

REVENUE SHARING:
MINORITIES AND THE POOR

by

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ABSTRACT

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This thesis is a result of a continued interest in the local effects of federal aid programs. General and Special Revenue Sharing are the latest in a series of domestic policies aimed at restoring the power of state and local governments. As has sometimes been the case with past programs, such empowerment of local bureaucracies and officials is accomplished at the expense of low-income and minority constituencies.

Substantive changes in the overall revenue sharing program can mitigate its adverse impacts. Revision of the method by which funds are distributed to state and local governments, and clarification of the eligibility requirements for those governments can help insure that funds are allocated in a more equitable manner.

Strengthening of the management capabilities of officials who administer revenue sharing locally, can further a more efficient and responsible use of scarce revenue sharing resources. Strengthening of regulations regarding civil rights, as well as the categories of uses for which revenue sharing money can be spent is a crucial step toward fostering local responsiveness to the needs of poor people and racial minorities.

Broadened citizen access to those same funding and policy decisions can make revenue sharing more accountable to public interests.

Implicit in these revisions is the need for a shift in program focus, away from bolstering the status quo and leaving intact historical socio-economic inequities, toward acting as a catalyst for long-term reforms such as income redistribution and revision of regressive tax practices. The federal government must play the leading role in affecting these changes. Without extensive revisions in both the revenue sharing and the fiscal system in which it operates, continued funding of this program only exacerbates the gap between the haves and the have nots in America.

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To my husband, Chuck

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PREFACE

General Sharing is an aid program which transfers money from the federal government to thousands of state and local governments. Established in 1972 by the State and Local Fiscal Assistance Act, General Revenue Sharing is one of the largest single domestic appropriations in American history.

Special Revenue Sharing consolidates and replaces existing federal categorical grants in specific program areas. Two Special Revenue Sharing programs have been enacted to date: Manpower Revenue Sharing which combines a number of employment and training programs, and Community Development Revenue sharing, which consolidates several categorical grants previously administered by HUD. Discussions of Special Revenue Sharing in this paper will focus on the latter program.

As the major federal domestic aid program of the Nixon Administration, revenue sharing is part of an overriding philosophy about the role of the federal government viz à viz the States, called "The New Federalism". This philosophy is based on a de-centralized view of federal authority and a commitment to unencumbered funding of local jurisdictions. The hands-off approach of the New Federalism represents a departure from the guiding principle of categorical grants, which held that substantial federal controls were necessary

to make certain that local recipients conduct projects which were in line with nationally determined priorities. Over the course of the last four years revenue sharing has taken the place of many of these programs. The magnitude of its impact must be examined not only in terms of its own system of appropriations, but also in terms of the loss of other federal aid programs which have been forfeited in its favor.

This paper considers the various implications of General Revenue Sharing and to some extent Special Revenue Sharing for poor people and racial minorities. Though there is a large degree of overlap between these two groups, they are not assumed to be synonymous. The defining characteristic of the poor is their economic status, and the consequent lack of political and social power which results from that condition. Racial minorities are discussed more in terms of socio-political characteristics; the set of external limitations imposed upon them by a fundamentally biased system. Both groups have been denied equal access to societal resources, and both are numbered among those most in need of the benefits of federal aid programs.

To state that "implications" of revenue sharing will be discussed in this paper means that investigations will be made of a series of relationships, i.e., the relationship between implicit assumptions of the program, and the expectations of its local clientele. Some determination will be made as to how well General and Special Revenue Sharing respond to the needs of the poor, and the relation-

ship of those needs to the priorities of state and local officials. The relationship of minority demands for access to decision-making processes at the local level is another dimension of this latter issue. Equally as important, and the subject of the first two chapters of this paper, is the relationship of program goals to program function, and the effect which failure to meet those goals has on low-income and minority people.

The first chapter and introduction of this thesis traces the legislative history of General and Special Revenue Sharing, highlighting the major components of the enabling Acts, and the ways in which proponents of revenue sharing thought that the program would address the fiscal problems of state and local governments.

The second chapter examines the fiscal, administrative, and legal implications of General Revenue Sharing. Discussion of the allocation of GRS money to eligible jurisdictions focuses on the inequities inherent in the distribution formula. Two important studies have been especially helpful in evaluating the distribution of GRS funds. Work done by the Stanford Research Institute in conjunction with the Technology Management Incorporated in Cambridge provides a wealth of critical insights into the data upon which the formula is based. This study was commissioned by the Office of Revenue Sharing which is responsible for administering the GRS program and its findings represent probably the most substantive critique of data insufficiencies published so far.

A recently completed study of the Brookings Institution in Washington is extremely valuable in considering GRS in its entirety. I have found it especially useful in documenting changes which should be made in the formula itself in order for it to be more responsive to low-income recipients. The Brookings Study is actually part of a monitoring project begun in 1972 to analyze the effect of GRS on recipient state and local governments. Field researchers have reported regularly on the operations of GRS in sixty-five jurisdictions, i.e., eight states, twenty-nine municipalities, twenty-one countries, six townships, and one Native-American tribe.

The second section of Chapter II focuses on the expenditure patterns of GRS funds. The evidence thus far indicates a decline of social program spending in favor of tax relief and capital expenditures. By and large, local government use of GRS money has not been targeted to low-income people, and the simultaneous cutback in other federal social programs has exacerbated the availability of resources.

The legal implications of General Revenue Sharing with regard to enforcement of anti-discrimination provisions is the topic examined in Chapter II. The inherent weaknesses in the GRS civil rights regulations, the laissez-faire attitude of the Treasury Department in forcing compliance with those regulations and the types of law suits which have been brought by citizens who charge violation of their

rights, are considered in this section.

Two reports issued in February this year by the U.S. Commission on Civil Rights have provided excellent information on the civil rights implications of revenue sharing. Both include cogent suggestions to client groups and legislators who wish to deal with the short-comings of the program.

The third chapter is devoted to the issue of citizen participation, in both General and Special Revenue Sharing, and the avenues for intervention in decision making available to people in urban communities. The chapter begins by defining some of the general citizen participation issues inherent in all federal aid programs. Next these issues are placed in historical context by discussing the experience of categorical grants: Urban Renewal, Community Action Programs, and most recently, Model Cities.

Citizen participation in GRS is considered in light of the lessons learned from grants-in-aid, and is also examined as one area of concern in the overall municipal budgeting process. Examples of strategies for obtaining access into local GRS spending decisions, and the interaction of those decisions with regular budgetary procedures, have been taken from a variety of sources. Foremost among them is the first stage of a monitoring project recently completed by the National Clearinghouse on Revenue Sharing, which includes an interesting section on the obstacles to involvement which local citizens have encountered.

The final topic of this paper is Community Development Revenue Sharing (CDRS) and the extent of participation by minorities and the poor in the application for funds. The Housing and Community Development Act which established CDRS requires that eligible jurisdictions submit a three-year community development plan which includes input from local citizens, as a precondition to receiving CDRS money. Research which I have done in Boston, Roxbury, and Newton leads me to believe that this community development plan is an important point of departure for indigeneous neighborhood groups, and a major determinant of the degree to which those neighborhood groups will be able to act as implementors of the program once CDRS funds arrive.

I. THE PROGRAMS

A. Legislative History of General Revenue Sharing

One hundred and thirty-six years after the nation's first revenue sharing bill was signed by Andrew Jackson, the State and Local Fiscal Assistance Act of 1972 (P.L. 92-512) became law.¹ The General Revenue Sharing program (GRS) established by the act became the backbone of former President Nixon's "New Federalism", a program theoretically designed to meet domestic public needs at the state and local level, to stabilize or reduce state and local taxes, to decentralize government, and to equalize fiscal conditions between rich and poor states and localities.² The experience of three years of GRS in operation, however, provides substantial indication that this program has been inadequate in serving the purposes for which it was designed, and has in fact had a detrimental effect on those people least able to weather adverse fiscal circumstances -- minorities and the poor.

Under the State and Local Fiscal Assistance Act, the Office of Revenue Sharing is authorized by the Department of the Treasury to return \$30.2 billion to more than 38,000 units of state and local government over a five year period.³ As of October 4, 1974, 15.82 billion dollars had been distributed under the Act.⁴ Allocations to each governmental unit are computed by two formulas, a three factor and a five factor formula, and appropriations are made equaling the higher amount yielded by the two computations. The Senate three factor formula

includes population, tax effort, and income. The House five factor formula tabulates on the basis of population, urbanized population, per capita income, State income tax collections and general tax effort.⁵ One-third of the allocable amount for each entitlement period goes to the State, and the remaining two-thirds is apportioned to units of local government within the state, i.e., county governments, municipalities, townships, Indian tribes and Alaskan Native Villages.

Though funds received by units of local government must be spent in certain priority areas,⁷ they are for all intents and purposes bestowed by the Federal Government with few strings attached. State governments may apply GRS funds to almost any program or activity in which they would use their own funds.⁸ Administrative provisions of the Act require state and local governments to submit to the Secretary reports on "planned" and later "actual" use of revenue sharing funds received. Copies of these reports must be published in newspapers of general circulation. The non-discrimination provisions of the Act prohibit exclusion from participation in, denial of benefits from, or subjection to discrimination under any program funded with revenue sharing money.⁹ Chapter II of this paper discusses in greater detail the shortcomings of these administrative provisions. Lack of understanding of the reporting requirements, and a record of local non-compliance with the civil rights requirements, point to the inefficacy of both the administrative language of the Act and enforcement procedure of the Office of Revenue Sharing.

Timed to coincide with the phasing out of the thirty-five year legacy of specific categorical support, this "unencumbered" funding approach is at the core of the New Federalism plan to rejuvenate the power of state and local governments, by minimizing the federal role in local affairs, and by passing down some of the federal revenue largesses. Urging support for the newly proposed General Revenue Sharing Act, Nixon summed up this "hands off" stance by the Federal government and empowerment of localities,

The time has come for a new partnership between the Federal Government and the States and localities -- a partnership with a larger share of the Nation's responsibilities, and in which we share our Federal revenues with them so they can meet those responsibilities.¹⁰

Like Nixon, most proponents of General Revenue Sharing argue that decentralization would encourage innovation and greater responsiveness to the needs and interests of diverse segments of the population. States and localities were judged better equipped to recognize public priorities, because their constituencies were close at hand. However, the actual use of revenue sharing funds over the past several years raises grave questions about the validity of these assumptions. Protesting the lack of input into spending decisions, by minorities and the poor, Urban League Executive Director Vernon Jordan summarized this mistrust of local government as follows:

To black Americans who historically had no choice but to look to the Federal Government to correct the abuses of state and local governments ... (Revenue Sharing) is very much like hiring the wolf to guard the sheep.¹¹

Apparently this concern about the State governments' ability to prioritize funds according to local interests is not without historical precedent. As early as 1937, the Federal Government found itself with a budget surplus and decided to hand out over 37 million dollars to the twenty-six existing states. For the next several years many of the recipient governments overextended their budgets, substituted surplus revenue for local tax effort, and lavished funds on extravagant projects of dubious social value. One example is the Georgetown and Alexandria canal and aqueduct, built on the banks of the Potomac. At the same time, budget makers in Illinois guided by an illusion of Federal bounty continued to involve themselves deeply in debt, satisfied that revenue sharing money would relieve them of the burden of taxation.¹²

Though states have since become more adept at handling their own funds, the conflict between federal and state governments in claiming sources of revenue remains. The issue of taxation and stabilization of state and local taxes is one of the main concerns which drafters of GRS legislation sought to address. Responding to allegations from the States that the Federal government has consistently left them with inadequate tax resources, and recognizing the disparities in revenues between rich and poor states, GRS proponents sought ways to ameliorate historical problems of taxation.

Up until the first World War, the federal tax system was relatively simple. There was little conflict with the State because the government used only those tax resources, such as

customs, which by law, the states were forbidden to tax. There were other sources such as excises which the states had chosen not to employ widely, and these also stayed within federal control. States relied on the property tax, a resource protected from federal encroachment by the federal constitution.¹³

Gradually, as the federal government expanded its revenue system, states grew dissatisfied with the property tax and proceeded to develop additional sources of revenue. Eventually as both levels of government broadened the categories of taxes they employed, substantial overlap grew, as did federal and state competition for lucrative tax sources. Federal, state, and local governments found themselves fishing in the same tax pond, with those at lower levels blaming their financial troubles on the avariciousness of higher governmental authority. Mayors complained that the good taxes have been preempted by the states, the states complained that they have been preempted by the federal government; town and county government boards complained that the property tax has been monopolized by the school districts, etc.¹⁴

The result of this competition and duplication of tax sources, as well as other factors, is a relatively uncoordinated fiscal system which is criticized as being regressive, and ill-adapted to important economic ends such as full employment, and maximization of national income.¹⁵ The uneven distribution of economic resources throughout the country means that certain areas have inadequate funds to meet their needs, so certain basic services to which everyone is entitled suffer.¹⁶

At the local level, municipalities complain that mandatory expenditures imposed on them by central units of government exacerbate the latter's problem of inadequate resources.¹⁷ At the root of what has been termed the "fiscal atrophy" of cities is the fact that expenditures exceed available revenue sources and the city budget increases faster than the tax base.¹⁸ Inadequacies and inefficiencies in local government structure caused by duplication of facilities, and overlapping jurisdictions which result from special districting, further complicate the problem of raising and budgeting city revenues.

Older cities found frequently at the center of metropolitan areas, are especially vulnerable to the problem of waning fiscal viability. As the number of poor people in central cities increases and the tax bases of such cities stagnate, many urban areas find an absence of any correspondence between their stock of taxable resources and their program needs.¹⁹

Citing these and other aspects of the national fiscal dilemma, former President Nixon posed revenue sharing as a much needed panacea to lessen the burden of state and local taxes, to enhance the accountability for local officials, and to provide an alternative for what he termed the "highly restricted" programs of categorical aid.²⁰ Nixon discussed the "monopoly" of the personal income tax by Washington, and the fact that budget increases at the Federal level could be financed readily out of natural growth in revenues. In his view, revenue sharing would alleviate this "fiscal mismatch", where needs grew fastest at one level of government while revenues grew fastest at

another, by applying fast growing Federal revenues to fast growing State and local requirements.²¹ Furthermore, under the revenue sharing program, State and local officials would no longer be able to "pass the buck" by blaming Federal bureaucrats for misdirected spending. As a result, local taxpayers would pressure those officials to become even more mindful of their stewardship of public funds.²² Quoting what the Advisory Commission on Intergovernmental Relations had called the "managerial apoplexy" resulting from paperwork and confusing guidelines associated with federal grants-in-aid, Nixon posed revenue sharing as an avenue of freedom, allowing State and local governments to spend funds efficiently.²³

Nixon's revenue sharing proposal was the result of a series of plans, the most important of which had been originated under a Democratic administration. During 1964, the revenue sharing concept was popularized by Walter Heller, then Chairman of the President's Council of Economic Advisers. Heller worked with Joseph Pechman, Director of Economic Studies at the Brookings Institution, to structure the first outline for what later was known as the Heller-Pechman plan.²⁴ Federal income taxes had been cut by 20% earlier that year, because the Administration was fearful that a fiscal drag would thwart continued economic growth. At that time, the economy had experienced several years of uninterrupted expansion, and economists worried that the strong revenue response of the highly graduated federal income tax would siphon tax dollars out of the income stream faster than the government could spend them, thus constituting a drag on the

economy. It was believed that a tax cut would stimulate economic activity, produce new revenue quickly, and compensate for the reduction in taxes. As first proposed, revenue sharing was advanced as a partial reduction to an additional future federal tax reduction.²⁵

These economists had also anticipated a "peace dividend" or budget surplus which would result from the end of the Vietnam war. Later, testifying in front of the House Ways and Means Committee, Heller acknowledged that this dividend never materialized, but continued to push for a revenue sharing plan.²⁶ The details of the 1964 Heller-Pechman plan, as developed by the Presidential task force of which they were a part contained five major features:

1. A percentage set aside. The federal government would set aside a certain percent of the federal individual income tax base for distribution to the states.
2. Automatic allocations of grant funds. The funds allocated to the plan would be distributed to the states without annual appropriations.
3. Unrestricted nature of the grants. There would be no constraints on the use of funds by function, with the exception of highway expenditures.
4. Distribution formula. The basic method of allocating funds would be in proportion to population, but per capita amounts would be multiplied by a tax effort factor, to provide an incentive for states and local governments to increase their own fiscal effort, and also a small proportion of the total funds available, about 10% would be allocated to the lowest income third of the states.
5. Pass-through to local governments. The original plan had no mandatory pass-through to local governments. (This latter feature was changed in the Nixon Administration proposal. A mandatory pass-through

of a portion of the grant funds to the local government was included. 27

It should be noted that during the original Presidential task force proceedings and later as continued revenue sharing advocates, Heller and Pechman never suggested that categorical grants be replaced by GRS.²⁸ A year later Walter Heller echoed these sentiments testifying before the House Ways and Means Committee that "conditional grants play an indispensable role in making federalism work."²⁹ Both economists felt that revenue sharing was essential as an additional general support measure, to fill the gap between federal and state-local revenues.

After the efforts of the 1964 task force were completed, the Johnson Administration made no further public efforts on behalf of revenue sharing, but the idea had become increasingly popular in Congress.³⁰ By the time that Nixon announced the need for revenue sharing in 1968, state and local officials had already commissioned a study which underscored the urgent need for new sources of revenue. The research done by General Electric's Center for Advanced Studies, under the sponsorship of the National League of Cities, warned that cities across the U.S. faced a \$262 billion revenue gap over a ten year period (1966 to 1975) which could force mayors to curtail vital services.³¹ Pressure for revenue sharing mounted at the state and local level.

Both Nixon and Humphrey endorsed party platforms which stressed the importance of revenue sharing, during the 1968

campaign. The next year Nixon appointed a task force headed by Edward Banfield, a professor from Harvard, to come to a consensus on the basic principles to be included in the Federal revenue sharing plan.³²

During the 1970 congressional campaigns the "Big Seven" a coalition of public interest group leaders³³ launched a drive in support of revenue sharing which led to support for the principle from more than 200 members of the House and 59 members of the Senate. Despite pressure from the Big Seven and growing endorsement in Congress, no decisive action was taken on revenue sharing until the 92nd Congress which convened in 1972.³⁴

By the time that hearings began on revenue sharing before the House Ways and Means Committee in 1972, a great deal of interaction had occurred between mayors, legislators, and the Administration. Two senators had come out with their own versions of revenue sharing plans. Senator Muskie's Intergovernmental Revenue Act, a bill introduced in May of 1971, would provide \$6 billion in financial assistance to state and local governments. This sum was greater than the amount proposed by the Administration and it included larger allocations for major cities.³⁵ The Intergovernmental Fiscal Coordination Act of 1971 (H.R. 11950) introduced by Wilbur Mills, included three main provisions: (1) assistance to local governments to help them meet certain types of high priority demands, (2) payments to state governments designed to provide an inducement to make appropriate use of individual

income taxes to meet their revenue needs, and (3) a voluntary system of Federal collection of state income taxes.³⁶ The Mills plan was later amended with suggestions from the Big Seven.

Hearings in the House Ways and Means Committee, and work by Committee members resulted in several changes in the allocation formula, an aspect of the revenue sharing idea which was to undergo several more adaptations before it was finally passed by the Senate. One of the most important changes made while the bill was in this Committee was the removal of the "maintenance of local effort provision", which required localities to spend revenue sharing funds for increased services and not to reduce taxes. Without this provision, the significance of spending categories was reduced, because local governments could spend revenue sharing funds for eligible programs which had previously been supported by local funds, and then spend the "freed up" local funds for any purpose.³⁷ This defect remains in the final legislation, and as we will discuss more thoroughly in Chapter IV, has been the subject of much controversy.

Opposition to revenue sharing came from a number of cadres. The AFL-CIO offered continued resistance to the notion of putting untied funds in the hands of state and local officials. In a statement delivered by Andrew Bielmiller, Director of the Department of Legislation, the AFL-CIO opposed general revenue sharing for two basic reasons:

1. no strings money would not add federal money to the funds available to the states and localities, because it would substitute for the full funding of existing programs.

2. there is no reason to believe that states, cities, boroughs, townships, and school districts are in a better position to weigh and balance national priority needs and to use federal funds to meet them more effectively.³⁸

The Congressional Black Caucus opposed the revenue sharing bill on the grounds that the distribution formula was unfair, since it would allocate like amounts per capita to rich suburbs and poor black communities. The Caucus also pointed to the weakness of the non-discrimination feature of the bill, and raised objections that the purposes for which the funds could be spent did not correspond to the needs of low-income minority communities, such as housing, health care and education.³⁹

Though testifying in favor of the revenue sharing principle, Governor Sargent of Massachusetts also expressed doubts before the Ways and Means Committee about the allocation formula. He cited two examples of the formula's tendency to stress local fiscal capacity, and overlook local needs. Newton, Mass., one of Boston's most prosperous suburbs would receive a per capita allocation of \$16.77 under the Administration's proposal. New Bedford, a city of approximately the same size but which had a large low-income population and a high number of people receiving public assistance, would receive only \$8.07 per capita. Sargent suggested that "need" be taken into account, and that allocations to municipi-

palties be adjusted by a local poverty factor, and a local population factor.⁴⁰

Despite such opposition, both the House and Senate passed versions of the revenue sharing bill and a final Conference Committee convened in order to resolve differences in the two versions and to give the legislation its final form. The major differences between the two versions were the allotments to the states. A compromise was reached which allowed for computations to each state to be determined, first under the House and then under the Senate formula, and the allotment made would equal the higher amount. As it turned out, this approach would cost more in the calendar year 1972 than had been proposed by the Administration, so each state's allocation was diminished by 8.5%.⁴¹ The conference report was accepted by the House on October 12, by a vote of 265 to 110; by the Senate on October 13, by a vote of 59 to 19, and the State and Local Fiscal Assistance Act was signed into law by the President on October 20, 1974.⁴²

1974 Budget Cuts

The initially positive response to general revenue sharing by many state and local officials took an abrupt negative turn in about January of the following year when the Administration released its fiscal 1974 budget. Deep cuts in domestic social programs all but dissolved the New Federalism coalition between federal and local officials. Many mayors felt that they had been misled by the Administration

when it described general revenue sharing as "new money" to be added to existing subsidies.⁴²

There is every indication that this "misunderstanding" of the nature of revenue sharing funds was if not deliberate, at least well founded. In his message to Congress on GRS, delivered February 4, 1971 Nixon stated:

The specific appropriation level I am recommending is 1.3% of taxable personal income; this would mean a General Revenue Sharing program of approximately \$5 billion during the first year

All of this would be 'new money' -- taken from the increases in our growing economy. It would not require new taxes nor would it be transferred from existing programs. 43

Nixon made similar statements in earlier speeches, both in his State of the Union Message on January 22, 1971 and in his January 29, 1971 Message to Congress on the fiscal year budget.⁴⁴

The logical conclusion to be drawn from the Administration's description of its fiscal proposals was that categorical grants would be funded at then current levels until special revenue sharing programs had been enacted. This approach would guarantee general revenue sharing as an added source of money for states and localities.⁴⁵ However, it soon became clear to disgruntled mayors across the country, that the State and Local Fiscal Assistance Act was not going to provide "bonus funds". In its fiscal 1974 budget documents, as well as in later statements, the Administration suggested that state and local officials could use part of

their GRS allotments to make up for cuts in other programs. According to the budget estimate, the over-all levels of grants-in-aid, including revenue sharing, would be nearly the same in fiscal 1974 (\$44.8 billion) as in fiscal 1973 (\$45.-billion).⁴⁶ Earlier a 1972 Treasury Department booklet entitled "What General Revenue Sharing is All About", had stated:

Revenue sharing does not mandate any cuts in existing programs. The purpose of the revenue sharing law is to allocate additional funds to state and local governments to augment existing programs and certain capital expenditures.⁴⁷

Local officials voiced their discontent at a June conference in San Francisco. The mayors at East St. Louis and Kansas City termed revenue sharing "a cruel hoax", and Milwaukee's mayor labeled the programs "a gigantic double-cross of the nation's poor." Richard Hatcher, the mayor of predominately black Gary, Indiana, protested that federal subsidies for his city would be cut from about \$30 million to \$9 million per year; a loss which would mean, among other things, 600 fewer new housing units, termination of a program which provided meals for more than 3,000 low-income senior citizens, and elimination of 5,000 Neighborhood Youth Corps summer jobs, and curtailment of a family health center that serves more than 550 needy families.⁴⁸

Under the assumption that GRS was new money, many of the mayors present at the convention in San Francisco said that they had committed all of their 1972 allotments, before

announcement of the budget cuts. They had avoided spending on social programs and resisted pressure from welfare, housing, and other interest groups seeking funds for service programs.⁴⁹ Boston, for example, had planned to use most of its revenue sharing funds to cover increases in uncontrollable expenditures in order to avoid a tax increase. Pleas from welfare mothers and other social service groups went unheeded. Facing a net loss of \$82 million in federal funds Mayor White of Boston labeled GRS a "shell game of enormous proportions". White went on to explain that for every new dollar received in GRS, five dollars in traditional federal funds would be lost. His translation of the tangible consequence of these losses echoed that of Mayor Hatcher. Five thousand low and moderate housing units would not be built, 4,600 jobs in construction would not be provided, the Community Action Program run by Action for Boston Community Development would die as of July 1 of that year, 5,000 jobs for youth would no longer be provided by a defunct Neighborhood Youth Corps, and 80 city workers, hired from the ranks of the unemployed and Vietnam Veterans would be fired (in addition to the other 1,600 people the mayor had already fired because of budget constraints).⁵⁰ Meanwhile, Boston's businesses and citizens would send \$2.2 billion to Washington in federal taxes, an increase of \$200 million over the previous year.⁵¹

Whether the reversal of the Administration's "new money" promise was an intentional deception in order to get GRS through

Congress, or whether it was an overstatement by federal authorities which failed to take into account the effects of inflation, the impact of the first year of revenue sharing is clear. Those groups at the bottom of the economic ladder, who are most affected by curtailed spending for housing, employment, health and low-income services, were first to feel the tightened reigns of the New Federalism. As we will consider at length in succeeding chapters, the fiscal budget cuts and reneged commitments of bonus federal funds, are but one dimension of the adverse impact of GRS on minorities and the poor.

