health and Social Services. Provides evaluation and referral services to 650 children, treats 400 moderately disturbed children, serves children between the ages of 4-19.	\$ 28,465
23. Dental Health Program (Full 17,640, Minimum NL) To be provided by the Lane Co. Dept. of Health and Social Services. Provides dental health education, dental hygiene focusing on early detection, prevention and treatment of dental defects, develop community awareness of dental health problems.	13,144
TOTAL	<u>\$189,971</u>

Agencies designated for possible contingency funds:

Contingency Reserve:

Buckley House	\$ 31,850
White Bird	11,072
Pearl Buck	5,485
Behanna House	6,796
Mental Health Center	826
	<u>\$ 56,029</u>

Recommendations for the Expenditures of Possible Unexpended Contingency Funds (\$56,029):

24. Dental Health (see No.23)	\$ 4,496
25. Child Center (Full 5,000, Minimum NL) (Amended Request: Full 7,580, Minimum 5,080) Provides supportive therapeutic learning environment for severely disturbed children ages 3-12, including home visits, parent training and family counseling.	5,080
26. Speech and Hearing Center (Full 15,000, Minimum NL) Provides treatment for low income clients with speech, language or hearing disorders on a fee-for-service basis.	5,000
27. Home Makers Service (Full 19,416, Minimum 16,716) To be provided by Family Counseling Inc. Provides home based assistance during health related crisis in the areas of personal care for sick adults, care for children of incapacitated parents, general home management/maintenance services.	10,000

SERVICES BY PRIORITY	AMOUNT RECOMMENDED
28. Looking Glass (Full 16,800, Minimum NL) Provides family counseling for children 12-18, and their parents during crisis situations.	\$ 2,500
29. Respite (Full 11,000, Minimum 3,940) Pro- vides emergency and short term live-in and day care of mentally retarded and physically handi- capped children.	3,940
30. Legal Aid - See No. 4.	12,000
31. Planned Parenthood - See No. 14	2,500
32. CARES (Full 44,154, Minimum 22,097) The Joint Budget Committee recommended that \$10,000 be used in conjunction with the monitoring and development fund (\$30,000) for the development of the CARES program, i.e. an information and referral service for all areas of human service needs utilizing a computer information and data retrieval system.	10,513

APPENDIX D

QUESTIONNAIRE

QUESTIONNAIRE USED IN INTERVIEWING CITY OFFICIALS

1. Did the city feel it was necessary to make any preparations when it knew that General Revenue Sharing was to become a reality?
2. At the outset, what kinds of uses did the city feel General Revenue Sharing funds would be used for?
3. In view of the fact that Special Revenue Sharing monies were never reported out of the Committee in Washington, D.C., does the city perceive a need now to use General Revenue Sharing monies for social programs such as those previously funded by OEO grants?
4. How accurate in the past do you feel have been the federal perceptions of the needs of cities?
5. President Nixon has suggested that cities, rather than the federal government, are best able to decide the priorities and programs upon which money should be spent. Do you agree? Please give an example.
6. Have your overall city expenses outstripped your tax potential?
7. Given the inflation of the past 3 to 5 years, will General Revenue Sharing funds help the city's financial base significantly?
8. Did the city anticipate various interest groups throughout the city would lobby for chunks of the General Revenue Sharing monies? Which groups seem to be lobbying the most?
9. Does the city anticipate an ability to meet the expenditure gap between the federal funds that were used for OEO programs and what is available in city funds with revenue sharing?
10. Did the city see any advantages to federal money going directly to CAP's during the War on Poverty?
11. Who participated in making the decisions on how General Revenue Sharing funds should be spent in the city?
12. Were these decisions largely "in house" decisions made among elected and staff personnel of the city.
13. What effort, if any, was made to include the general public in the decision-making process?

14. Was there a special effort to include representatives from various "publics" within the city who were not formally elected city officials in the decision-making process?

15. Were representatives from CAP's sought out?

16. Were representatives from other district and neighborhood organizations sought out to participate in the decision-making process?

17. Was a special effort made to include racial minorities in the decision-making process?

18. What kind of formal processes were established, if any, to include the public in the decision-making process? Special General Revenue Sharing hearings? Published city council meetings that were to specifically deal with the dissemination of General Revenue Sharing funds at that meeting? Special ad hoc committees formed from among city staff and officials and nonelected representatives of the community to participate in decision-making (or recommend to the city council how General Revenue Sharing funds should be spent)?

19. What effect has the counties' activities dealing with revenue sharing had on the cities' activities on General Revenue Sharing?

20. What effect has the state's activities dealing with revenue sharing had on the cities' activities on General Revenue Sharing?

21. Have city officials perceived the Local Fiscal Assistance Act of 1972 as encouraging or requiring them to bring citizens into the decision-making process over local disbursement of General Revenue Sharing funds?