B. Legislative History of Special Revenue Sharing:
CETA and HCDA

Once GRS was underway, the next major item on the Administration's New Federalism agenda was Special Revenue Sharing -- a program of block grants in broad functional areas. In 1970, Nixon had proposed special revenue sharing for six purposes:

1. manpower
2. law enforcement
3. education
4. transportation
5. urban community development
6. rural community development

According to his plan enactment of these proposals would consolidate over 130 separate programs. The federal funding would be free from matching requirements, maintenance of effort restrictions, prior federal project approval requirements, and in Nixon's words "best of all, inflexible federal plans."⁵²

Until the Spring of 1974, only one of the six block grants had passed. Congressmen, buttressed by interest groups who benefit from categorical grants, had proved resistant to special revenue sharing.⁵³

The first of the ancillary SRS schemes to win Congressional approval was the Comprehensive Employment and Training Act (CETA) signed into law on December 28, 1973. A consolidation of various federal acts and programs previously responsible for employment and training of unemployed and underemployed person, CETA attempts a comprehensive reform of national manpower legislation. The legislative history indicates that CETA seeks "to provide a new and up-to-date charter for the manpower programs which were previously operated under the authority of the Manpower Development Training Act, the Economic Opportunity Act, and the Emergency Employment Act."⁵⁴ Though many federal guidelines have been removed from the consolidated program, the new legislation does require that local governments submit their manpower plans to the Secretary of Labor for approval. The program distributes funds on a formula basis, rather than the project application approach of categorical legislation.⁵⁵

Federal money under CETA is channeled directly to state and local governments. All states, cities, and counties of over 100,000 population will act as prime sponsors for the manpower training programs. This shift of authority to local general purpose governments is a break with the past categorical grant tradition where the Department of Labor funded a variety of organizations, such as Community Action Agencies, unions and corporations, to implement manpower programs.⁵⁶

The other special revenue sharing bill, S. 3060, signed into law in August, 1974 is the Housing and Community Development Act (HCDA). HCDA is a consolidation of a number of grants-in-aid programs, but unlike CETA, HCDA incorporates only programs administered by the Department of Housing and Urban Development, i.e., Model Cities, neighborhood development, neighborhood facilities grants, open space, public facilities loans, urban renewal, water and sewer grants. The HCDA consolidation was accomplished by the Administration with the intent of providing the community with more latitude in their development efforts than was possible under the regulations of the superceded categorical grants.⁵⁷

Under the HCDA program, funds would be granted to a community development agency. Two year contracts would be authorized subject to an application filed with the Secretary, outlining community objectives over a four year period, and describing proposed activities with estimated costs over a two year period.⁵⁸ A pre-requisite for assistance is that a locality must outline its plan to (a) meet community housing

needs, (b) prevent and eliminate slums and blight, and (c) upgrade community services.⁵⁹

The entire federal contract authority for HCDA is \$6.1 billion, \$2.8 billion the first year, and \$3.3 billion the second. Funds are distributed to localities at the discretion of the Secretary, under a limitation that 75% of the funds are for SMSA's and 25% for areas outside SMSA's.⁶⁰ Except for extreme hardship cases, funding would equal 90% of net program cost, with cash required as the 10% local share.⁶¹

Chapter III of this paper considers HCDA in greater detail, in dealing with two case studies of citizen participation in the application for HCDA funds. Citizen intervention in the actual administration of SRS is difficult to document at this early stage in the program's history, but as will be discussed later, the degree of citizen participation in the programs to be funded under either CETA or HCDA, depends greatly on the legacy of community input in superceded categorical grants.

The passage of two special revenue sharing programs did not entirely quell the debate over categorical vs. block grant funding approaches. As mentioned previously, the phasing out of categorical grants is actually not consistent with the spirit of the original Heller/Pechman revenue sharing proposals. Proponents of the block or unconditional grant method, argue that it can be channeled directly to the root of the fiscal dilemma and is therefore well suited to the balancing of state and local deficiencies.⁶² Fiscal conserv-

atives contend that governments closer to the people are better able to determine local needs, and therefore should be free to allocate without federal regulations.⁶³

However, the evidence against total reliance on the block grant approach is more convincing, especially in light of the demands of low-income and minority communities. Categorical grants recognize the national scale of most American problems, and can better guarantee that crucial services will reach those who are most in need.⁶⁴ Though criticized for their complicated delivery systems and red tape, categorical grants have played an important role as bases of leverage in community decision-making, and as providers of a degree of community economic self-sufficiency.⁶⁵

It is not clear that block grants are any less free of administrative red tape once they reach the state level. In fact, research by Professor Lawrence Susskind of M.I.T. has revealed the reverse to be true. In tracing the administration and expenditures of two block grants in Massachusetts, the Partnership for Health and the LEAA's Safe Streets and Law Enforcement Assistance Program, Susskind found that unrestricted grants merely recentralize decision-making power at the local level, creating a new layer of what he calls, "administrative fat" between elected "policy makers and the neediest of client groups whose survival to a large extent depends on public services."⁶⁶

Decentralists have supported revenue sharing because untied funds limit federal interference into matters which

were perceived to be of local concern. Fiscal conservatives looked to revenue sharing to ease the financial strains of state and local governments, and to correct the traditional Federal pre-emption of the most productive sources of tax revenue.⁶⁷ Mayors initially backed GRS not only because of hopes of new federal money, but also because GRS funds flowed through city hall rather than directly to semi-autonomous local agencies responsible to the Federal Government. This latter attraction is the essence of what the Nixon administration meant by "local control":

... Instead of focusing these (GRS) decisions in Washington, my administration has begun to develop power-to-the-people programs under which local officials -- who know the local scene best -- are given funds and the freedom to allocate those funds as local conditions suggest, with a minimum of federal red tape and regulations.⁶⁸ (emphasis added)

In contrasting Nixon's generalist New Federalism to the Kennedy-Johnson policy of focusing aid on the area of greatest need, one writer has aptly observed that when the former President called for "power-to-the-people" he was talking about a totally different set of individuals.⁶⁹ Indeed, when the slogans of the Black Panther and the Republican parties become synonymous, observers have cause to wonder.

Planned Variations

Two of the precursors to special revenue sharing in the field of community development are programs known as Planned

Variations, and Annual Arrangements. After three years of operation, both offer unique insights into what happens when elected officials of local general purpose governments are given almost total discretion over federal funds.⁷⁰

Twenty city governments from among 147 participating in the HUD Model Cities Program were chosen for the New Federalism experiment -- Planned Variations. The local Model Cities agencies which had been cornerstones of LBJ's program, were virtually eliminated. Instead the authority of the elected city officials was expanded to include three new powers: First, the ability to spend Model Cities subsidies city wide, and not just in the model neighborhood; second, the power to obtain waivers of administratively imposed regulations in any federal program which operates in conjunction with a model cities plan; third, and perhaps most important is the authority delegated to the chief officer, known as CERC. CERC or Chief Executive Review and Comment allows the mayor to veto or force changes in any federal programs which he thinks impact his city.⁷¹

The outcome of the Planned Variations experiment has proved to be directly linked to the strength of the mayor's office. In Houston and Indianapolis where the mayors are already politically powerful, agencies have been forced to change strategies and follow dictates handed down from city hall. The mayors have used their additional money and power to develop management structures within their own offices.⁷²

Conversely, in cities such as San Jose where operating

agencies expert at federal grantsmanship have always been stronger than either the mayor or city hall, the power of CERC has been ignored, and from the administration's point of view, Planned Variations has been unsuccessful.⁷³

Another factor which has vitiated the efficiency of Planned Variations is the political rivalry between mayors, city officials and governors in the various projects. In states such as California where county governments are exceptionally strong, those rivalries have been most intense. The regional cooperation and ability to coordinate efforts, which Nixon apparently assumed to exist at the state and local level, proved insufficient.⁷⁴

The second of the New Federalism experiments, Annual Arrangements, was HUD's attempt to bolster local control by consolidating Urban Renewal, Model Cities, Sewer and Open Space, Neighborhood Facilities, and Rehabilitation Loans into a single \$2.3 billion program. Monies were allocated via a formula to mayors who have total discretion over individual project funding. Annual Arrangements was a way of making HUD programs in 79 cities function in a manner similar to the recently enacted HCDA.

Annual Arrangements proved unsuccessful and relatively inefficient. One reason for the failure was the inability of HUD to shift money among categorical grant programs. Another crucial reason was the fact that the funding of Annual Arrangements was held to an insufficient level.⁷⁵

The shift from federal to local control in these and other

New Federalism experiments offered a number of important conclusions and policy implications for general and special revenue sharing. One conclusion is that the efficiencies sought by the Nixon administration could not be achieved in places where mayors and governors had minimal control over administrative bodies in their jurisdictions capable of receiving grants-in-aid. Nixon's plans proved troublesome in cities with strong independent agencies and weak city halls. These projects also make clear that the New Federalism does nothing necessarily to foster cooperation between state, county, and local governments, and if anything that rivalry is aggravated by competition for new powers and funds.⁷⁶

HUD's own evaluations of Annual Arrangements stated that citizen participation in the development and negotiation of plans were minimal. Many citizen components in both programs were reduced from policy-making to merely advisory bodies. Representatives of community groups were appointed rather than elected. The overall impact of community input was diminished by the switch from neighborhood to city wide bases of power.⁷⁷

Not only does the New Federalism's redistribution of power and money aggravate deficiencies in municipal management, and intergovernmental coordination, the absence of explicit federal guidelines under revenue sharing renders the principles of participatory democracy, expendible.

FOOTNOTES - CHAPTER I

¹Sylvia Hewitt, "A History of Revenue Sharing", State Government: The Journal of State Affairs. Vol. XLVI. Winter 1973. pp. 37-48.

²Richard Nathan, Allen Manvel, and Susannah Calkins, Monitoring Revenue Sharing (Washington: The Brookings Institution, 1975), p. 4.

³State and Local Fiscal Assistance Act of 1972, Title I, P.L. 92-512, §105(b)(1), 31 U.S.C.A. §1224(b)(1), (1972).

- (A) January 1, 1972 to June 30, 1972
\$2,650,000,000
- (B) July 1, 1972 to December 31, 1972
\$2,650,000
- (C) January 1, 1973 to June 30, 1973
\$2,987,500,000
- (D) Fiscal year beginning July 1, 1973
\$6,050,000,000
- (E) Fiscal year beginning July 1, 1974
\$6,200,000,000
- (F) Fiscal year beginning July 1, 1975
\$6,350,000,000
- (G) Period from July 1, 1972 to December 31, 1975
\$3,325,000,000

⁴Office of Revenue Sharing, Department of the Treasury, news release, "Office of Revenue Sharing Issues October Payment," October 4, 1974.

⁵31 U.S.C.A. §1225(b)(2)(3).

⁶31 U.S.C.A. §1227(b).

⁷31 U.S.C.A. §1222(a).

Funds received by units of local government under this subtitle may be used only for priority expenditures ...

- (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 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.

⁸Revenue sharing money must be spent in accordance with the laws and procedures applicable to a recipient government's own revenues. 31 U.S.C. §123(a)(4).

⁹31 U.S.C.A. §1242.

¹⁰Communication from the President of the United States, referred to the Committee on Ways and Means. February 9, 1971, 92nd Cong., 1st Sess.

¹¹Boston Herald Traveler, January 4, 1974.

¹²William Willner and John P. Nichols. Revenue Sharing, (Washington, D.C.: Pro Plan International Ltd., Inc., 1973), pp. 6-9.

¹³Ibid., p. 16.

¹⁴L.L. Ecker-Racz, The Politics and Economics of State-Local Finance (New Jersey: Prentice-Hall, Inc., 1970) pp. 20-21.

¹⁵Willner, op. cit., p. 17.

¹⁶Ibid.

¹⁷Id.

¹⁸Arnold Meltsner. The Politics of City Revenue, (Berkeley: The University of California Press, 1971).

¹⁹Ecker-Racz, op. cit., p. 7.

²⁰Presidential Message. February 4, 1971, in General Revenue Sharing: The President's Message, The Proposed Law, The State and Local.

²¹Ibid.

²²Id.

²³Ibid.

²⁴Ecker-Racz, op. cit., p. 186.

²⁵Ibid.

²⁶Hearings before the Committee on Ways and Means. House of Representatives, 92nd Cong., 1st Sess., on the Subject of General Revenue Sharing. June 17, 1971, p. 1033.

²⁷Joseph A. Pechman. "Revenue Sharing Revisited" in Financing State and Local Governments. Proceedings of the Monetary Conference, Nantucket Island, Massachusetts. Federal Reserve Bank of Boston, June, 1970, pp. 12-13.

²⁸Ibid., p. 11.

²⁹Hearings before the Committee on Ways and Means, p. 1032.

³⁰Hewitt, op. cit., p. 38.

³¹Lawrence Susskind. "Revenue Sharing and the Lessons of the New Federalism", Urban Law Annual, 8 1974.

³²Richard E. Thompson. Revenue Sharing: A New Era in Federalism, (Washington, D.C.: Revenue Sharing Advisory Service, 1973), pp. 58-60.

³³Ibid., p. 45.

- ³⁴ Ibid., p. 61.
- ³⁵ Ibid., p. 71.
- ³⁶ Congressional Record, November 30, 1971, p. 43442.
- ³⁷ Thompson, op. cit., p. 93.
- ³⁸ Hearings before the House Ways and Means Committee, p. 218.
- ³⁹ Thompson, op. cit., p. 98.
- ⁴⁰ Hearings before the House Ways and Means Committee, p. 788.
- ⁴¹ Thompson, op. cit., p. 18.
- ⁴² James Phillips. "New Federalism Report/Federal Budget Cut Turns Mayors Against Administration Revenue Sharing Plans" National Journal, July 28, 1973, p. 1099.
- ⁴³ Message to Congress on the Subject of General Revenue Sharing, February 4, 1971, in Wilner, op. cit., p. 221.
- ⁴⁴ The Federal Civil Rights Enforcement Effort -- 1974, A report of the United States Commission on Civil Rights. Washington, D.C. February, 1975.
- ⁴⁵ Ibid., p. 100.
- ⁴⁶ National Journal, p. 1102.
- ⁴⁷ Ibid.
- ⁴⁸ Ibid., p. 1101

Hatcher went on to comment on Gary's position as "a focal point for the hopes and dreams of black people in this nation..." "As a moral and practical matter, you cannot raise the expectations of the down-trodden in this nation and then dash those expectations. In so doing, you are daring an already desperate people, you are inviting them to abandon what little hope they have in our system of laws, you are taking a reckless gamble..."

- ⁴⁹ Ibid., p. 1103.
- ⁵⁰ The Boston Globe, February 26, 1973.
- ⁵¹ Ibid.
- ⁵² Message from the President of the United States urging Passage of the Manpower Revenue Sharing Act. February 7, 1972, 92nd Cong., 2nd Sess.
- ⁵³ Jeffrey L. Pressman. "Political Implications of the New Federalism," prepared for a meeting of the Metropolitan Governance Research Committee. Columbus, Ohio. May 17, 1974, p. 22.
- ⁵⁴ House Report No. 93-659; U.S.C. Congressional and Administrative News. 93rd Cong., 1st Sess., p. 2936. Comprehensive Employment and Training Act of 1973, (P.L. 93-203; 87 Stat. 839; 29 U.S.C.A. §801, et. seq.) which provides \$2.05 billion in federal financial assistance to state and local prime sponsors for comprehensive manpower services.
- It is the purpose of this act to provide job training and employment opportunities for economically disadvantaged, unemployed, and underemployed persons, and to assure that training and other services lead to maximum employment opportunities and enhance self-sufficiency by establishing a flexible and decentralized system of Federal, State and Local programs. P.L. 93-203; 87 Stat. 839 §2.
- ⁵⁵ Pressman, op. cit., p. 23.
- ⁵⁶ Ibid., p. 24.
- ⁵⁷ Dewey Landers, unpublished article under the Department of Housing and Urban Development, sponsored research for George Lefcoe.
- ⁵⁸ Housing and Community Development Act of 1974 (P.L. 93-383; Stat. 63)
- Among these services are counseling and guidance, outreach, supportive services, home payments to employers as inducements to expand job opportunities, institutional and on-the-job training. Housing and Community Development Act of 1974 (P.L. 93-383); 88 Stat. 633 whose "primary objective is the development of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income." HCDA §101(c).

It is also the purpose of Title I of the Act "to further the development of a national growth policy by consolidating a number of complex and overlapping programs of financial assistance to communities of varying sizes and needs into a consistent system of Federal aid..." HCDA §101(d). Communities may use HCDA funds (8.4 billion dollars over the first three years beginning January 1, 1975) for numerous activities including acquisition of real property provision of public works facilities and improvement; code enforcement; clearance, demolition, removal and rehabilitation of buildings and improvement; removal of material and architectural barriers which restrict the mobility of elderly and handicapped persons; relocation payments and related assistance for persons and businesses displaced by program activities; public services ancillary and necessary to other activities under the Act, including related social service facilities; payment of the cost of completing projects funded under Title I of the 1949 Housing Act' planning and administration necessary to the design implementation of programs under the Act. Title I §105.

⁵⁹ Ibid.

⁶⁰ Housing and Community Development Act of 1974, P.L. 93-383, 88 Stat. 633, §103.

⁶¹ Ibid.

⁶² Susskind, op. cit., p. 28.

⁶³ Richard A. Musgrave and A. Mitchell Polinsky, "Revenue Sharing, A Critical View" in Financing State and Local Governments, Federal Reserve Bank of Boston, June 1970, p. 25.

⁶⁴ Hearings Before the Committee on Ways and Means, p. 951.

⁶⁵ Susskind, op. cit., p. 28.

⁶⁶ Ibid.

⁶⁷ Ibid., p. 3.

⁶⁸ William Lilley, Clark Timothy, and John Iglehart, "New Federalism Report; Tests of Revenue Sharing Approach Identify Problems in Transferring Power to Cities" National Journal, March 3, 1973, p. 291.

⁶⁹ Monroe Karmin. "The Politics of Nixon's 'Revolution'" unpublished article, p. 4.

⁷⁰ Lilley, et. al., op. cit. pp. 291-295.

⁷¹ Ibid.

⁷² Ibid.

⁷³ Ibid.

⁷⁴ Ibid., pp. 295-299.

⁷⁵ Ibid., pp. 301-303.

⁷⁶ Ibid., p. 291.

⁷⁷ Richard LeGates and Mary Morgan. "The Perils of Special Revenue Sharing for Community Development." Journal of the American Institute of Planners. Vol. 38. No. 3., July 1973. p. 261.

II. The Implications of GRS for Minorities and the Poor

A. The Distribution Formula.

The distribution formula by which general revenue sharing funds are allocated to states and local units of government has a very definite effect on the impact of those funds on poor and/or minority communities. There are a number of major flaws inherent in the formula itself, and in its data base which result in the perpetuation of historic inequities between rich and poor communities, and in the short-changing of large urban centers with a high proportion of low-income minority residents. Some of these flaws were foreseen by Congressional opponents to GRS. Others have become apparent only after the program began to function.

As stipulated in the State and Local Fiscal Assistance Act, allocations are made to States on the basis of either the Senate or the House distribution formula. One-third of the designated amount is retained by the state, and the remaining two-thirds are divided among units of local government.^I The Senate formula gives equal weight to three factors, (1) population, (2) general tax effort, and (3) relative income. Population data come from Census figures. General tax effort is derived by dividing the total state and local tax revenue, by the personal income of the state's residents. The relative income factor comes from the division of nationwide average per capita income by the state's per capita income. The shared revenue for each state is determined by multiplying these three factors, and

then dividing the sum of the corresponding products for all 51 states.²

The House formula uses five components: (1) population, (2) population multiplied by relative income, (3) urbanized population, (4) general tax effort, and (5) fifteen per cent of the revenue from state-imposed personal income; but not less than 1% or greater than 6% of the federal personal income tax of its residents.³ With the House formula the state's entitlement consists of the sum of the state's proportion of the national total.⁴ Under the terms of the aforementioned Senate House compromise, the higher of the two amounts derived from these formulas is awarded to each state.

Within states, the 1/3, 2/3 division holds except if later allocation steps result in any local government receiving more than 50% of the sum of its non-school tax revenue and its receipts from intergovernmental transfers, during that fiscal year. In cases such as these the excess reverts to the state government.⁵

The distribution formula among county areas is much like the three factor state allocation procedure, with the additional feature of a maximum-minimum per capita entitlement. The per capita amount distributed to any county area or any unit of local government within a state may not be less than 20 per cent or more than 145 per cent of two-thirds of the amount allocated to the State divided by the population of that State.⁶ Adjusted amounts made in order to

bring allocations within range are spread proportionately among the remaining county areas.⁷

Within county areas, funds are apportioned in several stages. An Indian tribe or an Alaskan native village receives an award equal to its proportion of the total county population. The remainder is divided between the county government, the township governments, and municipal governments according to the respective amounts of non-school tax revenue raised by each.⁸ The individual township and municipal totals are determined by a formula which gives equal weight to population, relative income, and relative tax effort.⁹

If the entitlement for any unit of local government below the level of county government is less than \$200, or if the governing body waives the entitlement, the award is added to the county area entitlement.¹⁰

Adjusted decreases of township or municipal allocations resulting from the 50% limitation give rise to a corresponding increase in the county government's share, whereas any curtailment in the county area's award results in an increase in the state government's allocation.¹¹

The task of distributing revenues to thousands of local governments is extremely complex, given the diverse fiscal and organizational patterns of American federalism. There are over 38,000 general purpose governments eligible to receive revenue sharing funds,¹² and a great deal of variety exists in the way these jurisdictions are structured, inter-related, and in the degree to which each delegates responsibility

to political subdivisions.¹³ Local government operations can be performed by counties, townships, and municipalities. Depending on the state, county governments may be weak or strong, townships may be active or literally non-existent, and the role of municipalities varies greatly with the extent of urbanization.¹⁴

Critique

The complexity of the myriad local jurisdictional structures would lead to the assumption that the creation of an effective distribution formula would be an ambitious quantitative undertaking, based on mathematical and economic calculations. Though many of the early calculations were made with technical assistance and computer capacity provided by the Treasury Department, it seems that adoption of a final allocation formula was more a result of political bargaining than mathematical deduction. Explaining how the formula for GRS came about, James C. Corman, Democrat California member of the Ways and Means Committee reported:

We finally quit, not because we hit on a rational formula, but because we were exhausted . and finally we got one that almost none of could understand at the moment ...
...We were told that statistics were not available to run the [computer] print on it, so we adopted it, and here it is for you today. 15

Subsequent surveys and research studies have made clear the shortcomings of this political decision-making process. Investigation of the data base as well as certain legisla-

tive provisions highlight the basic weaknesses of the distribution formula.

Three main indicators are used to compute revenue sharing awards: (1) population, which is the major indicator of size; (2) per capita income, which is the basic indicator of need; and (3) adjusted taxes, which is the principle indicator of effort to satisfy need.¹⁶ A study of the distribution formula done by the Stanford Research Institute (SRI) found that of these three, the population and per capita income data had many more problems than the tax data, that this finding was true at the state, county, and local levels.¹⁷ The lack of currency, and accuracy revealed in the demographic and economic data stems from the fact that before 1972, all these figures had been collected for other purposes, such as general statistical information and national accounts. No federal or state statistical agency, including the Bureau of the Census and the Bureau of Economic Analysis has ever gathered demographic, economic, or taxation data to be used in an "interactive, competitive formula that allocates public funds to a large number of recipients."¹⁸ Furthermore, the Bureau of the Census had never published, intended to publish and did not intend to use except in aggregates the income data for units of government whose population numbered less than 2,500 people.¹⁹

Lack of currency proved to be the major flaw in state

level data, studies by SRI. Though revised personal income figures are available for 1973, these were not used by the Office of Revenue Sharing. Instead the 1971 personal income series was used in order to conform with fiscal year 71-72 state and local tax information used to compute general tax effort. Money income data was based on reported 1969 incomes. SRI found that state and local tax data was being used up to 36 months after taxes were collected. Even older information has been used for state urbanized population, a data element that is computed once in a decade.²⁰

Accuracy appeared to be the essential problem with county areas and local area data. At this level, the money income component was found to be the least reliable. The suspect nature of the money income data is doubly grave, because it is used twice at the county level, once to figure per capita income, and again to determine aggregate money income.²¹

SRI concluded that errors in timeliness cause greater inequities than errors in accuracy, and that correcting for the latter without righting the former may well increase inequity at current levels. The study recommended a number of alternative data sources which could be used in the allocation formula, and concluded that the only general remedy under the current act is to increase the frequency of collection

for data elements; per capita income, urbanized population, and substate population especially.²²

Though the SRI analysis delineated a number of weaknesses in the data base used for the revenue sharing formula, by far the widest national attention has been focused on the Census undercount, particularly as it relates to minorities and the poor. The Bureau of the Census has estimated that 5.3 million Americans were not counted by the 1970 census.²³ Of that group, at least 1.87 million black people, about 7.7% of the black population were not counted.²⁴ It is possible that the undercount for Spanish-speaking people is as high as that for blacks. Cities such as New York, Los Angeles, San Antonio, and El Paso with large Spanish-speaking populations are especially shortchanged by the undercount.²⁵ Predominately black cities such as Washington, D.C. are in a similar situation.

Research done by the Urban League Data Service estimates that New York City "lost" \$6.7 million in GRS funds due to the census undercount. Chicago "lost" \$2.5 million, the District of Columbia, \$1.5 million, and Houston and St. Louis about 1/2 million dollars each.²⁶ In 1972, Boston's ABCD surveyed its Spanish-speaking population and found discrepancies with census figures. The local study showed that 48.8% of Spanish-speaking households in the city were receiving welfare. The Census Bureau had reported 30.8%.²⁷ Though

evidence such as this would support Boston's claims for additional funds, to date the city's arguments for more GRS money have been based on the property tax burden and not population factots.²⁸

The State and Local Fiscal Assistance Act authorizes the Secretary of the Treasury, and thus ORS, to use alternative sources "when the data ... are not current enough, or are not comprehensive enough to provide for equitable allocations."²⁹ If so determined, he may "use such additional data, including data based on estimates, as may be provided for in regulations."³⁰ Thus far, the Treasury Department has declined to take action under the contention that even if a way to arrive at correct estimates did exist, the population figures do not heavily influence the actual allocation.³¹

Several citizens groups have organized around the undercount problem as a basis to contest revenue sharing allotments. In Newark, New Jersey, for example, public interest groups and the city of Newark petitioned the Office of Revenue Sharing for corrections in the population data used to compute that city's entitlement.³² This coalition alleged that a minority undercount of 7.7% resulted in a loss to the city of \$425,000 in funds. The following year, in April of 1974, Newark filed suit against the Treasury Department to adjust its population data in order to compensate for census inaccuracies.³³

Two cities in Massachusetts have staged similar official protests, on the basis of underenumeration. Selectment in Chelmsford filed an appeal with the Secretary of the Treasury challenging what they thought was too small a slice of general revenue sharing funds. They complained that their allotment was less than one half the share of two neighboring towns, both of which were the same size or smaller.³⁴

Lowell, Mass. succeeded in getting an additional \$600,000 from the Federal government after protesting that the census had credited the town with 10,000 less than its actual population. The city took its own count and went to Suffolk Superior Court to negotiate for the right to have the higher population figure used, not only for calculating its share of GRS funds passed down through the state, but also for determining state aid and for apportioning local representatives.³⁵

Formula Regulations: 145% Ceiling, 20% Floor

While many of the inequities in the allocation of revenue sharing monies can be traced to the data base, there are also aspects of the distribution formula which are responsible for imbalanced awards. The maximum-minimum per capita provision is one such aspect. The regulation that no jurisdiction may receive per capita more than 145% of the state's per capita revenue sharing entitlement works against poorer areas. If there were no ceiling, many of these low-

income communities would receive more money, because their lower per capita income figures would yield higher allotments.³⁶ The estimated effect of this ceiling by fiscal 1975 is a reduction of the amount of shared revenue that will be received in 1.9% of all townships, and 3.6% of all other local jurisdictions.³⁷

The 20% floor provision is most often applied in township areas. The stipulation that no jurisdiction will receive per capita less than 20% of the state's average per capita amount means that larger amounts go to smaller jurisdictions, where service needs may be less pressing and where government operations tend to be less extensive.³⁸ The Brookings study found that for 1972, this provision benefited nearly 9,000 units; about one-third of all townships and one-sixth of all municipalities.³⁹

Indiana and Ohio provide the most clear example of the effect of the 20% floor. Ninety-one per cent of Indiana's townships had their 1972 entitlements increased by this provision. Nearly two-thirds of Ohio's townships benefited from the 20% floor, in most cases having their entitlements raised all the way to that level.⁴⁰ Nationwide, over 41% of this country's 16,915 townships and about 18.6% of all other local areas will receive additional funds in fiscal 1975 because of the lower limit. Without the 20% minimum, these payments would be going to larger more active governmental units, and there would be a reduction in the tendency of the law to bolster marginally useful jurisdictions.⁴¹

A third shortcoming of the revenue sharing formula is that it treats all governments alike even though they do not perform the same functions, and do not have the same level of available financial resources to finance their activities. Functions such as the provision of social services vary from state to state, and are in some instances, provided by municipalities, sometimes by county governments, and in other cases, by the state itself.⁴²

The formula supposedly takes account of varying functions, via the tax effort factor, under the assumption that jurisdictions that perform more functions collect more revenues.⁴³ However, there are several fallacies in this assumption. The tax effort factor is not keyed directly to levels of government service, so it is possible for money to be targeted to inefficient governments because of their relatively high tax rates.⁴⁴ Also, the formula does not take into account certain kinds of non-tax revenue, such as school tax revenue and this exclusion skews the law's measurement of relative fiscal effort at both the state and local levels.⁴⁵

Inadequate distinctions are made between the differing availability of resources to governments. The formula uses income to judge the relative financing capacity of state and local governments. Yet, this basis would only be accurate if, aside from intergovernmental aid, governments had no means for financing their activity, except for personal income taxation.⁴⁶ Personal income taxes supply only

about one-fifth of general revenue of local governments. Sales, and property taxes are much larger contributors to local revenue.⁴⁷ Revenue sharing entitlements are consequently determined without differentiating between governments with adequate resources or even substantial budget surpluses, and those which are suffering serious fiscal setbacks.⁴⁸

Authors of the Brookings study concluded that the formula would be improved if it did not rely on per capita income as a proxy indicator of relative fiscal capacity, but instead adopted the following alternatives:

1. For state-by-state allocations, use a set of annually updated estimates of the total taxing or revenue-raising potential of the respective state areas.
2. For allocations to individual municipalities and townships within each county, used state certified data on equalized property values.
3. For the allocation of statewide local amounts among county areas, used either corresponding property values or other more comprehensive measures of local capacity.⁴⁹

Suggested Revisions

Some of the revisions suggested by critics of the distribution formula would require long term, relatively comprehensive measures. Others can be accomplished legislatively, by revisions in the law.

Correction of inaccuracies and lack of currency in the census data is probably the most complex task. The Stanford Research Institute advocates redesigning the 1980 census, if revenue sharing is to continue in its present form.⁵⁰

This redesign assumes continued efforts to reduce income misreporting, bias, and underenumeration. The SRI investigators also felt that the Bureau of the Census should authorize sufficient funding so that sampling, questionnaires, aggregation, and other purposes can be designed to accommodate the needs of revenue sharing as well as general statistical needs. The reformed census should include anticipation of more frequent updating of the figures through mid-decade censuses and intercensal estimates.⁵¹

Though the SRI does report that no feasible short-range solutions were found for adjusting the underenumeration below the state level, an appendix to the study makes a definite statement with regard to the equity of allocations:

Ignoring the problem of underenumeration, or treating it as irresolvable because there is no strict solution to distribution of the uncounted population, means that governments whose populations are counted less well than others may not receive their equitable shares. 52

With regard to formula provisions in the revenue sharing law, the Brookings Institute report recommends, among other things, removal of both the 145% ceiling and the 20% floor. Elimination of the per capita ceiling would benefit the most hard-pressed local jurisdictions, would reduce the law's bias in favor of multi-layered local government, would simplify its administration and make the resulting allocations far more understandable to officials and the public.⁵³

Removal of the 20% per capita floor of individual townships and municipalities reduces the bias against consequential local governments, and would correct the law's strong tendency to shore up marginal jurisdictions.

B. Fiscal Impact

In order to understand the implications of revenue sharing expenditures, especially at the local level, it is useful to examine the financial context into which the program has been introduced: the fiscal plight of American cities. As the legislative history indicates, general revenue sharing was offered as a panacea to the financial gap between localities and the federal government which many assume to be the root of this fiscal crisis. As will be discussed in a later section, once delivered to localities, the effectiveness of revenue sharing expenditures depends greatly on the efficiency of municipal budget management. However, at this point in time it is quite evident that the overall funding of the general revenue sharing program does not even approximate the actual level of funding necessary to ameliorate the municipal financial dilemma. Furthermore, the inadequacies and inefficiencies in local government structure caused by duplication of facilities, and overlapping jurisdictions which result from special districting, exacerbate the problem of raising and budgeting city revenues. General revenue sharing includes no incentives and even fewer guidelines for addressing these issues.

Cities usually have control over a number of varied taxes which comprise their total revenue package. Property, income or wage taxes, cigarette and liquor taxes, general sales, utility, entertainment admissions, license and hotel

occupancy taxes are all part of the local tax revenue.⁵⁴

In addition, user charges, such as those for refuse collection, use of public facilities and other miscellaneous services, provide an increasingly high proportion of local government revenues.⁵⁵ Intergovernmental revenue is made up of shared taxes, grants, loans, and all funds received from another unit of government for performance of specific functions.⁵⁶

A look at municipal expenditures reveals that the majority of total general financial outlays have traditionally been for municipal services, education, police protection, highways, and public welfare. Local governments also spend money on fire protection, hospitals, sewage, parks and recreation, and housing and urban renewal.

By far the most decisive factor in the imbalance between local expenditures and revenues, is inflation. Especially in recent years, higher prices have had the greatest effect on basic urban services. Between 1965 and 1970, prices paid for goods and services by state and local governments rose at an average annual rate of 5.8%, as compared to 5.0% for the Federal Government and 4.0% for the country at large.⁵⁷ In the decade from 1958 to 1968, expenditures for all of these services, except hospitals and highways, doubled. Those for welfare more than quadrupled. Spending for police protection expanded by 140%, and education 150%.⁵⁸

The effects of shrinking budgets and growing expenditures are a big part of the urban fiscal crisis. In response to this squeeze, many cities have curtailed their level of

services, reduced support for public welfare and have forestalled capital improvements and new construction. Cities like Oakland, California have exhausted the property tax, and have succeeded in circumscribing their own capacity to raise new revenues.⁵⁹ Wage increases and the assumption of services such as gas and electric power, formerly provided by the private sector, further aggravate the problem.⁶⁰

Economic and legal restrictions limit the city's ability to raise and to use money. Usually, legislative permission must be granted before a municipal tax or charge can be implemented. Restrictions on public debt, legal rate ceilings and other tax rate limitations are set by law and are not easily changed.⁶¹

In light of all these economic and legal constraints, the major revenue producer which can be fully administered and controlled by city government is the property tax. It has served as almost the sole source of support for school districts, and in 1970 provided about 70% of municipalities total taxes. The fact that shelter is essential makes it the most pervasive of all taxes, and its potentially regressive nature, inequities in rates and valuation, have been the subject of much controversy.

Originally, the rationale for the tax on property was that municipal services rendered to citizens, such as police and fire protection, benefitted property owners and enhanced the value of their possessions. Yet today, growing numbers

of daytime non-resident workers commute to the CBD, use municipal services, but pay taxes in the suburbs, and many lower income renters need municipal services which do not enhance the value of property.⁶² An individual's property holding, or lack of it, is no longer a clear measure of his wealth, and is not an accurate indication of his need for public services and tax-paying capability.⁶³

Overreliance, or exhaustion of the property tax further handicaps local governments because of its unresponsiveness to increases in income. In cities such as Oakland, where the differential reliance on the property tax ranges from 44 to 47%, the demands made upon local government as a result of growing populations and escalating services, cannot be met by a tax whose yield is inelastic.⁶⁴

In 1971 the Master Tax Plan Commission for the state of Massachusetts reported that property owners carry 56% of the total state and local tax load, the highest of all the states. In Boston that figure was 70%, in a city where 20% of the people were reported to be on welfare, and 20% were bankrupt. Even then the tax increase on real estate was estimated to be \$30 per capita for the following year. This situation was cited by former Mayor John Collins in his testimony in support of Revenue Sharing during the first set of hearings before the House Ways and Means Committee.*

A much needed reform of tax practices would encompass four main public policy objectives. Increased productivity would mean that each government unit would be able to support

itself. Greater elasticity would foster revenue responsiveness to changing economic conditions. True progression would ensure fair distribution of the tax load among taxpayers, and lessen the burden on low income families who pay an inordinate proportion of their earnings for housing. Another important objective of tax reform is to make the process of collection more efficient and economical for both the taxpayer and the government.⁶⁵

Expenditure of Funds

When asked about the limitations on the use of revenue sharing funds and what would prevent a city from substituting shared revenues for its formal financing of services, like the police force, and then using the money to cut taxes, former Presidential Advisor, on Domestic Affairs John Erlichman answered:

Nothing. That is fine. If that is the highest priority in that community to get real estate taxes down, and if the council politically can make that fly, that is up to them. 66

Given the rising tax rates which are part of the local fiscal crisis, it is not hard to understand the motivation for state and local governments who want to make tax reductions "fly". Nor is the use of revenue sharing funds to reduce taxes completely contrary to the interests of low-income people. Though it is true that most poor people do not own their own homes, they are subject to the vagaries

of the property tax since they must pay rent increases to finance their landlord's rising tax rates. A community guide to revenue sharing, put out by the movement for Economic Justice suggests that property tax relief joined with rent control legislation, or legislation forcing landlords to pass the tax relief savings on to their tenants, would be a beneficial use of GRS funds. This same guide suggests that comprehensive tax reform is the real issue facing low-income people who need fiscal relief.

Thus far, in the GRS program, the major fund expenditures have gone toward to tax reduction, the prevention of tax increases or new taxes, and to holding down the rates of tax increases. During the first entitlement period over half (50.8%) of local governments devoted general sharing funds to tax relief.⁶⁷ Later, in 1973, the State of Massachusetts announced that it would use \$82 million of its revenue sharing funds to prevent an increase in taxes. This use of revenue sharing monies obviated the need for an emergency 10% increase in state income taxes, retroactive to January 1, 1972.⁶⁸

Not all local governments favored tax reductions as a use of funds. Usually the reason cited for the decision not to cut taxes is the tax effort factor in the formula. Tax cuts financed out of shared revenue diminish a jurisdiction's entitlement in the future.⁶⁹

A survey of the nature of revenue sharing expenditures to date reveals substitution of revenue sharing monies for

funds that would normally come out of state and local budgets is the major category of funds uses. New and innovative spending rank much lower on the hierarchy of expenditure priorities. A report done by Caputo and Cole for ORS found that most entitlements were spent on existing rather than new services, and that money that was used, was spent in relatively few categories.⁷⁰

In the Northeast, especially, revenue sharing money went to operating and maintenance rather than capital expenditures.⁷¹ This tendency became more apparent nationwide during the second entitlement period, (July 1, 1972 to December 31, 1972). Cities stressed public safety, public transportation, and environmental protection.⁷² Figures for Massachusetts cities seem to bear out this trend. In the Boston area, both Weymouth and Medford allocated substantial proportions of their entitlements to police department salaries.⁷³ Framingham, Braintree, and Quincy favored fire department salaries, and equipment expenses. Melrose devoted most of its revenue sharing allotment to regular operating expenditures, and Nahant earmarked substantial amounts for garbage and trash removal.⁷⁴ Farther north, across the state border, Burlington, Vermont designated its revenue sharing money to the provision of new municipal band uniforms;⁷⁵ testimony to the fact that smaller locales without a history of incoming federal money, welcome revenue sharing as a minibonanza.

TABLE I - Expenditure by Function for States, Counties, Townships, and Cities - 1966-67

	STATES		COUNTIES		TOWNSHIPS		CITIES	
	Amount in millions	Percent of Total State Expenditures	Amount in millions	Percent of Total County Expenditures	Amount in millions	Percent of Total Township Expenditures	Amount in millions	Percent of Total City Expenditures
Education	\$9,384	27.4	\$1,893	16.0	\$709	33.2	\$3,140	16.5
Higher education	7,728	22.6	115	1.0	---	---	245	1.3
Local Schools	300	0.9	1,778	15.0	709	33.2	2,855	15.0
Other	1,357	4.0	---	---	---	---	40	0.2
Transportation	9,609	28.1	2,012	17.0	500	23.4	2,393	12.6
Highways	9,423	27.5	1,916	16.2	496	23.3	2,131	11.2
Air and Water Transportation	186	0.5	96	0.8	4	0.2	262	1.4
Public Welfare *	4,291	12.5	2,606	22.0	95	4.5	1,226	6.5
Cash Assistance	2,297	6.7	1,567	13.3	38	1.8	745	3.9
Other Public Welfare	1,994	5.8	1,038	8.8	57	2.7	482	2.5
Hospitals	2,857	8.3	1,180	10.0	10	0.5	1,028	5.4
Health	501	1.5	295	2.5	13	0.6	255	1.3
Police Protection and Corrections	1,188	3.5	726	6.1	117	5.5	2,158	11.4
Local Fire Protection	---	---	61	0.5	75	3.5	1,300	6.8
Sewerage and Sanitation	---	---	148	1.3	150	7.0	1,874	9.9
Local Parks and Recreation	---	---	200	1.7	61	2.9	905	4.8
Natural Resources	1,801	5.3	274	2.3	---	---	---	---
Housing and Urban Renewal	28	0.1	---	---	5	0.2	808	4.3
Libraries	49	0.1	98	0.8	30	1.4	302	1.6
Employment	545	1.6	---	---	---	---	2	**
Financial Administration	743	2.1	350	3.0	53	2.5	331	1.7
Other	3,261	9.5	1,976	16.7	315	14.8	3,273	17.2
	\$34,250	100.0	\$11,819	99.9***	\$2,133	100.0	\$18,995	100.0

* Welfare expenditures are comprised largely of direct payments (cash assistance) to the poor, aged, and disabled. According to the Office of Revenue Sharing, direct welfare payments cannot be financed with Federal shared revenues. Nevertheless, there are a variety of social service support programs for welfare recipients and other low income people that do qualify for revenue sharing.

** Less than 0.05%.

*** Percentages do not add to 100.0 due to rounding.

Source: U.S. Bureau of the Census, 1967 Census of Governments, Compendium of Government Finances.

Most of the funds not devoted to tax stabilization in initial entitlement periods went to one-time, non-recurring expenditures such as capital improvements, and replacement of heavy equipment.⁷⁶ Though there has been a trend away from one-time projects in subsequent entitlement phases, it is still clear that social service spending ranks low on the list of municipal budget priorities even with the addition of GRS funds. Some attribute this lack of social program spending to uncertainty about the length of the national revenue sharing program. Many states and localities are reluctant to start support for new social projects for fear of being left holding the bag if federal funding runs out. Eighty per cent of all program funds have gone to support existing rather than new projects.⁷⁷

Nationally, about 4% of state revenue sharing funds have been set aside for social services for the poor and aging, 1% for housing, and 4/10% for economic development.⁷⁸ The City of Cambridge which used its \$4.5 million allotment of supplement the regular city budget, designated over \$1/2 million to public works. In that category, more than \$23,000 went to the tree committee, gypsy moth control, and treatment of dutch elm disease -- an amount which exceeds by \$10,000 the combined allocation for senior citizens and the mentally retarded.⁷⁹

An interesting, though unfortunately exceptional contrast to this lack of social service spending, is the town of Baxter Estates, Long Island. In this small affluent village, trustees voted to give \$1,000 or 20% of their revenue

Table II Percentage of Revenue Sharing Recipients Providing Tax Relief or Minimizing Debt Increases

<u>Unit of Government</u>	<u>Tax Relief</u>	<u>Minimizing Debt Increases</u>
States	30.2%	15.7%
Counties	57.7	39.1
Townships	43.5	35.5
Cities	43.6	27.9
Indian Tribes and Alaskan Native Villages	0.7	19.4
Total	44.7%	32.6%

Source: Office of Revenue Sharing, General Revenue Sharing - The First Actual Use Reports.

sharing allotment to the local anti-poverty agency for social services.⁸⁰ Spearheading this action was writer and professor of Urban Affairs, Samuel Kaplan, who explained, "Revenue sharing is consistent with the Nixon Administrations benign neglect of anti-poverty matters."⁸¹ Not surprisingly, the national public affairs manager of the ORS was unable to name many other examples of similar action around the country.⁸² More typical was the town of Redding, Connecticut which was forced to debate the respective merits of tennis courts, bridle paths, or a dog pound.⁸³

Expenditure behavior which de-emphasizes social spending has obvious detrimental effects on minorities and the poor. Efforts by concerned interest groups to reshape local spending priorities will be addressed in the third chapter of this paper. Suffice it to say that the simultaneous advent of revenue sharing and the prospect of federal budget cuts for other federal aid programs (which has been termed the "pincer effect") motivated stronger citizen involvement in the budget process than would have been the case had either of these developments occurred alone.⁸⁴

At the same time that some affluent cities wonder what to do with revenue sharing funds, more concentrated urban centers wonder how to cope with widening budget deficits. In the first year of GRS, the State of Massachusetts lost over \$7 million dollars, according to the Massachusetts Taxpayers Foundation.⁸⁶ Cities like Boston, Quincy, and Cambridge, with substantial low-income populations report

that the effects of Federal cutbacks are "chilling".⁸⁷ Flaws in the distribution process of revenue sharing funds spill over into expenditure patterns. Some local governments have received unneeded funds, others with escalating demands for services are funded inadequately, and without limitations on use, many governments are structuring spending priorities which perpetuate inequities between the haves and have nots.

MANAGEMENT CAPABILITIES OF STATE AND LOCAL GOVERNMENT

The other dimension of the fiscal plight of cities is the inadequacy of local planning and management. Theoretically, the substitution of federal funds for local tax dollars would help municipalities hold down tax rates, making it easier for them to support industry and to attract upper income people back to the center of the city. However, a great number of the difficulties at the local level stem from inherent management problems, a situation which is not likely to be improved by the inflow of untied federal funds.⁸⁸

There is evidence that at least ideologically, the public is aware of this municipal management situation. A 1973 survey by the Advisory Commission on Intergovernmental Relations, conducted among 2,023 men and women, asked the following question:

When the Federal Government gives funds to state and local governments, do you feel that the money is used more efficiently when it is given out for

specific purposes, or when it is given out for the state and local governments to use as they think best?

Forty-eight per cent of those questioned voted in favor of the earmarked approach, and 30% thought that state and local governments should make their own decisions. Twenty-two percent had no opinion. It is interesting to note that among non-white respondents, only 19% trusted decisions to state and local governments. Over half of this group felt that funds were best used when given out for specific purposes.⁸⁹ The same survey found that in both 1972 and 1973, the property tax was ranked as the worst or least fair of all the major revenue producers.

Former Presidential Adviser on Domestic Affairs, John Erlichman declared his own "law of gravity" with regard to revenue sharing operations. His law contended that as local governments are given more responsibility they will be run by better officials and more streamlined structures. Block grants without strings were his prescription for the "physiology of atrophy" of the state and local governments.⁹⁰ The experience of the State of Alabama with LEAA block funding challenges the validity of Erlichman's law. The Alabama LEAA program was plagued with payroll irregularities and faulty accounting procedures. The state spent some of its funds for scholarships for sons of police chiefs, and for 1,000 McDonald's hamburgers to be eaten at a governors conference on narcotics. LEAA finally set up a training program

for 210 state auditors. No such training provision exists in GRS.⁹¹

As mentioned previously, Susskind's in-depth study of the LEAA found that most participating states duplicated the same bureaucratic confusion and paper work that sparked criticism of federal categorical grants.⁹² Susskind also found that innovation in grant allocation was perceived as risky by state administrators. Grants were more likely to go to professional provider groups than to consumer organizations who might propose counter institutional projects which threatened existing professional norms.⁹³

A number of the original advocates of revenue sharing, led by Congressman Henry Reuss, thought that the federal government should use its influence and money to help improve the management and administration of state and local government. Revenue sharing was seen as a means to that end. Reuss explained that states need a "financial catalyst rather than a financial crutch", in order to get moving towards needed reforms.⁹⁴

H.R. 11764 introduced in May of 1969 was proposed by Reuss in order to arrange a marriage of revenue sharing and local government modernization. Under the Congressman's plan, block grants would have been given to states and localities on the condition that each state prepare a modern governments program which detailed its plan to invigorate its own administration and those of constituent local governments. This bill anticipated revenue sharing's strong

tendency to sustain state's irresponsibilities toward local governments, and administrative inadequacies at the level of the municipal budget.⁹⁵ Unfortunately its influence on the GRS legislation proved minimal. GRS exhibits little impetus for local government reform.

C. The Office of Revenue Sharing and Civil Rights Enforcement.

Sufficient evidence exists to substantiate doubts about the administration of the national GRS program. The laissez-faire attitude of the Treasury Department and the Office of Revenue Sharing belies provisions in the 1972 GRS Act which supposedly ensure accountability. One of the most important of these regulations is a repetition of Title VI of the 1964 Civil Rights Act. This provision is a broad prohibition on use of federal funds for projects in which racial, and now sexual, discrimination is practiced. Unlike the Fair Housing Act, and the Equal Employment Opportunity Act, the details of enforcing this provision of the State and Local Fiscal Assistance Act are left to states and localities; entities which historically have proved least adept at civil rights enforcement.

The ORS regulation presents a weaker explanation of administrative interpretation of the GRS prohibition of discrimination than do Title VI regulations of the Title VI prohibition. An in-depth analysis of all the civil rights

activities of ORS by the U.S. Commission on Civil Rights⁹⁷ criticizes the ORS regulation for omission of a number of important points:

1. A statement that the listing of specific discriminatory acts prohibited by the regulations is not exhaustive, but merely suggestive. A statement such as that contained in the HEW Title VI regulations would notify GRS recipients that they must consider all discriminatory implications when handling or spending GRS funds.
2. A statement that the assurances required by the regulation shall be subject to judicial enforcement by the Federal government.
3. A requirement, for any real property acquired or improved with GRS funds, that there be a covenant running with the land, upon any subsequent transfer, to assure non-discrimination, at least where upon any such transfer, the real property is to be used for the same purpose as that for which the GRS recipient acquired or improved the property.
4. In order to enhance the ability of women and minority citizens to have effective input into spending decisions, a provision that specific discriminatory practices prohibited include denial of an equal opportunity for minorities and women to participate as members of planning or advisory bodies in connection with the disposition of GRS funds, at least where such bodies are composed of appointed citizens.
5. To prevent narrow interpretation of the non-discrimination provision, a statement that prohibition of discrimination in services extends to services made available in a facility provided in whole or in part with GRS funds.
6. So that it is clear that vestiges of past discrimination must not be permitted to persist, a provision that where past unlawful discrimination has occurred, recipients must act affirmatively to overcome any of its present effects.
7. A provision that recipients must compile and maintain racial and ethnic data, by sex, in relation to programs and activities funded in whole or in part with GRS funds. This type of information

could document the degree to which minorities and number among those who are eligible and those who actually participate in, or derive benefits from services or facilities in programs provided with GRS funds. 98

Under the broad ORS regulation, discrimination in any program or activity funded in whole or part with entitlement funds made pursuant to subtitle A or Title I of the Act on the grounds of race, color, national origin, or sex is prohibited.⁹⁹ If revenue sharing funds are going to a government activity in which there is discrimination, either in hiring, promotion, or the delivery of services by employees, cause lies for seeking administrative remedies, or initiating a law suit.

The task of reviewing and bringing into compliance the political jurisdictions subject to the revenue sharing act is delegated to ORS, which maintains a staff of only 68 people.¹⁰⁰ At the time of the hearings before the House Judiciary Committee on the civil rights aspects of GRS, the compliance division of ORS consisted of three professionals, responsible for monitoring the millions of revenue sharing dollars yearly expended by all recipient units of government.¹⁰¹ Described by the U.S. Commission on Civil Rights as "one of the most poorly staffed and funded civil rights compliance programs in the Federal Government," it is not surprising that ORS is limited in its administrative capacity to keep track of and enforce compliance reviews. However, substantial evidence exists that ORS does not even take actions which are possible within its resource constraints in order to make

its compliance effort viable.¹⁰²

ORS makes the unwarranted assumption that GRS recipients will readily adhere to program anti-discrimination requirements, even though the most cursory review of state and local governments actions with regard to public school desegregation, provision of bilingual services, supply of municipal services, housing discrimination, voting rights, and public employment, gives ample testimony to the contrary.¹⁰³ The regulations fail to offer any adequate guidelines in monitoring sex discrimination, and equal opportunity in employment, under the excuse that sufficient guidelines for these infractions already exist elsewhere.¹⁰⁴

One, relatively superficial, part of the ORS compliance program is the obtaining of assurances, or written form statements, from each recipient government that it will be in compliance with the provisions of the Act.¹⁰⁵ Another stage in the ORS compliance program consists of compliance visits which have been made to about 100 of the largest recipient jurisdictions. This one-time survey was comprised of half-day to full day visits conducted by an auditor, and a person with program experience who conducted three or four interviews with recipient governments.¹⁰⁶ Despite ORS' contention that these visits could measure compliance with the Act, the questions asked on the compliance checklist related only to the recipients' means of assuring compliance, and not to whether or not they were in compliance.¹⁰⁷ The compliance report revealed some evidence of misunderstanding

among local government officials regarding the scope of state and local civil rights agencies and laws in relation to revenue sharing:

... a number of officials responsible for the revenue sharing program are not fully aware of civil rights enforcement organizations able to assist in ensuring non-discriminatory use of revenue sharing funds. 108

In fact, according to the U.S. Commission of Civil Rights report, ORS found one state chief budget officer who was completely unaware of the existence of his state's civil rights agency.¹⁰⁹

Auditing is the main devise for ensuring compliance with the State and Local Fiscal Assistance Act. Section 51.41(c) of the revenue sharing regulation states:

it is the intention of the Secretary to rely to the maximum extent possible on audits of recipient governments by state and local government auditors and independent public accountants. 110

However, the Audit Guide is inadequate for any systematic determination of possible non-compliance.¹¹¹ Auditors are not directed to collect or review racial and ethnic data by sex of employees of the eligible and actual beneficiary population for programs and activities funded with GRS money. Apart from the specific siting of facilities, a measure limited to obviously discriminatory evidence, no specific inquiry designed to determine actual compliance is directed.¹¹²

Complaint processing is an important, perhaps too important, mechanism in the fulfillment of the Treasury Secretary's responsibility to ensure civil rights compliance. Yet for a significant part of the initial operation of the GRS program, ORS did little to make clear to citizens methods by which they could file complaints.¹¹³ When asked by a member of the House Judiciary Committee how a citizen who may not be as well off would know about his or her right to make a complaint, Graham Watt, the Director of ORS replied, "There is no requirement or provision in the law or the regulations that would address itself to that point". Later he went on to say that the Actual and Planned Use Reports which the law requires recipient jurisdictions to publish in a newspaper of general circulation, would serve that purpose.¹¹⁴ Because of the ORS delay in publicizing information about complaint filing, the volume of civil rights complaints submitted to ORS has been understandably small. Only 93 complaints had been received as of October 1974.¹¹⁵ Ironically, the ORS Director sees the low rate of complaints as an indication of a high rate of compliance.¹¹⁶

It seems that when non-compliance is discovered, ORS is reluctant to use the deferral of funds as a sanction. A recent suit, Renault Robinson v. George P. Schultz, Civil No. 74-248 (D.C.D.C., Feb. 1974), brought in Chicago by the Afro-American Patrolmen's League of Illinois, and the Chicago branch of the NAACP asked the court to take administrative

action against the city of Chicago to enforce the anti-discrimination provisions of the revenue sharing law. The court was asked to prohibit ORS from disbursing any additional general revenue sharing funds to the city of Chicago until the police department there had been found to be in compliance with all applicable anti-discrimination requirements.¹¹⁷

After the administrative petition was filed, ORS notified those filing the petition that while the discrimination issue was in court, it did not have authority to withhold funds from Chicago. The civil rights complainants did not agree. Their position was that ORS can withhold funds and enforce penalties against the city. The basic issue at stake was whether ORS followed the intent of the revenue sharing law and regulations.¹¹⁸

Plaintiffs initial motion for preliminary injunction under 31 U.S.C. §1242(6) was denied, the court feeling that the issues were not sufficiently ripe to compel the Secretary of the Treasury to defer payment of revenue sharing funds to the city government for payments to its police department. Yet the court recognized the inherent authority of agencies to defer payments of federal financial assistance pending the outcome of administrative proceedings citing Title VI of the Civil Rights Act of 1964, 42 U.S.C. §2000d-1 Board of Public Instruction of Palm Beach v. Cohen, 413 F.2d 1201 (C.A. 5th 1969) and of Congress' recognition of this authority as evidenced by the "Fountain Amendment," 42 U.S.C. §2000d-5.

Secretary of the Treasury failed to secure the compliance of the Governor of Illinois to the antidiscriminatory provisions of 31 U.S.C. §1242(a). Section 1242(b), 31 U.S.C. provides that when the Secretary has determined that compliance cannot be secured, he is authorized to proceed in one of three ways:

1. to refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted;
2. to exercise the powers and functions provided by Title VI of the Civil Rights Act of 1964; or
3. to take such other action as may be required by law.

The Secretary elected to refer the matter to the Attorney General. Plaintiffs renewed their motion for summary judgment in which they sought to enjoin further payment of revenue sharing to the city of Chicago for its police department until compliance had been determined. The motion was denied.

FOOTNOTES - CHAPTER II

¹31 U.S.C.A. §1226 and §1227.

²31 U.S.C.A. §1225(b)(2) for an explanation of the provisions of the Statutory Formula, see also Richard P. Nathan, Allen D. Manvel, and Susannah E. Calkins, and associates. Monitoring Revenue Sharing, (Washington, D.C.: The Brookings Institution), 1975. Chapter 3 "The Formula" pp. 44-64.

³31 U.S.C.A. §1225(b)(3); Richard Nathan, Allen Manvel, and Susannah Calkins, Monitoring Revenue Sharing, (Washington, D.C.: The Brookings Institution, 1975), p. 46.

⁴Ibid.

⁵31 U.S.C.A. §1227(b)(6)(c).

⁶31 U.S.C.A. §1227(b)(6)(B).

⁷31 U.S.C.A. §1227(b)(7)(B).

⁸31 U.S.C.A. §1227(b)(1)(2)(3)(4).

⁹Ibid.

¹⁰31 U.S.C.A. §1227(b)(6)(D).

¹¹Nathan et al, op. cit., p. 53.

¹²Ibid., p. 38.
of 80,000 local governments:

one half = school districts (15,781), + other
special purpose districts (23, 885)

one half = counties (3,044), + municipalities
(18,517) + townships (16,991).

¹³Ibid., p. 39.

¹⁴Ibid.

¹⁵New York Times, June 29, 1974.

¹⁶Reese C. Wilson, and E. Francis Bowditch, Jr., General Revenue Sharing Data Study, Vol. I, Executive Summary. Stanford Research Institute.

Menlo Park, California and Technology Management Inc., Cambridge, Massachusetts, pp. 4,7,8. (hereinafter referred to as GRS Data Study).

Other data elements include: personal income, state and local taxes, urbanized population, state individual income tax, federal individual income tax liabilities, and intergovernmental transfers.

Date Base Sources.

(item)	(reference data or period)	(source)
Total population	April 1, 1970	1970 Census of Population
Urbanized-area population	April 1, 1970	1970 Census of Population
Per Capita Money Income	Calendar 1969	1970 Census of Population
State-local tax revenue	Fiscal 1970-71	Annual Census Bureau
State income tax revenue	Calendar 1972	Quarterly Census Bureau data
Personal income	Calendar 1970	Quarterly data, Bureau of Economic Analysis
Federal income tax liabilities	Calendar 1971	Annual data, Internal Revenue Service

¹⁷GRS Data Study, p. 11.

¹⁸Ibid.

¹⁹Ibid.

²⁰Ibid.

²¹Ibid., p. 15.

²²Ibid., pp. 20-22.

²³United States Commission on Civil Rights. The Federal Civil Rights Enforcement Effort -- 1974. Vol. IV. To Provide Fiscal Assistance, Washington, .D.C. February 1975, p. 107.

²⁴Ibid.

²⁵U.S. Commission on Civil Rights., op. cit., p. 108.

²⁶31 U.S.C.A. §1242.

²⁷Boston Globe, December 27, 1972.

²⁸Ibid.

²⁹31 U.S.C.A. §1228(a)(7)(B).

³⁰Ibid.

³¹U.S. Commission on Civil Rights, op. cit., p. 111.

³²Morton Sklar, "The Impact of Revenue Sharing on Minorities and the Poor", Harvard Civil Rights and Civil Liberties Law Review. Vol. 10, No. 1. Winter 1975, pp. 93-136.

³³Ibid.

³⁴The Boston Globe, November 7, 1972.

³⁵The Boston Globe, April 8, 1973.

³⁶Sklar, op. cit., p. 106.

³⁷Ibid.

³⁸Ibid., p. 107.

³⁹Nathan, et al, op. cit., p. 161.

⁴⁰Ibid., p. 162.

⁴¹Sklar, op. cit., p. 107.
Nathan et al, op. cit., p. 162.

⁴²Sklar, op. cit., p. 107.

⁴³Ibid.

⁴⁴Ibid.

⁴⁵ Nathan, et al, op. cit., p. 150.

⁴⁶ Ibid., p. 136.

⁴⁷ Ibid.

⁴⁸ Sklar, op. cit., p. 108.

⁴⁹ Nathan, et al, op. cit., p. 145.

⁵⁰ GRS Data Study, p. 42.

Most suggested revisions and alternative data sources included in the SRI data study are more complex than this advocacy of redesigning the census. For a more complete appreciation of the scope of these recommendations, see the final section of the SRI Executive Summary.

⁵¹ Ibid., p. 42.

⁵² GRS Data Study, Vol. III, Evaluation, p. 288.

⁵³ Nathan et al, op. cit., p. 169.

⁵⁴ The ACIR has developed the data for the average financing system approach, using 1966-67 patterns of taxation ... For the United States as a whole, the estimated total revenue capacity for state and local taxes is divided at 18% for business taxes (excluding local property taxes on farms) and 50.9% in personal taxes. The latter includes 15.3% of the total in local non-farm residential property taxes and 35.6% in other personal taxes (including general and selective sales taxes, individual income and earnings taxes, and death and gift taxes). The remainder of the revenue needs come from other sources, of course. Oliver S. Oldman and Ferdinand P. Schoettle, State and Local Taxes and Finance, (New York, The Foundation Press, Inc., 1974), p. 107.

According to the ACIR staff computations based on various reports of the U.S. Bureau of the Census, in 1969, 51.9% of state and local government revenues were derived from state-level governments (13.0% from general sales and gross receipts, 12.2% from selected sales and gross receipts, 7.9% from individual income taxes, 3.3% from corporate income taxes, 4.3% from license taxes, 3.2% from all other taxes) 48.1% from local-level governments (31.1% from property tax, 11.6% from charges and miscellaneous general revenue, 5.3% from other taxes). Oldman at p. 47.

⁵⁵The definition of service charges employed by the U.S. Bureau of the Census most closely conforms to what we have described as "prices". In fiscal 1965-66 the category "charges and miscellaneous general revenue" accounted for 22.7 per cent of total locally derived revenues. This category is now second in importance to the property tax as a source of municipal revenue and is the dominant source of locally derived revenue in many communities in the South. Moreover, service charges are increasing at a more rapid rate than other types of local revenue. The trend toward greater reliance on service charges is somewhat more pronounced in the large metropolitan areas which traditionally have relied on such charges to a lesser extent than smaller cities.

The increase in the use of price-like charges by municipal governments has important implications for economic efficiency and equity in urban communities. The appropriate use of pricing mechanisms should encourage a more efficient utilization and development of local service facilities. At the same time, service charges as they frequently are employed by local governments are more regressive than traditional forms of local taxation and their increased use suggests the possibility of a shift in distributive relationships. Oldman at pp. 856-857.

⁵⁶"The Fiscal Plight of American Cities." National League of Cities, U.S. Conference of Mayors. International City Management Association. June 1971.

⁵⁷Ibid., p. 130.

⁵⁸Ibid., p. 126.

⁵⁹Arnold Meltsner. The Politics of City Revenue, (Berkeley: The University of California Press, 1971), p. 48.

⁶⁰"The Fiscal Plight of American Cities," p. 141.

⁶¹L.L. Ecker-Racz. The Politics and Economics of State -- Local Finance. (New Jersey: Prentice Hall, Inc. 1970) p. 76.

⁶²"The Fiscal Plight of American Cities," p. 133.

⁶³Ecker-Racz, op. cit., p. 81.

⁶⁴Meltsner, op. cit., p. 20.

* Hearings before the Committee on Ways and Means. House of Representatives, 92nd Cong., 1st Sess., on the Subject of General Revenue Sharing, p.

⁶⁵Ecker-Racz, op. cit. pp. 39-41.

⁶⁶William Lilley, Clark Timothy, and John Inglehart, "New Federalism Report; Tests of Revenue Sharing Approach Identify Problems in Transferring Power to Cities". National Journal, March 3, 1973, p. 291.

* Movement for Economic Justice. Your Fair Share Of Revenue Sharing. Washington, D.C., 1973.

⁶⁷"What is General Revenue Sharing?" Department of the Treasury, Office of Revenue Sharing, August 1973.

⁶⁸The Boston Globe, January 19, 1973.

⁶⁹Nathan, et al, op. cit., p. 219.

⁷⁰The New York Times, March 7, 1974.

⁷¹Ibid.

⁷²Ibid.

⁷³The Boston Globe, May 14, 1973.

⁷⁴Ibid.
The Boston Globe, April 2, 1973.

⁷⁵The Boston Globe, July 11, 1974.

⁷⁶"What is General Revenue Sharing?" p. 6.

⁷⁷Susskind, "Lessons of the New Federalism," p. 25.

⁷⁸"What is General Revenue Sharing?" p. 8.

⁷⁹Cambridge Chronicle, October 11, 1973.

⁸⁰The New York Times, April 14, 1974.

⁸¹Ibid.

⁸²Ibid.

⁸³"Special Revenue Sharing: A Socio-political Experiment Which Could Rip-Off the Poor and Black" Remarks by Eddie N. Williams, President of the Joint Center for Political Studies. Before the plenary session of the National Urban League Convention. July 23, 1973. Washington, D.C.

⁸⁴Nathan, et al, op. cit., p. 212.

⁸⁵The Boston Globe, November 28, 1972.

⁸⁷The Boston Globe, May 14, 1973.

⁸⁸Susskind, op. cit., pp. 8-10.

⁸⁹"Revenue Sharing and Taxes: A Survey of Public Attitudes: Advisory Commission on Intergovernmental Relations. Washington, D.C. August 1973.

⁹⁰National Journal, March 3, 1973, p. 298.

⁹¹Comment "The Revenue Sharing Act of 1972: Untied and Untraceable Dollars from Washington," 10 Harvard Journal on Legislation 276. February 1973.

⁹²Lawrence Susskind. "Decategorization and the Emergence of Bureaucratic Impediments to Institutional Reform." Administration and Society, April 1974, p. 2.

⁹³Ibid.

⁹⁴Henry Reuss. Revenue Sharing: Crutch or Catalyst for State and Local Governments. (New York: Praeger, 1970), p. 124.

⁹⁵Ibid., p. 139.

⁹⁶U.S. Commission on Civil Rights, op. cit., p. 24. In commenting on the ORS regulation, the Commission has criticized it for being weaker than the uniform Title VI regulations and noted a variety of other deficiencies: (a) the failure to require ORS to conclude, within 60 days following the effective date of the regulation, enforcement agreements with those Federal agencies having a substantial responsibility in the enforcement of Title VI to ensure that ORS makes full use of the potential capability of the agencies for effecting compliance with civil rights

requirements in particular substantive areas such as housing, health, and social services; (b) the failure to require state and local governments to designate an agency to assist the Secretary of the Treasury in ensuring compliance with the civil rights provisions of the Act; and (c) the failure to require the appointment of an Assistant Director of ORS with the principal responsibility of ensuring the no racial, ethnic, or sex discrimination resulted from the administration of the Act.

⁹⁸Ibid., pp. 25-27.

⁹⁹31 U.S.C.A. §1242(a).

¹⁰⁰The New York Times, August 27, 1974.

¹⁰¹Hearings before the Subcommittee on Civil Rights and Constitutional Rights of the Committee on the Judiciary, House of Representatives, 93rd Cong., 1st Sess., on the Civil Rights Aspects of General Revenue Sharing, September 6, 1973.

¹⁰²U.S. Commission on Civil Rights, op. cit., p. 100.

¹⁰³Ibid., pp. 30-31.

¹⁰⁴Ibid., p. 38.

¹⁰⁵31 C.F.R. Sec. 51.32(c).

¹⁰⁶Office of Revenue Sharing, Department of the Treasury, General Revenue Sharing: Compliance by States and Large Urban Jurisdictions -- Initial Report. (hereinafter cited as Compliance Report).

¹⁰⁷U.S. Commission on Civil Rights, op. cit. p. 47.

¹⁰⁸Compliance Report, p. viii.

¹⁰⁹U.S. Commission on Civil Rights, op. cit., p. 51.

¹¹⁰Office of Revenue Sharing, Department of the Treasury Audit Guide and Standards for Revenue Sharing Recipients. (October, 1973).

¹¹¹U.S. Commission on Civil Rights, op. cit., p. 56.

112 Ibid.

113 Ibid., p. 170.

114 Hearings before the House Judiciary Committee, p. 33.

115 U.S. Commission on Civil Rights, op. cit., p. 69.

116 Ibid.

117 "Suit Filed to Cut Off Chicago Funds" Revenue Sharing Bulletin. Vol. 2. No. 5. February 1974.

118 Ibid., p. 7.

III. CITIZEN PARTICIPATION

A. Introduction

The inequitable method by which revenue sharing funds are distributed, the questionable priorities employed by States in spending those funds, and the laissez-faire manner in which ORS performs its compliance functions are all major determinants of the implications of revenue sharing for minorities and low-income people. There is another set of questions which concern this interest group, in addition to the aforementioned fiscal, administrative, and legal issues. This dimension of revenue sharing is citizen participation; the access afforded those affected by federal programs to contribute to the decision-making and implementation process.

This chapter will consider citizen participation in GRS and SRS in several different contexts. The first is historical. As previous chapters have noted, the revenue-sharing philosophy differs from that of the categorical grant programs which preceded it in a number of different ways. Foremost among these is the locus of funding decisions. When contrasted to the OEO Community Action Programs and the HUD Model Cities, revenue sharing represents a shift back to the notion of local control by local officials. The decade of the '60's saw an unprecedented federal recognition of one community self-determination concept. The OEO standard of decision-making initially delegated a large amount of authority to indigeneous low-income residents. For the first time community people, an appellation which became synonymous

with poor and/or minority, became equal actors at the bargaining table where local policy was determined. The federal mandate for participation gave them leverage against city hall and the ability to negotiate services which had previously been undelivered.

Model cities continued the practice of federally determined target areas, still under the assumption that domestic policy with regard to the cities was a national rather than local responsibility. Though more final authority rested with mayors in model cities than had been the case with the OEO programs, residents of target areas did exercise varying levels of participation in project operations.

The status of client groups in general and special revenue sharing harkens back to the limited advisory functions performed by citizens in Urban Renewal Programs. Discretion of how intimately community people will be involved in the workings of local projects funded by revenue money, lies with mayors and the bureaucracies which comprise city governments. Community initiative is the sole impetus for inclusion of citizens in decision-making capacities. The legislative guidelines for citizen participation in GRS programs are cursory, and it is surely not in the interests of city halls to go out and organize the poor for intervention strategies. Though the requirements for citizen participation in Special Revenue Sharing are somewhat less salutary, the overall effect of the entire revenue sharing

philosophy is benign neglect of the rights of the poor to contribute to programs which affect them.

After discussing the legacy of citizen participation left by the Urban Renewal, Community Action, and Model Cities programs, this chapter will focus on various intervention strategies employed thus far by citizens groups in General Revenue Sharing. Since in many cities GRS funds became part of all municipal monies, citizen action must encompass a study of the entire budgetary process in order to determine uses of revenue sharing dollars. As interest groups become more aware of the workings of their city budgets, the possibilities increase for them to use GRS monitoring activity as a lever for participation in a wide range of spending decisions. Such instances are few, however, and one of the most vital revisions that can be suggested for the GRS program, if extended, is a widening of access routes for citizens to participate in local allocation decisions.

The final section of this chapter turns attention to Special Revenue Sharing, specifically citizen participation in the application for funds under the 1974 Housing and Community development Act. Case studies of two citizens groups in the Boston area, one in Newton, the other in Roxbury, provide the information for this section. Since at the time of this writing CDRS funds have been applied for, but not yet received from the Treasury Department, implications about community involvement in the actual administration of those funds will be speculative. Probably more

than any other component of the entire revenue-sharing package, Community Development Revenue Sharing (CDRS) is linked to prior HUD procedures. Because CDRS supercedes only categorical grants administered by HUD, the possibilities for citizen participation more closely approximate former legislative guidelines.

A number of points should be made before proceeding. These include a general background on federal policy, (or lack of federal policy) for citizen participation in funding programs, as well as definitions of terms which will be used throughout, in discussing the citizen participation issue.

The legislative and administrative guidelines for citizen participation in various federal programs have never been clear. The government in Washington has never established a consistent policy with regard to involvement of citizens in its grant programs, and so as each new federal program is launched, a different sort of official citizen participation requirement is mandated. Urban Renewal's "workable program" requirement,¹ the "maximum feasible participation",² called for by OEO Community Action Program legislation, and the "widespread participation"³ required in the Model Cities program are all examples of federal stipulations for citizen access. However, none of these requirements have been stated precisely and exhaustively in the original enabling Acts, so the substance of citizen participation has been subject to myriad administrative interpretations. The ambiguity of federal citizen participation

regulations has meant a weakening of access to decision making for poor people, and a lack of political leverage for minorities who have traditionally been disenfranchised by the political system. At the local administrative level, grant program officials have been confused as to the sanctions for involvement of neighborhood residents and in many cases have chosen to ignore the question altogether.

Besides the ambiguity of federal regulations, several other questions are important in the dynamics of participation. Two of these questions are "who are the participants?", and "what constitutes participation?" Never defined federally, and rarely agreed upon locally, these two questions have always been a source of conflict between program officials and neighborhood people, as well as among neighbors themselves.

To ask "who are the participants?" is to raise the issue of representativeness. Urban renewal officials thought that they satisfied requirements to represent citizen interests by including a variety of business and professional leaders in their elite Citizen Advisory Committees. In this case, "participants" were those who could be benefactors of the federal program, and whose support was needed to make the project viable locally. The Economic Opportunity Act reversed this position and focused attention on the poor. In the Community Actions programs, "participants" included the low-income people who were the targets of the program. The Model Cities program also recognized the need

to represent indigenous residents of the Model Cities area. The rationale behind LBJ's "peaceful revolution" was to use federally inspired community organizations to put power in the hands of the urban poor, so that they could demand services from city hall.⁴ Nixon's concept of "the people" or citizens who were to participate, emerged as those constituents whose vested interests lie in maintaining traditional power relationships, the so-called "silent majority" who even presume that the status quo can remain unthreatened and intact. Consequently, when proponents of the New Federalism talked about bringing government "back to the people" they have meant putting federal money in the hands of elected and state officials so that they can better control services originating from city hall.

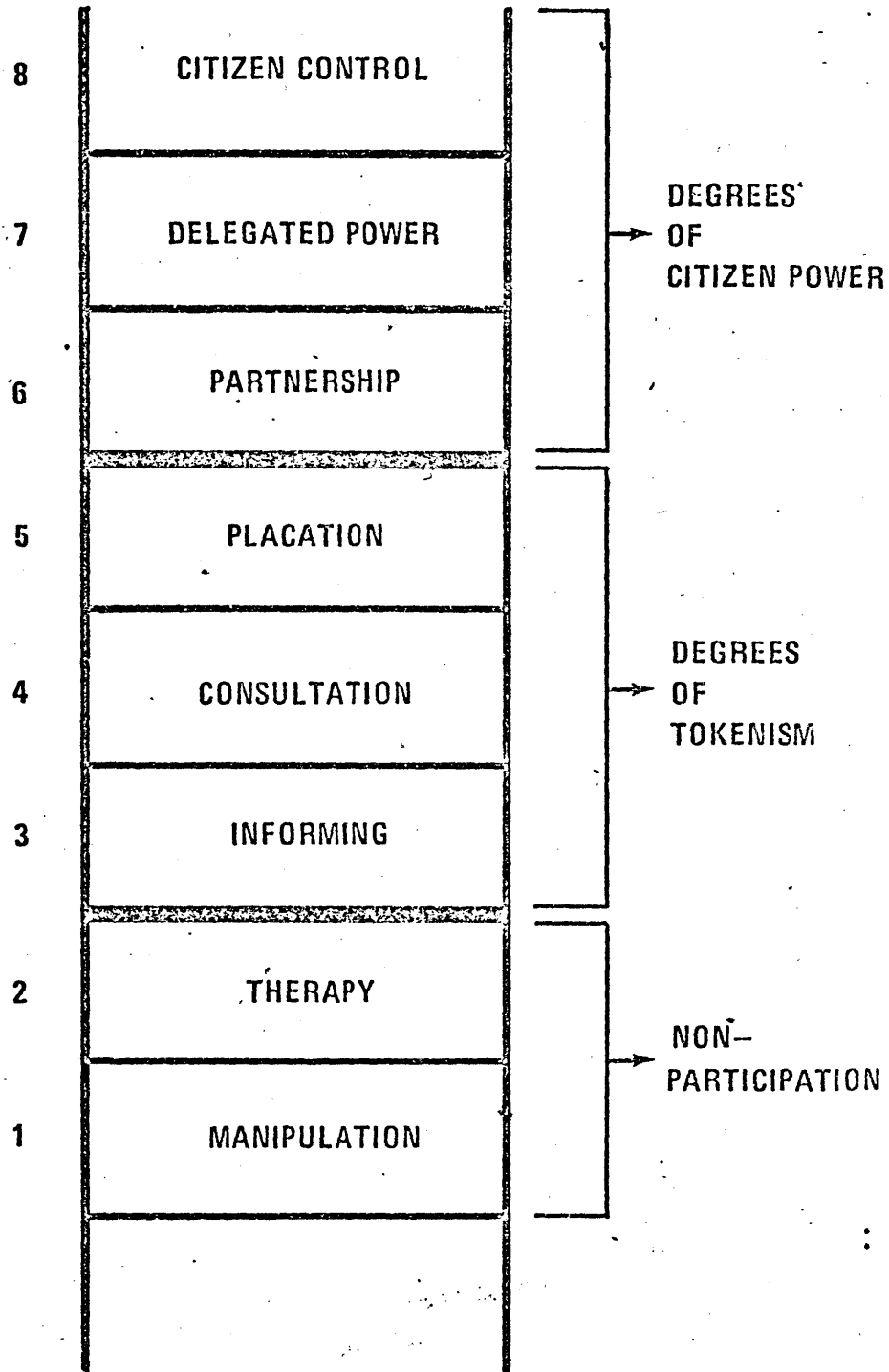
Fragmentation at the community level is a major hurdle for neighborhood organizers. The three descriptions of Urban Renewal projects in Boston illustrate the intricate and sometimes impossible task of coalescing neighborhood interests. In predominately white, largely blue-collar Charlestown, neighbors are fiercely individualistic, and though they presented a united front on upholding the viability of their territory, it was only with great difficulty that organizers were able to reach consensus or guidelines for redevelopment. In predominately black Washington Park, cleavages formed along class lines. Alliances between middle-income residents and the BRA enabled them to override the concerns of the black poor. The West End residents lacked the political

savvy and organizational capacity of either of the aforementioned communities, and unable to mobilize in their own self-interests, they surrendered their territory entirely.

Just as the fact that all participants are poor, or all from the same ethnic minority does not answer the question of representativeness, the fact that all participants are from the same neighborhood is no guarantee for consensus. As the case studies of citizen participation in community development revenue sharing will discuss at the end of this chapter, differing interest groups within neighborhoods can complicate the overall effort to deal with program officials and the city bureaucracy.

The second question inherent in citizen involvement, "what constitutes participation?", raises the issue of the substance of citizen action. The motivation for people to organize their involvement, the relationship which those citizens have to established bases of power, and the degree of influence which they are able to exert on the planning and implementation process, are all important facets of participation. A number of authors have developed hypotheses about the nature of participation. Sherry Arnstein, former chief advisor on citizen participation in the HUD Model Cities Administration, structured a "ladder of citizen participation" which delineates three degrees of possible involvement.⁵ The lowest degree of Arnstein's ladder, "non-involvement", has two levels, or rungs. These are "manipulation", and "therapy". The next degree of involve-

TABLE III



EIGHT RUNG ON THE LADDER OF CITIZEN PARTICIPATION
By Sherry R. Arnstein

ment on the ladder is "tokenism", which encompasses the rungs of "informing", "consultation", and "placation". The highest degree of involvement according to Arnstein, is actual "participation". The rungs subsumed under this category are "partnership", "delegated power" and "citizen control." In her studies of Model Cities Programs, Arnstein concluded:

participation without redistribution of power is an empty and frustrating process for the powerless. It allows the power holders to claim that all sides were considered, but makes it possible for only some of these sides to benefit. It maintains the status quo. 6

Melvin Mogulof views participation as a series of acts by which the citizen has the opportunity to influence the distribution of benefits or losses which may be visited upon him, (or upon those he represents), as a result of federally supported programs.⁷ Mogulof's research also provides five useful categories for classifying the intensity of citizen participation: (a) employment - information, (b) consultation - advice, (c) consultation - advice with independent resources, (d) shared authority, (e) control.⁸

The role and conduct of technical or professional people charged with the responsibility of implementing a federal program has important implications for citizen participation. Theorizing on the role of planners in the participation process, and recognizing that the professional must consider the operations of three groups, the client, the established order, and the participants, Sima Osdoby of the Boston

Transportation Planning Review, suggests that there are five dimensions to the planner's role"

1. the planner's work style, that is whether the person is a "technician planner" or an "administrative planner"
2. the perceived client; i.e., whose community, sub-group, neighborhood or institution
3. the auspices under which the planner works, i.e., for a public or a private agency,
4. the problem orientation, whether it is related to land use/physical planning, social policy, etc.
5. the planner's race.⁹

An array of appropriate and inappropriate roles are also options for professional planners and the chapter which follows will examine several of these. The Cambridge Urban Renewal project which successfully included a measure of citizen input, illustrates the potentially positive contribution of an advocacy planner who assumes an educator, information disseminator role. The interaction between the staff of the CDA in Boston's Model Cities program, and community members of the Model Neighborhood Board, exemplifies the success which planners can have in the communicator, consultant role. On the negative side, the reluctance of West End planning officials to establish any meaningful and informative dialogues with the neighborhood, shows the danger of professionals who assume a manipulator, obfuscator, role.

The body of this chapter is written from the standpoint that participants are the group or groups of program constituents

for whom benefits are promised, to whom program administrators and the bureaucracy should be but seldom are, accountable, and for whom avenues of intervention are nationally defined and enforced. The implicit assumption is made that the pendulum of community influence and access to decision making which previously had swung away from passive advisory roles of the Urban Renewal citizen committees, to increasingly activist demands for community control during the CAP and Model Cities programs, is now swinging back to less intense forms of federally mandated involvement. The context of revenue sharing is one in which community people must strive in almost totally self-initiated ways to maximize their positions within an advisory framework.

B. Lessons Learned from Categorical Grant Programs

1. Urban Renewal

The almost two decades of Urban Renewal projects provide the baseline for citizen involvement in federal programs, corresponding to what would probably be the lowest degrees on Arnsteins ladder, non-participation and tokenism. Citizen participation in Urban Renewal depended largely on local initiative, with little support from either local governments or the local agencies designated to implement redevelopment schemes. The only real legislative requirement for citizen participation is a 1954 congressional amendment to the Housing Act of 1949. The program had been in operation several years by this point, and federal authorities

felt the need to switch renewal emphasis from demolition to rehabilitation.¹¹ Neighborhood rehabilitation implied that social as well as physical concerns were to be taken into account by renewal planners, so some recognition was given to the basic, though limited, need to involve lay citizens, as a means of legitimatizing the redevelopment process at the city level.¹²

According to the 1954 amendment, cities were required to devise a "workable program" as a precondition to receiving federal monies.¹³ The workable program was supposed to include an official plan of action for dealing with the problem of urban slums, and for the establishment and preservation of a well-planned community.¹⁴ Seven requirements which were to constitute a workable program were promulgated by the Administrator of the Housing and Home Finance Agency (HHFA). The last of these was "citizen participation."¹⁵

Since Congress made no further specific directives as to the form which this citizen participation was to take, the mandate for community involvement in Urban Renewal remained nebulous throughout the life of the program. One consequence is clear, however. Urban Renewal's involvement of lay citizens was limited to middle-class business and professional interests, most often at the city level. "Participants" in the Urban Renewal did not mean low-income people in neighborhoods scheduled for slum clearance and rehabilitation.¹⁶ As political scientist James Q. Wilson observed twelve years ago, in his critique of Urban Renewal,

"middle-class persons who are beneficiaries of rehabilitation will be planned with; lower class persons who are disadvantaged by renewal will be planned without."¹⁷

Consistent with the middle-class orientation of Urban Renewal, the HHFA envisioned city-wide citizens advisory committees (CAC's) as appropriate focii for development. The CAC's were supposed to consider specific socially-oriented renewal problems such as minority housing and neighborhood participation.¹⁸ In most cities the CAC's never performed more than a perfunctory role in approving decisions handed down by the Local Public Agency. Usually the position of the CAC was too closely aligned to that of the LPA, to allow independent thinking on the part of the advisory body. The membership of the Committees were often too large and overstructured to define policy, and despite the overabundance of business and professional leadership technical capacity and planning expertise of the CAC's was insufficient to produce discriminating evaluation of redevelopment proposals.¹⁹

City-Wide Groups in Boston

Boston's experience with city-wide groups and Urban Renewal is a good example of the limitations of both an advisory status, and a strictly middle-class orientation. The approval of the citizen participation component of Boston's workable program in 1955, led to the establishment of a 100 man committee.²⁰ A predecessor to an even larger CAC established some years later, the committee included

notables and local elites dedicated to industrial and commercial development.²¹ This first committee represented the use of a professional community organization approach to citizen participation in order to achieve local support of renewal. There is little evidence of concrete gains made by this body either in funneling up support from the neighborhood level, or in influencing the intention of the LPA.²²

In 1963 a larger CAC had been established, partly out of political considerations. Shortly before his bid for re-election, Mayor Collins, a Democrat, decided to appoint a large number of prominent Republicans to serve on the Urban Renewal advisory committee. It is safe to assume that Collins was motivated as much by campaign strategy as by HHFA pressure to fulfill the citizen participation requirement, when he assembled this unwieldy body.²³ Predictably, the CAC became an arm of the Boston Redevelopment Authority, the local agency funded to execute the renewal program. In what amounted to a relationship too close for even objective advisory action, the BRA supplied at least one staff person to each CAC subcommittee, and also paid the salary of the overall committee coordinator.²⁴ Moreover, the Committee had gotten underway too late, and understood too little, to have substantial input in formulating renewal schemes. From its position at the end of the planning process, the CAC was forced to either accept totally each BRA renewal plan, or to reject it altogether. Only the former option was exercised.²⁵

Even in the late '60's when the heyday of Boston's Urban Renewal projects was over, and the effects of more radical OEO, and Model Cities approaches to citizen involvement were being felt, Boston's city-wide CAC retained its elitist character, and emphasis on business and professional interests. A partial list of subcommittees and the private capacities of their chairman underscores this fact:

- Capital Improvements -- Executive Secretary, Boston Municipal Research Bureau;
- Community Planning -- President of a Savings Institute;
- Home Financing -- major bank representative;
- Rehabilitation -- major utilities representative.²⁶

The CAC chairman was a lawyer with a major downtown Boston law firm, and the vice chairman was the project coordinator for a major private utility.

When time came to submit the 1970 Workable Program to HUD for re-certification, the 300 man CAC had become "virtually moribund."²⁸ Experience at the neighborhood level with specific urban renewal projects led Mayor White to pay closer attention to the demands of grass-roots citizens groups for inclusion in the renewal planning process. The CAC became less and less important as the mayor instituted a more decentralized citizen involvement system.²⁹ The CAC was replaced by the Boston Urban Affairs Committee (BUAC), a 58 member group which according to the '1970 Workable

Program was to be "an assembly of articulate and concerned representatives of Boston's residential committees and special interest groups."³⁰ Though initially the BUAC did include more representation of low-income and minority people than previous CAC's, its effectiveness decreased in direct proportion to dwindling attendance at its meetings, and a year after it was originated the BUAC was a less than significant part of the renewal planning process.³¹

Urban Renewal At The Neighborhood Level

While the record of city-wide citizen participation in Urban Renewal is relatively consistent, varying only within a limited advisory framework, the record of participation at the neighborhood level reveals a slightly wider range of involvement, though still within a narrow recommendatory capacity. Instances of "non-participation" at the neighborhood level range from complete disregard of community appeals to inclusion of neighborhood people in actual planning procedures. The three examples which follow indicate various degrees of participation, or non-participation by Boston community people in three Urban Renewal projects, in the West End, Charlestown, and Washington Park respectively.

(a) The West End

Nationally, as well as locally, one of the most vivid instances of the ravages of the federal bulldozer

was the West End redevelopment project. One of the first renewal schemes in the country, the West End redevelopment was conceived and implemented without even neighborhood approval of, let alone participation in renewal plans. A classic study of this urban community and the impediments to its access to the planning process, is provided by Herbert Gans.³²

Gans reveals cultural and social, as well as circumstantial impediments to participation by West Enders in the renewal scheme which ultimately destroyed their neighborhood. According to his findings, oncoming redevelopment had little meaning to the 20,000 low-income people who lived in the area. Despite the fact that clearance plans were first made public in 1951, it was not until the final contract was signed in 1958 that West Enders realized the finality of the Urban Renewal demolition scheme.³³

The reasons for their disbelief and inability to organize effectively to save their neighborhood were many. The complex and seemingly endless series of planning proposals which were steps in the BRA development process were misunderstood by people in the neighborhood. What in reality was an incremental planning and implementation procedure, was perceived by West Enders to be a purposeless and erratic train of events which ultimately would change nothing.³⁴

Poor information dissemination also contributed to neighborhood ignorance. Media coverage and agency communication was sporadic. Official announcements from the BRA were

vague, and neighborhood people consequently paid little attention to printed information. As time went on, word of impending redevelopment and relocation plans was dismissed as a scare tactic to get West Enders to give their homes.³⁵

Elements of the socio-cultural fabric of West End life made it difficult for them to comprehend the concept of turning neighborhood land over to private developers, who would in turn reap a profit on the construction of luxury and middle-income housing. Some area people reasoned that "only in Russia could the government deprive citizens of their property in such a manner."³⁶

The "Save the West End Committee", begun in 1956, attempted to illuminate the realities of forthcoming Urban Renewal events, but did not succeed in mobilizing neighborhood support until it was too late. Part of the failure of this Committee was due to the nature of its leadership. The head of the group was an outsider, a leading member of one of upper-class Boston's more prominent families, whose ancestors had established a tradition of settlement house work in the West End.³⁷ Other members of the Committee were part of the fringes rather than the mainstream of West End life; and consequently the group never sustained enough local impact to either sway the official planning bureaucracy, or convert the West Enders to the principles of organized activity.³⁸

Even when demolition was eminent, for people who lacked a rudimentary understanding of city politics and the renewal

planning process, saving their homes in the West End seemed an impossible task. West Enders did not have sufficient contact with the political system to realize that the go, no-go, decisions on renewal, rested with forces more powerful than the Mayor. Their final and fruitless hope was that if he changed his mind their neighborhood would be saved.

Politically, the community was virtually disenfranchised. Local politicians opposed the redevelopment, but were not strong enough to override more powerful city interest groups who favored it.³⁹ The West End did not enjoy the positive visibility of the North End, which though populated by low and moderate income people was the symbol of Italian life in Boston and as such enjoyed a broader base of political alliance.⁴⁰

In the end, the noise of buildings being torn down, and the fear of vandalism forced even the most vigilant of West Enders to give up and leave. The West End was emptied in little more than 18 months after official taking of the land.⁴¹

(b) Charlestown

Memories of the West End had a profound effect on the subsequent reception of Urban Renewal plans by other Boston neighborhoods. When residents of Charlestown heard of newly arrived BRA director Ed Logue's plans to use their neighborhood as a showcase for renewal in Boston, they were swift, unanimous, and vocal in expressing their discontent.⁴²

Unlike the West Enders, blue-collar Charlestonians did have the political wealth and organizational capacity to defend themselves, and the record of the renewal planning process in Charlestown is the history of neighborhood people who strove to drive the hardest possible bargain with the director of the BRA.⁴³ Two major public hearings by the BRA were held in Charlestown, one in 1963 where the announcement of renewal plans were greeted with hisses and boos from a hostile community, and another two years later when the BRA achieved a majority vote of approval for its revised renewal schemes.⁴⁴ The time between these two hearings was filled with political infighting, and heated debates between loyal Charlestonians adamant about preserving their working class environment, and BRA planners who were insensitive to the character of the community and unable to understand the distribution of local power.⁴⁵

As described by Langley Keyes in his review of the "planning game" in Charlestown, residents of that community enjoyed a self-contained identity which was wildly democratic, relatively xenophobic and which compensated in local political awareness for what was lacked in far-reaching political clout at the city or state level.⁴⁶ Happy with the general state of their homes, and distrustful of what they supposed to be, the "fancy" middle-income orientation of the BRA, Charlestonians bristled at the mention of their community as a "blighted area."⁴⁷

In contrast to other areas encountering renewal projects, reaction to Urban Renewal in Charlestown could not be delineated along class lines. For one thing, the poorest Charlestonians were largely unaffected by the proposed rehabilitation process since most of them occupied public housing in a section of the town not slated for clearance or rehabilitation.⁴⁸ Also, despite variations in income, the vast majority of people in Charlestown considered themselves to be working class. Differentiations among neighbors were made more on the basis of religious parish, than family financial resources.⁴⁹

Though perceived common denominators were strong, Charlestonians proved highly individualistic, and engaged in a lot of political infighting. Unlike the West End, however, the several community groups in Charlestown were able to channel public anti-renewal feeling into a platform with which to negotiate with BRA officials.⁵⁰

The first committee formed to deal with the BRA renewal planners for Charlestown was the Self-Help-Organization-Charlestown (SHOC). For several years, from 1960 to 1962 SHOC performed its organizational advisory function smoothly during what Keyes calls the "era of good feeling" between the neighborhood and the BRA project director.⁵¹ Gradually, there came a change of local actors, specifically the project director, and a shift in community sentiment away from the SHOC position. Pressure was brought to bear on SHOC to incorporate a wider range of citizen representation, and to

consider incorporation into the newly conceived Federation of Charlestown, an organization supported by the BRA.⁵² SHOC resisted this suggestion vehemently.

Local suspicions of BRA motives and tensions between SHOC and the Federation peaked in January 1963 at the first public hearing staged by the BRA to announce renewal plans. There was growing public feeling that the BRA planners were preventing Charlestonians from their right to be involved. A scene of chaos reigned as Logue attempted to present the BRA's proposals, in the face of booing and cat calls from angry townspeople.⁵³ This emphatic reaction made clear to Logue for the first time that the BRA-endorsed Federation had failed to neutralize community opposition.

After the 1963 hearing three district groups emerged. It was clear that the Federation, composed largely of clergy in favor of renewal, represented only one point of view. Also to be reckoned with were the "moderate middle", a group whose stance was neither categorically for nor against renewal, and SHOC, which gradually solidified into a band of people opposed to renewal on any terms.⁵⁴ Shrewd maneuvering by the BRA, and a door-to-door selling approach by the new project director, slowly transformed community sentiment during the next two years. By appealing to the "moderate middle," planning officials managed to affect a coalition between that group and the Federation, isolating SHOC in a "radical" stance. By the time a second hearing was

staged in March of 1965, the vote taken yielded about 2,000 for and 700 against the proposed renewal plan.⁵⁵

Though the BRA was able to proceed with its renewal program, it was not without important concessions to the priorities of the Charlestown community. The removal of the El, always an important item on the neighborhood agenda, required a commitment from the BRA of \$12,000,000, nearly one-third the total estimated project cost.⁵⁶ The revised renewal plan also included provisions for a Massachusetts Bay Community College, an item which assured support from a large number of Charlestownians.⁵⁷

(c) Washington Park

A third instance of urban renewal in Boston is the Washington Park project, in Roxbury. This project illustrates not only ways in which neighborhood people can function smoothly in advisory roles to the BRA, but more importantly, ways in which citizen participation can come to include only selected groups of neighbors. More than either of the preceding cases, Washington Park makes clear the distinctions between socio-economic classes within a neighborhood, and their stance viz à viz renewal plans.

In Washington Park, BRA plans were presented to a relatively stratified community, e.g., the shrinking minority of whites left from the Roxbury of decades past, the "Negro elite" who occupied the highest echelons of the black socio-economic ladder, and the blue-collar workers who represented

the majority of Roxbury residents. As early as the 1950's, all these groups looked to Urban Renewal as a means of saving their neighborhood.⁵⁸ Fearing the downward spiral which might eventually relegate Roxbury to slum status, and anxious about the growing numbers of low-income blacks and Puerto Ricans migrating in from other cities, members of the white minority, Negro elite, and black working class favored urban renewal as a way of clearing the area of unwanted low-income and slum housing (and its occupants) and as a means of stabilizing the middle-class and interracial component of what they hoped would not become an all-black and disadvantaged community.⁵⁹ The Washington Park project was approved in 1959.⁶⁰

Thus when Ed Logue arrived on the scene, neighborhood support for urban renewal in Washington Park was a fait accompli. Rather than embark on its own campaign effort to organize citizen participation, the BRA chose to fund an existing organization, Freedom House, in order to structure local participants and make plans for relocation.⁶¹ Freedom House had been founded in 1949 by a black couple, Muriel and Otto Snowden, who as members of the "Negro elite" were committed to reversing what they perceived as the increasing deterioration of Roxbury. After completing with another indigeneous group, the Roxbury Community Council, Freedom House won official status as the neighborhood advisory body to the BRA.⁶²

Basically, from the BRA point of view, the Washington Park renewal progressed without a lot of friction. The conducive social setting, and the fact that both lay and technical staff were sensitive and well-informed meant that the redevelopment process, proceeded according to plans.⁶³ However, a crucial factor in this lack of major friction was the fact that the one segment of the Roxbury community which did oppose renewal was neither sufficiently represented nor organized to present an effective dissent.⁶⁴ It should be remembered that the Washington Park project occurred just before the activist phases of the Civil Rights movement of the '60's. The discontent of the urban poor with their exclusion from local decision making had not yet been vocalized, and the rationale of "maximum feasible participation" which later afforded the poor a position at the bargaining table, was not yet numbered among the neighborhood forces with which planning officials had to negotiate. The preferences of the lowest income segment of Roxbury, which Keyes labels "the black proletariat" endured the renewal process largely silent and ignored.⁶⁵

Still, Freedom House did not escape without criticism from certain elements in Roxbury. Despite its promises that no BRA plans would be approved which were not in the community's interests, Freedom House was accused of furthering only bourgeois aspirations.⁶⁶ Those grass-roots and civil rights organizations which did exist alleged, that Freedom House was trying to convert Washington Park into a sanctuary

for the middle class.⁶⁷ The fact that Freedom House's efforts were largely financed by the BRA gave rise to further accusations of collusion with officials downtown.⁶⁸

Though the BRA successfully completed its renewal program in Washington Park, with the overall blessing of the delegated neighborhood body, the potential class conflicts within the Roxbury community foreshadow battles which occurred in the subsequent Boston Model Cities program. The fragmentation at the neighborhood level became acute once poor black and Spanish-speaking people in Roxbury began to voice their views as a group. Though the question of "what constitutes participation?" was usually a rallying point for community people seeking to negotiate with agency officials, the question "who are the participants" is one which became increasingly difficult to answer, as the mandate for involvement broadened to include low-income minority people.

2. OEO-CAP Programs

The federal notion of participation took a dramatic turn with the enactment of the Economic Opportunity Act of 1964. According to the language of this legislation:

the United States can achieve its full economic and social potential only if every individual has the opportunity to contribute to the full extent of his capabilities, and to participate in the workings of our society. 69

A subsequent amendment to the Act called for:

... the development and implementation of all programs and projects designed to serve the poor ... with maximum feasible participation of residents of the groups served. 70 (emphasis added)

The administrative guidelines issued by the Office of Economic Opportunity (OEO) interpreted the maximum feasible participation requirement to mean involvement of the poor themselves in decision making, policy formulation, and implementation of the program. Though there is some evidence that the drafters of this legislative component had no idea of the complex problems they were getting into,⁷¹ this federal support for participation by indigeneous citizens cast OEO in a role different from the Urban Renewal Administration. With the Community Action Programs established by the 1964 Act, OEO became an advocate for the poor in their struggle for access to local decision making process. By circumventing city hall and giving money directly to local non-profit anti-poverty groups, OEO exercised the principle of "countervailing power."⁷² The governing boards of Community Action Agencies (CAA's) allotted one-third of their membership to business, one-third to government, and one-third to constituencies within their target area. Eventually, 95% of the CAA's chose to operate outside of local government control.⁷³

The tenor of the times had much to do with the inclusion of "maximum feasible participation" in the Economic Opportunity

Act. The Civil Rights movement was growing nationally, and led by Martin Luther King, Jr., young activists were calling for greater accountability to the principles of participatory democracy.⁷⁴ With the Kennedy Administration came a shift in emphasis on community involvement. Projects such as the Ford Foundation's Grey Areas Program, the Juvenile Delinquency Demonstration Programs under RFK, and the New York City mobilization for youth focused attention on social change. The bootstraps philosophy of the 60's entailed "helping people to help themselves."⁷⁵ Supposedly bulwarked by federal support the poor were going to be able to demand their fair share of services from recalcitrant city governments.

This view of the proficiency and local governments in dealing with the needs and concerns of low-income people, is in marked contrast to the pro-localist nature of revenue sharing programs a decade later. Unlike GRS and SRS which seek to restore the power of local governments, the OEO-CAP rationale sought means outside the traditional political system to represent a hitherto ignored constituency, the poor.

The participation of the poor in Community Action Programs was often a turbulent operation. Many municipal power structures balked at the notion of participation by the target population of poverty programs. Conflicts ensued between indigeneous anti-poverty organizations and established local politicians. Meanwhile the proponents of maximum feasible participation back in Washington, were unprepared for

struggle with entrenched local bureaucracies.⁷⁶

One theory attributes OEO's naïveté with regard to its position in the conflict at the local level, to a basically "hygienic view of urban politics." Under this theory OEO assumed that city hall would eventually accommodate the poor, who would in turn reward that accommodation by voting appropriately at the polls.⁷⁷ What OEO did not initially realize was that while susceptible to alliances with the poor that might help them get more federal money, most Mayors were wary if not hostile to any program, regardless of funding, which hinted at a redistribution of power.⁷⁸

It is not clear that any of the CAP organizations succeeded in affecting a redistribution of power, though in several instances individual projects came close. One of the first of the National Demonstration Programs under the Economic Opportunity Act, Operation Headstart, precipitated a series of changes in the local status quo in Mississippi. Civil rights workers and low-income black people of 32 Mississippi counties, set up the Child Development Group of Mississippi (CDGM) a complex of 128 Headstart Centers. Not only were many poor black children educated for the first time, but their parents and neighbors were recruited to manage and develop the program. The salaries paid to these newly trained administrators provided them an independent source of income in the midst of a racist power structure which previously had controlled their lives. Furthermore, this new found economic independence led to independent decision

making, and a degree of self-determination which profoundly alarmed the Mississippi Congressional Delegation.⁸⁰ Sargent Shriver, who at that time headed OEO, stepped in to bolster the position of the CDGM against the onslaughts of local politicians, the coalition between CDGM and OEO was moderately successful and the organization survived but in significantly altered form.⁸¹

As the poverty programs wore on, and conflict at the local level became more apparent, OEO relaxed its advocacy role and stopped prodding mayors and politicians to cooperate with CAA's. Gradually as those OEO officials who had lobbied most vigorously for participation of the poor left the national agency, local poverty programs fell under the control of established political organizations.⁸² Participation by the poor became an empty exercise.

The demise of the Mound Bayou Community Hospital and Medical Center is vivid testimony to the casualties which can result from the removal of federal support. This OEO funded facility grew into a comprehensive medical center which offered free treatment to indigents in four Mississippi counties. It also gave jobs to over 500 people from the Mound Bayou area. When OEO's funding to the hospital was cut off, the Atlanta Regional Office of HEW made the decision to terminate support, operating under the directives of the New Federalism.⁸³ The comprehensive health program conducted by the community hospital and health center was oriented

toward prevention of disease, and erosion of the cycle of poverty which trapped the rural poor.' Most of the residents of Mound Bayou who received free treatment were black people, who survived on less than \$1,000 per year, and had previously been refused when they had tried to enter the regular county hospital.

In the beginning, in order to make the funding immune to state vetoes, the grants earmarked for the health center were channeled through institutions of higher education, specifically Tufts University, and the University of New York at Stony Brook. The merger of what had been two separate health facilities changed this situation and the governor of Mississippi was able to stop all program funding.⁸⁴

At the same time that the regional HEW terminated support for the Mound Bayou hospital, it began consideration of a \$105,000 grant proposal from the South Delta Health Planning Council to "seek reasonable means of improving health conditions" in six Mississippi counties, including the four which were previously served by the Mound Bayou center. As in most states, patronage politics reign in Mississippi and it so happens that members of the South Delta Council are appointed by the governor.

The essential lesson of the ephemeral successes of the CAP program is the crucial role of the federal government in advocating attention to the needs of low-income people. The direct funding of community inspired programs, be they

educational, medical, manpower, or service oriented can create a vital and usually unprecedented power base for politically and economically disadvantaged communities. A federally funded project has the potential of providing a source of independence and self-determination for low-income and minority people who have previously been victimized by racist local governments and private enterprise. The fact that such people are no longer totally dependent on the local power structure for employment and services gives them new leverage for independent action.

It is this type of federal lever which is absent in both general and special revenue sharing programs. The former scepticism of local governments' amenability to the demands of the poor, has been supplanted by renewed confidence in the beneficence of local officials. The commitment to localism in the New Federalism is not a commitment to local people, as much as it is a commitment to local bureaucrats and a return to traditional decision-making structures. The effect of such localism is to pull the rug out from under many small indigeneous anti-poverty efforts which cannot survive without the lever of federal support.

Civil rights organizer, Reverend Reems Barber conducted a study of GRS expenditures from January to June 1973 in 22 counties and 54 cities and towns in Mississippi. In what is one of the poorest states in the nation, he found that only 0.3% of GRS money was spent on social services for the poor and aged, 0.2% for economic development, 0.2%

for community development, and 0.0007% (slightly more than \$100) for education.⁸⁵

Another veteran of the civil rights movement in Mississippi has analyzed the crucial role of federal financial and political support by saying:

One of the strongest tools we had in the civil rights movement in the South was federal money and the jobs that went with it. It made black people independent because control of their existence was moved outside the racist power structure. General Revenue Sharing means that in Mississippi where black people are still not represented in state and local government, federal programs that provided the only means of economic and psychological survival for a larger number of black people will either die, or undergo complete reorganization.⁸⁶

3. Model Cities

As struggles between CAA's and local governments became more publicized the national image of the Community Action Program grew increasingly antagonistic, especially to those entrenched officials who felt threatened by the notion of empowered poor people. When the time came for policy-makers at HUD to draft legislation for the Model Cities program, the pressure was on to put the reins of program control back into the hands of local officials. In Sherry Arnstein's words, "policy makers ... were determined to return the genie of citizen power to the bottle from which it had escaped..."⁸⁷

That being the case, Model Cities legislation was

conceived which rejected the OEO philosophy of direct funding of the poor. Instead, the governing body of Model Cities programs was to share power, not only among its own ranks, but with professionals, experts, and the delegated ultimate authority, City Hall.⁸⁸ The Demonstration Cities and Metropolitan Development Act of 1966 contained rather cautious provisions for citizen participation, premised on the assumption that local governments could still be used as vehicles of reform for dealing with urban slums.⁸⁹ The eligibility requirements contained in Section 103 of the Act include requirements that:

1. physical and social problems ... are such that a comprehensive demonstration program is necessary
2. the program is of sufficient magnitude ... to provide ... widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training.⁹⁰

The oversight authority for the Model Cities program rested with the Secretary of HUD who had responsibility for providing technical assistance to city demonstration agencies (CDA's) and for assisting such agencies in planning, developing and administering comprehensive city demonstration programs.⁹¹

Unlike the specific target support method used by the categorical grants, Model Cities sought a more comprehensive approach to urban redevelopment. This desire to deal with all phases of the city, frequently led program recipients

astray, since comprehensiveness was interpreted by some localities as meaning studying every possible factor which might impact their cities.⁹² Also the fact that the funds could be applied to such a wide variety of urban problems often led to intense competition between neighborhood groups vying to implement their proposals.⁹³

The reticence of the legislative citizen participation requirement did not actually translate into vastly curtailed citizen involvement, however. The same national mood of activism regarding the oppression of minority people, and the crisis of the ghetto, which had influenced the administrators at OEO, pushed HUD programs to extend the pattern of citizen participation beyond legislative intent. This time around the situation was more urgent. The civil rights movement had grown more militant, local neighborhood consciousness had given rise to cries for "community control", and by the late 60's, a series of urban riots had made clear the crisis situation of the cities.⁹⁴

In addition, 1967 saw a significant shift in personnel from OEO to HUD, causing a radicalization of HUD temperament towards more dynamic citizen involvement.⁹⁵

Boston

The Boston Model Cities program, one of the first in the country, is also one of the instances where actual citizen involvement on the Model Neighborhood Board exceeded conservative interpretations of the Act. Through a combination

of adept political maneuvering and fortuitous circumstance, the Boston Model Neighborhood Board (BMNB) was able to maintain final veto power over any project proposal. It was this veto power which gave the BMNB its credibility, and which broadened its efficacy beyond a simply advisory role.⁹⁶

Comprised of 18 representatives from the Model Cities area, the board was delegated the official task of developing representative community proposals, of working with members of the Boston CDA to incorporate neighborhood priorities in the operation of programs in the Model Cities area, and to voice and be directly accountable to the considered views and opinions of model neighborhood residents.⁹⁷ In reality the BMNB found little time to devote to its policy-making functions. Staffed by working people whose only financial remuneration was reimbursement for babysitting and transportation, board members spent long hours pouring over contracts and deciding whether or not to fund individual proposals. There were 19 program areas, and the volume and trivia involved in contract review frequently proved overwhelming.⁹⁸

One reason that the BMNB was initially able to retain a relatively high degree of influence was its relationship to both the mayor and the CDA. The original structure of the board evolved out of a pre-planning hearing at which the BRA was to present its plan for a Model Cities application. A number of community leaders from the prospective

model neighborhood intervened and demanded that a model neighborhood board be set up as an independent and discreet entity complete with veto power. The BRA and city authorities were sufficiently surprised, and the community leaders were sufficiently well organized that the latter won their case.⁹⁹

The resulting board was created with the mandate to deal with the model neighborhood as an urban laboratory, where innovative strategies for job training, income redistribution, education, development, and other social services would be tried and tested before implementation in other depressed areas of the city.¹⁰⁰ Insufficient funding, community fragmentation and perhaps timidity on the part of some members, caused the board to fall short of its goal.¹⁰¹ Politics were a factor in the workings of the BMNB, but equally as important were the personalities of major actors in the program. The first head of the board was Dan Richardson, a black leader known in the Roxbury community and one of the key figures in the pre-planning hearing which sparked the board's creation. As time went on, it became evident that Richardson had difficulty dealing with the top CDA administrator, Paul Parks, a black mayorial appointee. As the head of the CDA, Parks was responsible for the overall administration of Model Cities in Boston. His authority came directly from city hall where the final decision-making power rested. Yet the unique situation of the Boston Model Neighborhood Board was such that Parks needed their consent for project

funding or else their right of veto would be exercised. The exact reasons for the animosity between Parks and Richardson can only be speculated. Differences in outlook, and like capacities for political shrewdness meant that the two competed for influence over the program and sanction of the board.¹⁰²

As time went on, Parks was able to demonstrate considerable persuasiveness with both the BMNB and the mayor. The independence of the board from the CDA lessened, not because of a conscious decision to alter program structure, but because the board members tended to concede willingly to Parks' line of thinking. Richardson, however, did not share this position, and after a series of incidents where his displeasure was made explicit, Richardson was replaced as head of the board.¹⁰³

Under Richardson's successors the BMNB lapsed into a fairly impotent role, Parks' overriding influence continued, the volume of paperwork increased, and board members were kept too busy to contemplate either their wavering independence from the CDA, or the policy implications of their internal decision-making process. Though originally board members kept in constant touch with neighborhood priorities, the recycling of community opinion was stifled by intense competition for slackening federal funds. One former member of the BMNB remembers that the allocation procedure was somewhat akin to a federal pot of gold being plunked down in the middle of one neighborhood with instructions for everyone to

"come and get it."¹⁰⁴

Boston's situation offers several lessons for the participation of community people or decision-making bodies for federal programs. When their potential input is real, not advisory, board members must be allowed to devote energies to important policy considerations. An appropriate workload would have included such strategy determinations, as well as some enforcement power over policy implementation. Contact with the community should have been formalized, in order for it to be sustained. There should be structured mechanisms for grievance, clear statements of the interests which board members represent, and publicized guidelines for neighborhood people who want to know how to plug into the process. Such established procedures would have insulated board members from informal bargaining with individuals who wanted a pet project funded, and would have helped all contract review participants function more efficiently.¹⁰⁵

Philadelphia

While the case of the Boston Model Cities Program demonstrates the progress and pitfalls of citizen participation on Model Neighborhood boards, the Philadelphia experience highlights aspects of the interaction between model neighborhood residents and city hall. Coalition politics provided neighborhood people and effective base from which to bargain with city hall. The legislative requirement for citizen participation contained in the Act allowed them to employ a

legal strategy which ultimately affirmed their position in a conflict with the CDA.

In 1967, citizens from different ethnic groups and political identifications allied themselves and formed the North City Area-Wide Council, Inc., (AWC) in Philadelphia. Their strength as a coalition of interests made it possible for them to intervene successfully in the beginning stages of their city's Model Cities planning process. AWC did leave an invaluable legacy in a suit which it initiated against HUD North City Area-Wide Council, Inc. v. Romney, 428 F.2d 754 (3rd Cir. 1970). The case came on appeal from a motion to dismiss which had been granted to the defendants by the District Court. At issue was compliance to requirements in the Model Cities governing statute that to be eligible for Federal aid, a comprehensive city demonstration program must provide ... widespread citizen participation in the program and the Secretary of Housing and Urban Development must emphasize local initiative in the planning ... [of it].¹⁰⁶ Model Cities, a predecessor of HCDA professed the basic philosophy that improving the quality of life of the residents of a model neighborhood could be accomplished only by the affirmative action of the people themselves. This required a means of building self-esteem, competence and a desire to participate effectively in solving social and physical problems of their community. The suit challenged the sufficiency of citizen consultation and participation in the planning and carrying out of the program.

By agreement between the city of Philadelphia and the AWC, a large portion of the Model Cities' program was to be administered by seven non-profit corporations,¹⁰⁷ and AWC would provide the citizen participation needed by statute. HUD objected to the arrangement and the city amended its Model Cities application to cut AWC's role without the coalitions' consultation. Central to the original purposes of the Philadelphia plan had been providing Model Cities residents with an opportunity to participate fully in city decisions affecting the target area and "to assume some control over their own economic resources."¹⁰⁸ HUD unilaterally added further restriction on AWC's role. In response, the coalition refused to renew its contract with the city to fulfill the citizen participation component. Philadelphia's plan was funded, and AWC sought to enjoin the program in Federal District Court.

The Act placed an extremely high value on local initiative in the planning, development, and implementation of local programs, 42 USCA §3303(b)(1). City Demonstration Agency letter No. 3, Oct. 30, 1967 as cited in the opinion states"

The implementation of this statutory provision requires: (1) the constructive involvement of citizens in the model neighborhood area and the city as a whole in planning and carrying out the program. *** The city Government *** will be responsible for insuring that whatever [local citizen] organization is adopted provides the means for the model neighborhood's citizens to participate and be fully involved in policy-making, planning and the execution of all program elements. 109

The court emphasized citizen participation, negotiation and consultation in the major decisions of the particular Model Cities Program.¹¹⁰ A standard for citizen involvement was enunciated.

While not every decision regarding a Program may require full citizen participation, certainly decisions which change the basic strategy of the Program do require each participation.

The court concluded that the agreement had undergone fundamental changes and had contemplated a much heavier involvement by the AWC as citizen participants. The heavy reduction of involvement as found by the court "drastically reduced" the intensity of citizen involvement. Such a basic change in the strategy of the program required citizen input. The Secretary was held to be in violation of the Act.

On remand, the District Court held that the city's failure to consult with AWC on the issue of the coalition's participation was proper. The citizens group had been afforded access to program planning, and that the onus for terminating the contract lay on AWC. For the full disposition of the case on remand see 329 F.Supp. 1124 (E.D. Pa. 1971).

Area-wide Council, another case under the Model Cities Act, Bouchard v. Washington, 356 F.Supp. 223 (D.C.D.C. 1972); other suites, Powelton Civil Homeowner's Association v. HUD 284 F.Supp. 809 (E.D. Pa. 1968), brought under the Urban Renewal Program; and Shannon v. Hurd, 305 F.Supp. 205 (E.D. Pa. 1969) rev'd 436 F.2d 809 (3rd Cir. 1970) (brought

under the Housing Act of 1949) create a trend which define the practical applications of citizen participation in major federal programs which predecessors to HCDA.

Citizens will be allowed procedural participation in the design, planning, strategy and implementation of community development programs. Substantive decisions and the final authority to approve, disapprove and implement plans remains vested in governmental authorities. Citizens under these programs are limited more to procedural due process-type attacks on administrative practices which are often easily remedied by an official merely listening to the aggrieved party or parties in a series of formal situations prior to agency decisionmaking.¹¹¹

Time, access to money, and technical assistance are also important elements of viable citizen participation. The fact that the planning process is lengthy in any program which includes community residents as well as experts; the possibility of a time gap between the application for funds and the moment that they arrive; the time spent staffing a project and executing a plan, are all factors which make inexperienced community input difficult. A clear understanding should be reached at the outset by administrators and laymen, that long-term planning involves few immediately tangible rewards. Expectations for workloads and deadlines must be explicit, if people who are unaccustomed to working with each other (local officials, experts and citizens) are to cooperate and be productive.

Money for operating costs is essential for long-term involvement. Inclusion of people who are professionally inexperienced means that costs rise, but this must be seen as a necessary expense. One author has capsulized this argument well by noting that "an efficiently made bad decision is more expensive than an inefficiently made good decision."¹¹²

Delivery systems for federal programs are complicated and in many cases, needlessly so. In order for citizens and community groups to navigate effectively the bureaucracy, trained managers, advisors and organizers should be made available. The 1968 HUD Guide for citizen participation in Model Cities placed a lot of emphasis on technical assistance. This document recognized critical aspects of development of community expertise. Foremost among these were the need to establish trust between neighborhood residents and city officials, financial support for citizens who could not otherwise become involved, and the importance of dividing the planning workload, specified in the partnership between residents and the city.¹¹³

Unfortunately, the subsequent Nixon equivalent of HUD's Technical Assistance Bulletin No. 3, known as CDA letter no. 10A, de-emphasized the need for technical aid and stressed reliance on existing agencies and officials.¹¹⁴

Undoubtedly the most important lesson offered by the old OEO and HUD programs is the crucial role of a decisive federal mandate for citizen participation. Without this

federal lever, citizen groups at the local level can offer few ultimatums to non-complaint city governments.

C. Citizen Participation In General Revenue Sharing.

1. Legislative Requirements

The Office of Revenue Sharing's requirements for citizen participation, or more accurately, for public accountability are very limited in scope. According to federal regulations, each recipient government must:

1. (Planned Use Report) - submit to the Secretary a report, on a form to be provided, of the specific amounts and purposes for which it plans to spend the funds which it expects to receive for an entitlement period. 115

2. (Actual Use Report) - submit to the Secretary an annual report ... of the amounts and purposes for which such funds have been spent or otherwise transferred from the trust fund. 116

Before submission to ORS, both reports must be published in one or more newspapers of general circulation within the State.¹¹⁷ In addition each recipient government is required to advise the news media including minority and bilingual news media within its geographic area of the publication of its reports. Copies of the reports are to be made available for public inspection at a specified location during normal business hours.¹¹⁸

These Planned and Actual use reports are the only federally required forms of public information on GRS. GRS contains no specific language describing one need for or

substance of a real citizen involvement. Even as strictly information dissemination regulations, the Planned and Actual Use Reports are woefully inadequate.

A recent study done by the National Clearinghouse on Revenue Sharing has found that in a number of cities, the reports were usually placed with the legal notices, often in much reduced size, and in one city one Planned Use Report was mixed in with the want ads.¹¹⁹ In an even greater number of cities and states the reports barely got filed at all. By September 1974, some 6,000 state and local governments faced delays of three months or more because they hand't filed the proper forms. Overwhelmingly, the forms which caused these governments the most problems were the Planned and/or Actual Use Reports.¹²⁰

When the reports are made public their content may be of dubious value, because expenditures are reported according to broad functional categories, rather than by specific program or activity. ORS contends that because of its "speculative and unbinding nature" it would be meaningless to require government to pinpoint expenses on their Planned Use Reports,¹²¹ As it stands, the information provided is usually extremely vague. Planned and actual expenditures are only divided into gross categories of "operating and maintenance", and "capital" expenditures, with eight sub-headings corresponding to the eight priority categories mentioned in the Act,¹²² plus a few additional heads on the capital side. Consequently, capital expenditures on land for

"recreation" encompasses both preserving a wilderness area, as was reported in Phoenix, as well as a revenue-producing golf course, as was the case in St. Louis County.¹²³

The publication requirement for the reports makes three disputable assumptions; first, that average citizens can make enlightened judgments on budget decisions, solely on the basis of a form which describes only a fraction of the total available; second, that in the absence of formal regulations for submission of the reports to a legislative body for prior approval, that Planned use reports embody substantive thinking and serious commitment; and third, that in the small amount of time allotted between publication of the reports and their submission to the federal authorities, that citizens can comment and act upon any disputes they have with the published budgetary intentions.¹²⁴

In the majority of localities, media coverage of GRS decision-making processes has been sporadic, probably because most media representatives don't really understand the program.¹²⁵ Radio and television broadcasters especially argue either that budgetary matters aren't suitably compelling material, or that most people really aren't interested in the budget.¹²⁶ General budget information is no easier to come by. Only a few cities such as Richmond, Seattle, and Denver put out explanatory budget booklets. There are a small number of cities which use program type, budgets which are easier to decipher than the standard line-item type. However, more often than not general budgets are comprehensible only

to trained budget officials, who show few signs of opening up their private domain to ordinary lay people.¹²⁷

The result of vague and spotty GRS information is to make it extremely difficult for even the most committed interest groups to document the impact of funds in their areas. In poor and minority communities where residents have even more to lose by improper handling of funds, the dearth of information on spending decisions means that most people are unaware of expenditure patterns which affect them, and therefore unprepared to mobilize on their own behalf.

2. GRS and the Budget

The method by which GRS funds interact with local budget processes also makes a difference in the public accountability of the money. The requirement that recipient governments establish a trust fund to finance the program, in effect allows Congress to forego the usual checks on local government decision making associated with its annual appropriation process.¹²⁸ This minimization of the oversight role of either Congress or the Executive is consistent with the decentralized philosophy of the program. Other potential checks such as voter approval of tax measures and bond issues, do not function because GRS funds reach the local level automatically. Nor are local elections an effective check, because GRS money need not be raised locally, and usually constitutes no more than seven to eight per cent

of local city budgets.¹²⁹

Apparently some Congressional supporters placed great faith in the abilities of their constituents to navigate all these impediments and exercise oversight. Senators Long of Louisiana and Bennett of Utah expressed this view for the record:

Senator Long: "...the people of each community will be far better policemen on the expenditure of their money than any committee of Congress would be."

Senator Bennett: "I agree ... we have built into this bill an effective, if unusual, method of controlling the actual expenditure of these funds at the local level."

Senator Long: "We will rely ... heavily on the fact that (state and local governments) will inform their own as to how they will use the money, both before and after it is spent." 130

The foregoing examples of the paucity of locally disseminated information about GRS, show just how unsubstantiated Congressional faith has been.

The Brookings study found a strong connection between citizen involvement in spending decisions, and the degree to which GRS funds were merged or treated separately from standard budgetary processes. In a survey of sixty-three recipient governments, the Brookings analysts found that citizen participation was greatest when GRS money was handled separately, and least, when merged into the governments General Fund.¹³¹ Where procedures for handing GRS money were neither entirely apart from nor part of normal budgetary process, either special operations were set up in conjunction

with regular ongoing procedures, a supplemental a-proach was used in the early months of the program.¹³²

Seven of the 63 cities reported on used a separate process for GRS funds. The reasons offered by local officials for treating funds in this manner was to give GRS money greater visibility in the community and to encourage citizen and interest group activities.¹³³ In Los Angeles County, for example, the Chief Administrative Officer said that the city was sensitive to the fact that the GRS program may not continue indefinitely and therefore felt that widespread publication about the uses of GRS funds would enhance the possibility of continuance of the program.¹³⁴ As a result of special public hearings on GRS, separate budget documents explaining expenditures, and good local media coverage the community was kept informed of GRS goings-on, and expressed their feelings through the city's Congressional delegation.¹³⁵

In Phoenix too, separate consideration of GRS funds led to more citizen involvement than would otherwise have been the case. In this city, prominent interest groups participated throughout the process of allocating GRS funds. The staff of the city's budget office prepared long lists of possible expenditure items for public review. The normal procedure would have been to solicit budgetary requests from only the various municipal department heads.¹³⁶

Where special budgetary processes were instituted, in conjunction with the regular budget cycle, the Brookings

study found that the percentage of GRS money devoted to new spending was affected. In the first group where the special procedures were set up to increase public participation in decision making, either through advisory committees or hearings, the amount of money devoted to new spending was high, totalling about 57% of shared revenue. In the second group, where special procedures worked, in the opposite direction, that is, to by-pass regular processes which would have called for either public or departmental input, expenditures for new uses were much lower, equalling 9.7% of the groups shared revenue.¹³⁷

Although separate accounts may have been maintained for GRS funds, most jurisdictions (36 out of 63) did not treat the money separately from other revenues in their budgetary process.¹³⁸ In places like New York City, and New York state, where GRS monies became indistinguishable from the General Fund, even supporters of the program couldn't show the effects of expenditures, much less public interest groups trying to press for spending changes.¹³⁹ Members of the Pasadena Urban Coalition reported that merged processes were almost impossible to monitor. After being deposited in a locality's General Fund GRS is trackless because as they put it, "... all money is green."¹⁴⁰

3. Citizen Intervention in GRS

Some community groups around the country are becoming increasingly adept at organizing to demand decision

making roles in the GRS program expenditures. In Denver, citizens pushed Mayor McNichols to create a Citizens Advisory Process, to aid in defining revenue sharing priorities and to examine dollar requests for social program spending.

Responding to Nixon's cutbacks in social program allocations, many people who had previously supported the chief executive's plan to spend \$21 million on capital improvements changed their minds and voiced preferences for social spending.¹⁴¹

A group of welfare mothers in Mobile, Alabama organized a meeting of community groups, the press, and members of the mayor's staff to question the chief official's revenue sharing priorities. They challenged Mobile's plan to spend six times as much of its \$12 million in GRS money, in white neighborhoods as in the inner-city poor and black communities. The welfare group has since approached NAACP lawyers about the feasibility of filing an antidiscrimination suit.¹⁴²

This type of legal action follows classic equal protection analysis. Such suits often depend on a line of argument alleging discrimination in the provision of municipal services because of race and poverty. The hallmark case in this area is Hawkins v. Town of Shaw, 303 F.Supp. 1162 (N.D. Miss. 1969) rev'd. 437 F.2d 1286 (5th C.A. 1971). The trial court was reluctant to find the necessary racial discrimination in order to warrant the injunctive relief sought by plaintiffs under 42 U.S.C. §1983. Instead the trial court relied on a rational basis test and found the municipal actions rested on "rational considerations, irrespective of

race of poverty ... not within the condemnation of the Fourteenth Amendment, and ... not properly condemned upon judicial review.¹⁴³

On appeal, it was held that the trial court erred in applying the traditional equal protection standard, "Where racial classifications are involved, the Equal Protection and Due Process Clauses of the Fourteenth Amendment command a more stringent standard in reviewing discretionary acts of state or local officers."¹⁴⁴ No compelling state interests were found in the record for ascertained disparities between black and white areas of town. The appellate court ordered the Town of Shaw to submit a plan for the court's approval detailing how it proposed to cure the results of the pattern of discrimination revealed in the record.¹⁴⁵

Community coalitions and individuals have brought numerable actions alleging violations of revenue sharing regulations based on discrimination, unequal services, and lack of proper citizen input. The coercive character of these actions has often caused local administrators to be more responsive. Thirty-four human service programs in San Diego formed an organization known as the Community Congress. A press conference held by this group documented the needs of their programs and substantiated the need for an open hearing on the allotment of revenue sharing funds. As a result of the subsequent hearing which included representatives from community groups all over the city, a task force was formed which eventually recommended that about one and a

half million dollars be set aside for human services programs.¹⁴⁶

In San Francisco, Mayor Alioto first proposed to allocate over \$5 million of that city's GRS monies for a massive cultural arts center. A large number of local citizens supported the heads of existing centers in their fight to keep from closing because of lack of funds. On the grounds that financing existing centers would be less costly than creating a new "white elephant center", this group of citizens called for new hearings on the planned uses of GRS funds. Succumbing to public pressure, the Mayor instructed the City Council to release \$250,000 to assist neighborhood based cultural centers, and abandoned his original expenditure plans.¹⁴⁷

The local NAACP in Fostoria, Ohio, requested that the city use about \$40,000 of its GRS money to help rescue a Neighborhood Youth Corps Program, and secured a commitment from a regional community action commission to assist in administering the program. Fostoria's mayor used the involvement of the community action agency as the basis for denying funds for the program, on the grounds that prohibitions in the Revenue Sharing Act made it illegal for a municipality to donate GRS funds to any organization outside its boundaries. The citizen's counter argument was that the agency would be receiving a payment for services rendered, rather than a donation. After much persistence, the citizens managed to take the issue to Washington, D.C.,

where ORS officials confirmed that it was not illegal to use the funds in the proposed manner.¹⁴⁸

These case histories are examples not only of the potential efficacy of coalition politics and public monitoring actions, but also the potential use of revenue sharing as a point of intervention into the municipal budgeting process. By educating themselves about the way in which their local governments have structured decision making on GRS spending, citizens can learn about general fiscal allotments and subject the budget process to rigid scrutiny. Communities which are aware of their cities fiscal procedures can make contributions in their own best interests, and can help to make that process more open and accountable to overall public welfare.

In order to impact their local budgeting process, community groups should know the key actors in the decisions about revenues and expenditures, and the major components of the budget. Budget formulation is usually the task of the city manager, who then submits the document for approval by the mayor. The individual budgets given to the city manager by the various Department Heads form the basis of the annual city budget. The Finance Director is responsible for administration of the budget, and for the investment of the city's reserves and fund surpluses. The City Auditor monitors the management of municipal expenditures and accounts, and the City Clerk keeps records of the city's ordinances, proceedings and general business.¹⁴⁹

Administrators and legislators who prepare, review, and enact the budget take into account the numerous demands upon public funds and determine the balance among various program activities. The relative importance of the various social, political, and economic forces at work in the community are reflected in these budget decisions, and policy is ultimately translated into dollars and cents.¹⁵⁰

There are usually two types of budgets at the state and local level: operating, and capital. Capital expenditures are money spent for acquisition of land, for building machinery, furniture, and other equipment. All other expenditures such as maintenance costs and staff salaries are operating expenses. Normally, the capital budget covers five or six years, and the operating budget is prepared annually.¹⁵¹

The effects of these two types of expenditures on the budget are different. Operating expenditures become relatively fixed commitments which are usually held stable year after year. Capital expenditures fluctuate with government priorities, increasing when a major construction project is undertaken, and diminishing when other items in the budget take precedence.¹⁵² These two types of budgets are interrelated, however. Future operating budgets are affected by capital projects because new facilities require maintenance and staff. Likewise, capital expenditures influence the amount of money available for operating expenses.¹⁵³

The actual budget is made up of a number of funds. Some of these funds offer strategic points for consideration

of concerned citizens. The General Fund is the largest single budget component, and is supplied mostly by revenues from property and sales taxes, and a number of other fees. Departmental expenditures form the bulk of General Fund allocations. Citizens should be aware of the implications of tax increases and tax relief, and the effects of departmental budget requests.¹⁵⁴

Money which comes to the city with no strings attached may be put into special reserve funds, to await decisions by officials as to type and level of use. Community groups should question the earmarking of GRS and all other surpluses, in order to make sure that their allotment is equitable.¹⁵⁵

Public enterprise funds are made up of profits from businesses operated by local governments. Often, public enterprises are allowed to function with minimal fiscal control by the city. Local people who are concerned about the shortage of city revenues should suggest the expansion of local government's public enterprise to include more profitable activities, despite opposition from the private sector.¹⁵⁶

Community groups should also pay attention to their chief executive's Discretionary Fund, and the interests which benefit most from its use. Pensions or retirement funds which are invested by the administrative board are also important. Citizens can urge that such funds be used for socially oriented investment, such as government backed loans for low and moderate income housing. Community groups

can also explore and suggest new sources of revenue, an intervention which might be positively received by city governments.¹⁵⁷

Once prepared, the budget document is sent to the legislative body which reviews and revises it. It is at this time that public hearings are usually held. When approved, the budget is sent to the chief executive who has the power to veto all or any part of it. In most cases this veto can be overridden by at least a majority of the Legislature.¹⁵⁸

Though it is important that citizen interest groups exercise their option to attend public budget hearings, the experience with GRS thus far is that these assemblies may be of limited value for community input.¹⁵⁹ Occurring when they do, at the end of the budget-making cycle, attendants at hearings usually find that important decisions have been made. Advance notice of meetings may be minimal, there may be no opportunity provided for citizens to study the budget in advance, and as little as half an hour may be set aside for all citizens to speak.¹⁶⁰ Some citizens who have tried without success to intervene via budget hearings, complain that such occasions really just give citizens a chance to yell. Others who are more sophisticated agree that hearings are merely a safety valve, not nearly as effective as talking to the right people on the inside.¹⁶¹

In most jurisdictions, city officials were ambivalent about the need for special GRS hearings, because to them

poor attendance at regular budget hearings indicate apathy. Compounded by the conviction that most budget matters were too complicated for lay people to understand, this attitude led the majority of localities to hold special GRS hearings only under pressure, or simply because the first GRS checks came too late to be included under regular budget procedures.¹⁶²

More general tactics for citizen involvement in the budgetary process were defined by David Caputo in his study of municipal interest groups in four New England cities. Two overall patterns of participation emerged in Caputo's research. The first was thorough and sustained intervention early in the budget procedure, while the outcomes of decisions are still tentative. The second pattern occurred when municipal interest groups acted in response to a decision, which was at the point of being reviewed for council approval. If requests made by the group for program funding had been refused by the mayor, or if the council had excessively reduced the mayor's allocation, the municipal interest group fought to have the monies increased.¹⁶³

Caputo observed that the most effective strategy for community groups was direct intervention, rather than via a third party advocate. The earlier in the budgetary process that contact occurred, the better the opportunity for citizens to understand the implications of the policy being considered, and the more amenable policy makers were to modifications. The disadvantage of early intervention was the amount of

money and other resources needed to sustain long-term public commitment. There was also the danger that the group would become tied to an intractable political stance. Early intervention in some cases made it more difficult to form coalitions with other interest groups.¹⁶⁴

The strategy of direct but late intervention alleviated the need for commitment to one public position, and allowed the group to adapt its views to assume a better bargaining position. However, late contact with policy-makers sometimes proved "too late," and some valuable information which could have been gained from a longer association was lost.¹⁶⁵ Coalitions of citizens who represented significant electoral strength in the community, or those who were able to develop a great deal of public support quickly were most successful in using the late intervention strategy.¹⁶⁶

In addition to avenues for citizen involvement which can be discerned in the overall formulation and administration of city budgets, there are a number of possible actions for community groups which relate to specific GRS regulations. The equitability of the state allocation formula, for example, is subject to debate, and can be modified through legislation after one and a half years of program operation.¹⁶⁷ The allocation formula depends on the Census Bureau for population and per capita income statistics, and starting with 1972 a special section on the federal income tax return was used to tabulate population for GRS purposes.¹⁶⁸ This latter method of counting omits most of the urban poor, since very

low-income people generally do not file income tax returns.

Well organized and vocal citizens groups have been effective in stimulating neighborhood awareness of revenue sharing issues, and in getting ordinances enacted which foster responsive local government. Community organizations which have worked to understand the complicated issues surrounding GRS, can assume a pedagogical role and translate the complex regulations and ramifications of the New Federalism to other area citizens.

The formulation of a counter-budget is another tactic which community groups can use in order to explain grassroots proposals in a clear and consistent form.¹⁶⁹ Organized citizens can even suggest the revision of the city charter in order to make budget procedures more open to public inspection, and to redesign budget documents for wider public understanding.¹⁷⁰ Intergroup cooperation in these efforts is vital. A major threat to organized local control has been the competition between many scattered grassroots factions, each fighting for a piece of the pie.

The inordinate burden which GRS places on local citizens to monitor funds means that, to a much greater degree than in categorical grant programs, the initiative for action must come from the community. Citizens do have some chance of organizing effectively around GRS, in places where the funds are relatively separate and identifiable. In such cases citizens must do research on the planned and actual uses of funds, become educated on the workings of the municipal

budget, and at the same time keep abreast of indigeneous priorities so that they can channel attention to local needs. This awesome task must be performed without official technical assistance from the federal government. Such aid is barely available for the local administrators who actually run the program. Moreover there is nothing in the legislation itself to reward local officials who open up their processes.

It is easy to understand why citizen involvement in GRS has been minimal, despite the absence of Congressional prohibition. This program is vivid testimony to the fact that legislators can do a lot to thwart participation by actually doing very little.

D. Citizen Participation in Community Development Revenue Sharing -- The Housing and Community Development Act.

1. Legislative regulations.

The Housing and Community Development Act does include a statutory requirement of citizen participation, but it is neither clear nor far-reaching enough to provide strong leverage for community groups. In order to receive a community development grant under this Act, the applicant must provide satisfactory assurances that prior to submission of its application it has:

(a) provided citizens with adequate information concerning the amount of funds available for proposed community development and housing activities which may be undertaken....

(b) held public hearings to obtain views of (citizens) of citizens on community development and housing needs

(c) provided citizens an adequate opportunity to participate in the development of the application; but no part of this paragraph shall be construed to restrict the responsibility and authority of the applicant for the development of the application and the execution of the Community Development Program. 180 (emphasis added)

The language of this legislation holds a number of predictions for the intensity of citizen involvement in HCDA. Clauses (A) and (B) which describe requirements for information dissemination and the provision of a public hearing, appear to prescribe an advisory role for citizens. Even the third clause which ensures "adequate opportunity

to participate in the development of the application," leaves unclear the extent of citizen input, and whether or not that input is restricted to advice-giving and consultation.

Also unresolved is the issue of whether or not community people will participate in the execution of the program once the grant is received, and if so, just what level of decision-making they can expect.

At least three speculations can be made about citizen participation, based on the legislation. Some level of involvement will exist, since the requirement is written into the law. Citizens have the explicit right to information about the programs, to attendance at public hearings and to some form of participation in the application process. A second speculation that can be made is that since none of these regulations is particularly extensive, the burden for initiating action rests with the community, and not the local power structure.

A third supposition can be drawn from clause (C) in this section. The provision after the semi-colon in this clause states that the applicants "responsibility and authority for application development and program execution are not to be restricted by citizen participation." This statement seems to make certain that community input does not get in the way of established decision-making processes, and marks the upward ceiling of citizen activity. Thus it appears safe to assume that citizen participation in HCDA will vary somewhere within the range of "informing" and "placation"

(rungs three and five on Arnsteins ladder), but will never extend as far as actual decision-making. The discretion for extent of participation will rest with local governmental authorities.

Community Development Revenue Sharing does differ from General Revenue Sharing in its degree of public accountability. The HCDA distribution formula accounts more heavily for need when determining the size of allocations. Metropolitan population, extent of poverty, and the extent of housing overcrowding are major factors in the distribution formula.¹⁸¹

The HCDA regulations require the administering agency to approve spending plans on the basis of the application,¹⁸² and to monitor the performance of jurisdictions to see if they have carried out the program described in the application, and whether the program conformed to the stipulations of Title I of the Act.¹⁸³

Also the kinds of services and activities eligible under Community Development Revenue Sharing are more explicit, than those under GRS.¹⁸⁴

The specific reference to citizen input into the application process signals the importance of the pre-expenditure phase of HCDA. As part of the application for funds, a three-year community development plan must be submitted which demonstrates both short-term and long-term strategies and objectives, which have been developed in accordance with area-wide planning and urban growth needs.¹⁸⁵ This community development plan has served as a point of departure

for most local interest groups who want to secure a portion of HCDA funding. By contributing to their local community development plan, citizen groups are able to make known their perceptions of local needs, and in instances where more than one group is voicing claims on funds, put in a bid to be the chief implementor of the local program once funds arrive.

During the course of this chapter the nature of citizen involvement in the application process and formulation of a community development plan will be described in three settings; at the big city level, in the process which took place in Boston, at the small city level, in Newton's application procedure, and at the neighborhood level in a description of Roxbury's part in Boston's application for funds.

2. Boston -- Application for HCDA funds in a major urban center.

(a) Background

In order to understand the city of Boston's reaction to HCDA, it is important to recognize the trend toward neighborhood revitalization and governmental decentralization which has pervaded since the late 60's. The emphasis on neighborhood improvements and pipelines to the community is evidenced in the establishment of the Little City Hall program in 1968, and two years later in

the expansion of BRA services to include a staff of district planners. Each of these professionals is assigned to a specific neighborhood and given the task of directing citizen input into planning recommendations and decisions.¹⁸⁶

A major capital improvements program was launched in 1968, which would re-concentrate activity from downtown to the neighborhoods. Previously, from 1960 to 1967 some \$77 million was spent on capital improvements in Boston, about half of which went to downtown and Urban Renewal areas.¹⁸⁷ From 1968 to 1975, \$500 million has been spent on neighborhood capital improvements, nearly six times the amount of previous years.¹⁸⁸

During that same interval, functions of the Little City Hall broadened, and by 1974 the city-wide program had handled more than 130,000 requests for service or information from the residents of Boston.¹⁸⁹ Mayor White had first introduced the Little City Hall concept during his 1967 campaign, as a way to mitigate the citizen's sense of powerlessness, and resentment toward city government and elected officials.¹⁹⁰ White set up the system of neighborhood offices "to audit human problems at their source," and to provide a cable of communication between city hall and the people.¹⁹¹ The primary responsibility for facilitating citizen participation lies with the Little City Hall managers, who would work to earn the confidence of the community and its leaders in order to assess neighborhood sentiment.¹⁹²

As will be discussed in the discription of Roxbury's process later in this chapter, the manager can also be caught in the tenuous position of having to answer to two constituencies, the mayor who made the appointment, and the community to which he or she is assigned.

In part this mayorial emphasis on neighborhood renaissance was a calculated reaction to political circumstance. Though citizen participation had been a high priority during the 1967 campaign, to some extent this advocacy position centered on the aspirations of organized racial minority groups in Boston, and ways in which their voice and consequently their political support could be strengthened.¹⁹³ However, after White lost to the incumbent in the gubernatorial election in 1970 his political focus shifted. After perceiving that concentration on national issues and the plight of urban minorities had not bolstered his local image, White cooled his former advocacy and turned attention to white ethnic voting blocks in other city neighborhoods.¹⁹⁴

Thus it was with measured enthusiasm that White welcomed the prospect of HCDA funds which could be tailored to local demands without the restrictions of "project areas," or "model neighborhoods." HCDA funds give White the opportunity to cover his political flanks in low-income areas like East Boston, which adamantly opposed participation in prior Urban Renewal or Model Cities programs. To these neighborhoods, CDRS is acceptable because it carries with it no threat of the federal bulldozer or loss of local autonomy. White

rationalizes this viewpoint by explaining that categorical grants which were targeted to specific neighborhoods gave excluded areas a jaundiced view of the program. In his words, "[Boston] cannot turn its back on one neighborhood to rebuild another."¹⁹⁵

In a very real sense Boston's HCDA money will be coming into a federal funding vacuum. Both the Urban Renewal and Model Cities are winding down, and the amount of federal dollars flowing into the city is drastically reduced. Previously Boston had averaged \$45 million a year under federal programs, and in 1972 alone the city had received \$90 million.¹⁹⁶ The maximum amount for which Boston could apply under CDRS is \$30.3 million for 1975 and that figure declines sharply over the next six years:

1975	-	\$30.3 million
1976	-	28.7 million
1977	-	27.2 million
1978	-	20.2 million
1979	-	15.8 million
1980	-	11.9 million ¹⁹⁷

After six years of operation, during which time \$40 million was funneled to Roxbury, Dorchester, and Jamaica Plain, the Model Cities program is being phased out.¹⁹⁸ Though funding ends officially in July, 1975 support must be found to continue Model Cities services.

Boston also faces a shortfall of at least \$89 million for unmet Urban Renewal commitments, an unusually high amount

relative to other cities.¹⁹⁹ The city has applied for discretionary funds under HCDA,²⁰⁰ in order to cover this deficit, but if not granted, Urban Renewal commitments will be competing with other neighborhood needs.²⁰¹

This diminished Urban Renewal activity along with the channeling of funds through City Hall rather than an LPA, also has an impact on the role of the BRA. The current function of the BRA under CDRS is a long way from the early 60's when Ed Logue ran the Authority as a powerful separate entity, answerable to no one. Under Title I Urban Renewal the BRA once received anywhere from \$40 to \$90 million annually, but the CDRS block grant will go directly to the city.²⁰² Now the BRA is much more dependent on the mayor, and is no longer able to rely on HUD for funds. The thirteen uncompleted renewal projects are still the Authority's responsibility, but once finished the need for the BRA is lessened. One anonymous BRA official summed up the situation:

The day of the big, bad, BRA is gone ... It's not so big, and it's definitely not bad. 203

(b) The Application Process.

The task of drafting and signing Boston's community development plans for HCDA funds, by law belongs to the Mayor, who must allow for some degree of citizen input. Once drafted, the plans must be approved by the Boston City Council. The application is then filed with and reviewed by the State's Department of Communities

and Development, before the city's final submission to HUD in Washington, D.C.²⁰⁴ White's plan met resistance at two points in the application process, one more serious than the other. Several neighborhoods were disgruntled by what they perceived as inadequate community involvement, and the Boston City Council refused to pass the plan without major alterations.

Considering the neighborhood reaction first, local discontent with the situation centered on both the process and the plan itself. In order to determine neighborhood priorities, White set up a Neighborhood Development Council (NDC) consisting of six key city officials chaired by the Deputy Mayor.²⁰⁵ The NDC met first with Little City Hall managers and staff, and with BRA district planners in order to assemble factual information for distribution to the neighborhoods.²⁰⁶

The NDC then scheduled 18 individual meetings in each of the city's major neighborhoods, as a vehicle for citizen participation. The meetings were chaired by the heads of the Little City Halls, and were designed to introduce the CDRS program, structure local input, and provide neighborhood feedback for the NDC.²⁰⁷

Interest groups in several neighborhoods objected to the Little City Halls' control of the meetings, feeling that the only purpose served by such a structure were those of the mayor who wanted his proposals ratified.²⁰⁸ Other neighborhood people argued that they weren't given enough time to

digest the Mayor's plan and as a result could not organize their grievances effectively.²⁰⁹

Once the Little City Halls had completed their meetings neighborhood sentiments were mixed. Residents of the Fairmount housing project in Hyde Park said that they were happy that their request for outdoor lighting would be answered. Mattapan townspeople protested that the Little City Hall staff talked them out of their top priorities, saying that their agenda was too ambitious.²¹⁰

City-wide, the Mayor's proposal was greeted with "cheers and jeers" when presented on January 29.²¹¹ Some citizens felt that the money should have been evenly divided between all the 18 neighborhoods. The Roxbury area was pleased to learn that the Mission Hill public housing project was slated to receive \$2.8 million for renovations.²¹² Other white ethnic neighborhoods, such as South Boston, were angry over the appropriations to Model Cities (a close-out budget), the South End, and, of course, to Roxbury.²¹³

Fortunately for South Boston and unfortunately for Roxbury, the City Council was stacked in favor of low-income white interests. It was during the Council authorization procedure that the Mayor's plans underwent major surgery. The central figure in the controversy was Louise Day Hicks, unsuccessful opponent of the Mayor in the '67 election, and outspoken advocate of the rights of white working class neighborhoods.

The two-week debate in the Council's Ways and Means Committee revolved around two main issues, the Home Improve-

ment Program, and the allocation to the Mission Hill project. For obvious reasons the Hicks contingent adamantly opposed funding of the predominately black Mission Hill housing, even though it is known area-wide as the most devastated property under BRA control. The Council slashed the allocation to Mission Hill in half, and redistributed the money among three predominately white public housing projects in South Boston, East Boston, and Roslindale.²¹⁴

The Council did not feel that enough money had been set aside for the Home Improvement Program. Designed primarily for low and moderate income small property owners, this program provides a cash grant equivalent to 20% of rehabilitation costs.²¹⁵ Hicks took almost \$1 million from the \$4.2 million allotted to complete Urban Renewal projects and redirected the money to the rehabilitation program.²¹⁶ The Council also adopted an amendment to prohibit any part of the CDRS money from being used for demolition, site clearance, or construction, in the \$266 Park Plaza Urban Renewal project.²¹⁷

In order to further demonstrate their distaste with the Mayor's priorities, the Council voted to remove the names of all city and county officers from the program application, "so that it couldn't be called 'The Mayor's Program' for housing or improvements."²¹⁸ This last swipe at White proved a bit exhuberant, and the proposal later had to go back to the Council for corrections. Hicks' vehemence notwithstanding, the law requires that federal assurance must be given that

the municipality's chief executive officer is designated as the authorized representative to act in connection with the application.²¹⁹ The application was finally sent to HUD in mid April.²²⁰

3. Newton

HCDA funds are expected to arrive in Boston in late June, 1975. The time since the completion of the application process has been spent devising implementation schemes, and monitoring further feedback from neighborhoods. In order to get some idea of what the dynamics of CDRS are at the neighborhood level. I spent several months from January until June as an observer at community meetings in Roxbury, organized around the expectation of HCDA funds. I also observed meetings and talked with officials in nearby Newton, Mass., as a way of getting some basis of comparison for the proceedings in Boston and Roxbury. Newton is a less complicated illustration of how citizens can be involved in the application for HCDA funds. Though the city is made up of distinct neighborhoods each with its own viewpoint, the rivalries between these neighborhoods are not as intense or as antagonistic as those for example between Roxbury and South Boston. Racial strife is not really an issue in Newton, since minority groups comprise well under 5% of the total population.²²¹

Newton's population in 1970 was recorded at \$91,623.²²²
As might be expected in a medium-sized city, connections between

townspeople and their government are relatively close so the alienation of constituencies which plagues Boston's city administration is not a great problem in Newton. A 1972 city-wide survey of Newton community needs revealed that only slightly more than 10% of the respondents felt that there was a lack of opportunity to participate in city affairs. Seventy-six per cent of the respondents thought that taxes were by far the most serious issue citizens faced.²²³

The median income for families in Newton in 1970 was 15,381, a figure higher than that for the metropolitan region as a whole.²²⁴ However, contrary to commonly held notions, Newton is not an entirely middle and upper middle-class community. The Housing and Community Development Act defines moderate income households as those with incomes less than 80% of the metropolitan area, and low-income households as those whose income is less than 50% of the metropolitan area.²²⁵ According to this definition, 25% of the families in Newton fall into the moderate and low-income range, and 15% of this group is classified as low-income.²²⁶ The largest proportion of low and moderate-income families are found in the north of the city. The area with the lowest median family income (10,699) is Nonantum, which also has the largest number of non-English speaking (Italian) residents.²²⁷

Like many suburban areas, Newton does not have a broad history of federal categorical grants, so unlike its larger urban neighbor, Newton can look upon HCDA funds as a bonus rather than a replacement for lost federal monies. This fact

means among other things that the less than middle-income neighborhoods interested in impacting CDRS in were competing for new opportunities, as opposed to ways to hold onto hard won gains. This distinction is important, because as will be explained in the following subsection on Roxbury, the principle issue in urban areas served by HUD programs consolidated under the Housing and Community Development Act has been now to maintain threatened services and keep community agencies alive.

Organized interest groups in Newton have not played as pressured a political role in the Newton application process as they did in Boston. The stakes were not as high, and there is not the same sense of disenfranchisement which is often the most compelling organizational catalyst. In Newton there is greater community trust in city officials and reliance on established decision-making structures. As a result there was not evidenced a great deal of discontent with community relegation to an essentially advisory role.

The Newton City Charter gives the responsibility for preparation of comprehensive plans, such as the HCDA Community Development Plan to the Planning Department. The director of that Department, Charles Thomas, was assigned the task of coordinating preparation of the Community Development Plan, in consultation with Newton citizens and the city's Planning Board. The major structured point of intervention for citizens in the preparation of the plan, was a

series of three hearings from November 1974 to February 1975, sponsored and preceded over by the Planning Board. The Planning Department did a conscientious job of mailing out information materials, explaining the Act and its requirements, as well as steps which citizens could take to make known their priorities.

The first public hearing, in November was devoted to identification of community needs. Before the meeting, Thomas sent copies of the Mayor's Community Development proposal to 400 community groups and 100 individuals in the city. The mailing package included a discription of the Act. All materials were printed in English and Italian.²²⁸

Turnout at the first hearing was disappointing, considering the extent of the Planning Department's preparations. The forty people who came were mostly from existing social service agencies, many of whom had not realized the bias of the Act towards housing, and consequently the ineligibility of some of their proposals. The Planning Board used that occasion to distribute housing and census data and to present a survey form designed to obtain more community input for the development of the final plan.²²⁹

Between the first and second hearings, Thomas and his staff drew up a report which would serve as the framework for the official plan. Included in this report was the identification of needs in the areas of housing rehabilitation, design of the physical environment, housing and auxiliary

social services, and expansion of economic activity.²³⁰ These needs were determined to be most crucial in certain sections of the city, i.e., Newton Corner, Nonantum, and parts of West Newton. The three target areas were named on the basis of eight indicators: (1) housing units over 35 years old, (2) occupied units lacking plumbing, (3) overcrowded units, (4) households paying more than 25% of their income in rent, (5) persons 60 years of age and older, (6) families with female heads, (7) low-income families, and (8) median income families.²³¹

The community attendance at the second hearing almost doubled that of the first. The target areas were presented and the Planning Board asked for suggestions for other program components. Interestingly enough two of the target communities named by the Planning Department had very different reactions to the preliminary proposal. Nonantum had been suggested by both the Planning Department and the Planning Board as a potential site for additional low cost housing. Nonantum residents came out in force to declare their opposition to this suggestion. Newton Corner residents, on the other hand, saw the availability of HCDA funds as a change to revive their community organization and take a few project ideas down off the shelf.²³²

As it happens, Newton Corner was the only neighborhood in the city to organize a citizens group expressly for the purpose of dealing with CDRS. Two other communities in

Newton Highlands and Newton Upper Falls had ongoing organizations which added CDRS to their list of concerns. Newton Corner had history of citizen participation efforts, but all of these died out after a specific issue was settled. The prospect of HCDA funds presented another chance for group involvement.

The Newton Corner group really got going after the third public hearing and the completion of the city's Community Development Plan, in January. Their first monthly meetings in March and in April were devoted to laying the groundwork for a Newton Corner Village Council which would do long range planning for traffic and pedestrian safety, street lights, business support, housing and community services and advocacy planning. By late April a temporary steering committee had been set up and subcommittees had been formed to deal with each of the above areas of interest.²³³

For the Newton Corner Village Council, then, CDRS was really a point of departure to coalesce around a range of neighborhood goals. The city Planning Department director was a welcomed part of the organization process. In contrast to the Boston neighborhood groups who got together to counter-act the mayors control of CDRS via Little City Halls, the Newton Corner Group saw themselves as much more of an adjunct to the city decision-making procedure, and not a countervailing force.

4. Roxbury - The Roxbury Neighborhood Development Council.

Unlike the people of Newton Corner, Roxbury residents responded to the advent of HCDA funds almost immediately after the mayor's announcement. At the first public hearing on CDRS, one of the 18 scheduled around the city, the public turnout was large.²³⁴ People from all over the area crowded into the Roxbury YMCA to find out just what CDRS was and how their agencies and organizations could be dealt in on the funding. Many were concerned about the fate of Model Cities under CDRS, and the prospects for survival of the small projects which have been supported under that program. Others not connected to ongoing activities wanted to know what new kinds of endeavors would be eligible under HCDA.²³⁵ Though Issac Graves, the head of the Roxbury Little City Hall who presided that day, was more than willing to deal with all of these issues, the meeting had to be adjourned. There was no Spanish-speaking interpreter present to translate for that contingent of the attendants, and all of the prepared explanatory materials were printed in English.²³⁶

The language barrier was overcome by the next public meeting, and the same set of issues surfaced, in addition to questions about housing demolition and rehabilitation. As in some other neighborhoods, people in Roxbury expressed their doubts about the ability of the mayor's Neighborhood Development Council to incorporate community

priorities. The general consensus of the gathering that night was that they should form their own local council of elected representatives who would function as official spokesmen for Roxbury's priorities.²³⁷

A temporary council was formed and headed by Dan Richardson, former head of the Model Neighborhood Board, until formal elections could be held. The temporary council was to decide CDRS priorities for Roxbury, in time for submission of Boston's application, and the permanent council would see to it that these agenda items were carried out, once the funding arrived. As envisioned by its founders, the permanent Roxbury Neighborhood Development Council (RNDC) would function as an information center in the community, and a clearinghouse for important data being cycled in from downtown, and between agencies in the area. In addition to acting as a liaison with the mayor's NDC, the RNDC would be the implementor of programs under local CDRS funds. It was also thought that the RNDC would seek alternative sources of funding^{and} act as a support group for the CDC of Boston in its plans for an industrial park. In its role as community organizer, the RNDC wanted to help former members of the Model Cities Administration to find jobs.²³⁸

By late January, the permanent RNDC had been elected, with Richardson as Chairman. Comprised mostly of heads of small agencies whose programs faced de-funding,²³⁹ the Council turned its attention to the formulation of contingency plans to support existing services. Richard Badillo from the

Alianza Hispana is typical of RNDC members. His agency was formerly financed almost solely by Model Cities until that source was cut. The Alianza was able to get a little money this year from the United Way, but a major funding proposal sent to HEW was turned down, leaving the organization in dire straits. For Badillo, the RNDC represented a way of joining other agencies representatives in similar predicaments in a combined search for a solution.²⁴⁰

Housing has also been an important issue confronting the RNDC. Among their primary requests for expenditure of HCDA funds were measures to prevent foreclosure of 4,500 endangered housing units, to begin demolition and boarding up programs, and to provide financial assistance for low and moderate income families in need of adequate shelter.²⁴¹

As Dan Richardson, from his viewpoint as head of the permanent council saw it, the RNDC grew out of local people's concern about short-term funding for their programs. Revenue sharing at the community level was a "hot new issue" which people discontent with their dealings with City Hall, seized upon as a way of keeping their operations going.²⁴² Crucial to the survival of the RNDC as a fixture in the community is the ability of its members to expand their scope beyond short-term financial issues, and seek to determine strategies larger than impacting one federal program which will further neighborhood development.²⁴³ At this writing it is not clear that RNDC has bridged that gap between immediate and overall concerns. Though the arrival

of HCDA money in the next couple of months will tell more about the viability of the council as an indigeneous mechanism for community involvement, events to date provide the basis for a number of speculations.

Aside from its ability or inability to function from a wider frame of reference, a decisive factor in the viability of the RNDC is its relationship to the Model Neighborhood Board, and indirectly to the Model Cities Administration. During the phasing out of the Model Cities program and the allocation of funds by the city to wind down operations, the RNDC felt it important to monitor the activities of both the agency and the MNB. Basically the RNDC was suspicious of the administration of Model Cities funds, especially when it examined the agency's budget and found that \$2.5 million was earmarked for staff salaries but a smaller figure \$2.0 million for program support.²⁴⁴ The RNDC felt that unless the Model Cities Administration itself were just an employment program, that it was inappropriate to allocate such a large amount for staff. As the weeks went by, at least fifteen or twenty minutes of every RNDC meeting was spent discussing new instances of "administrative fat" in the Model Cities budget. Efforts to meet with members of the agency who could explain budgetary allocations proved unsatisfactory.

Nor was the RNDC happy with the activities of the Model Neighborhood Board. The RNDC held the general view that

MNB members had been in office too long, and were too sympathetic to "the power structure downtown" to adequately represent Roxbury. It should be remembered that Richardson's long-standing disagreement with the MNB had not diminished, and that as head of the RNDC he was not likely to sublimate the interests of his new organization, to the wishes of the board which forced his resignation. One speculation that can be made is that among the unstated, long-term goals of the RNDC was replacement of the MNB in its role as representative of Roxbury. Whether or not the RNDC can garner the community support and recognition from City Hall to supplant the MNB remains to be seen.

Implications of Neighborhood Involvement In CDRS

Both the Roxbury and the Newton Corner experiences with the pre-expenditure phases of CDRS have implications for future neighborhood involvement in the program. Basically these two examples suggest several differences in the ways that white suburban, and inner-city low-income minority communities respond to Special Revenue Sharing funds. These differences can be grouped into four general categories, i.e., socio-economic conditions, history of categorical grant support and other citizen participation efforts, and relationship of the community organization to the local government.

(a) Socio-economic conditions.

Assuming that the general motivation underlying the formation of the two citizens groups is the same, that is,

establishing priorities for the use of community development funds, the most important evidence of their differing economic situations would be the access to resources. Time and money to formulate neighborhood plans are likely to be more available in Newton than in Roxbury. The larger number of women who do not work and who are therefore able to volunteer efforts, has implications for the "person-power" available to staff the citizen involvement process. The fact that a greater percentage of Newton residents come from professional backgrounds means that some forms of technical assistance, particularly legal aid, need not be imported. In fact, the presence of more than five local lawyers at the first public meeting in Newton Corner meant that interpretation of the HCDA legislation and HUD guidelines was accurate and more immediate than if no such expertise had been on hand.

More than one community leader in Roxbury has told me that extended funding schedules and postponed federal deadlines can work in their community's favor. Though concerned that the benefits of programs such as HCDA get funneled into the neighborhoods as quickly as possible, Roxbury leaders need time to identify and gather resources; more time probably, than their more affluent counterparts. People working in blue-collar jobs, and female heads of families have less time to spend in neighborhood meetings.

Technical expertise is not as plentiful among the general constituency of the RNDC, so in most instances the Roxbury district planners from the BRA fulfilled this function. Statistical data, maps, explanation of relevant legislation were provided by the two black district planners. Though clearly functioning in an advocacy role within the BRA bureaucracy, the planners occasionally found themselves limited in their ability to completely ally with the RNDC, because they worked for the city. One of the more favorable legacies of the 60's programs, however, is that most agency people are sophisticated enough to appreciate the value of having such advocates within the bureaucracy, and therefore did not push the planners too far in their pro-community position.

B. History of Categorical Grant Support and Other Citizen Participation Efforts.

Unlike Newton Corner which has not had a long history of categorical grant support and activist citizen organizations, Roxbury joins many inner-city neighborhoods in trying to weather the transition from the adversarial politics of the 60's to the present era of political compromise and coalition strategies. While Newton is faced with the task of trying to sustain momentum to keep its citizen group functioning, Roxbury must find a way to channel the energies sparked by involvement in Model Cities and Community

Actions plans into less cathartic, longer range participatory tactics which will be successful in the current revenue sharing programs.

Issac Graves, the head of the Roxbury Little City Hall, has a number of opinions about the ramifications of this transition. The fact that the proliferation of categorical grants is gone, has in his words "opened a Pandora's box of citizen participation". He feel that the seeming abundance of specific grants in the 60's and the heightened awareness of community representatives led to an expectation of controversy, and an unrealistic view of the boundaries of citizen power. Consequently Graves thinks that it is now difficult for the same people to understand the politics of scarcity, and the need for compromise in instances where confrontation might previously have been successful.

In Graves' view, it is crucial that the community be kept informed so that they can (1) understand the need for long term commitment, since the "one big noisy meeting" tactic is of limited value, (2) get a larger perspective on what may seem to be strictly neighborhood issues, in order to successfully ally themselves with other community groups, and (3) help produce thorough and inclusive plans which will serve their own interests and impress city authorities.

I would add to Graves' conclusions about the legacy of categorical grant support several other suppositions. The

struggle for community self-determination which peaked in the late sixties surfaced a number of respected leaders who have continued to spearhead neighborhood planning efforts. These leaders (and many of their constituents) are now sophisticated in dealing with the bureaucracy and have still maintained credibility in the community. Their skills are an important resource, and their finely tuned feedback systems are instrumental in judging and consolidating neighborhood sentiment.

Also, the existence of advocates within the bureaucracy, such as Graves himself, is bound to have a positive effect on Roxbury's negotiations with City Hall and the BRA. Unlike categorical grants which are supervised by more centralized control mechanisms, revenue sharing funds will be handled in a de-centralized manner once they are apportioned by the Mayor. The presence of minority elected officials and bureaucrats helps mitigate the loss of bargaining power for the community under revenue sharing programs, by supporting the work of an intermediary structure such as the RNDC in its dealings with the city government.

C. Relationship of Community Organizations to the Local Government and Bureaucracy.

This last set of conclusions revolves around the assumption that residents of Newton are more enfranchised, closer to local governments officials, and therefore better satisfied with the local status quo, than their Roxbury counter-

parts. The Newton Citizens are presumably better able to direct their input in development issues through established decision-making structures. In the case of the Housing and Community Development Act funds, the Newton Planning Office, itself an advisory body, has been instrumental in setting up local citizen groups such as the one now forming in Newton Corner, and is currently helping those organizations to express their own goals and priorities.

Roxbury cannot boast of such active support, hence the need for an intermediary body such as the RNDC. The fact that Roxbury citizens are more removed from and have less reason to trust traditional decision-making bodies in their city means that the participation process is more complex. Communications from City Hall must be scrutinized, and responses made in careful fashion. The budget procedures must be monitored closely and continual investigations made into the progress of fund application and execution. Since individual Roxbury residents have less clout with their city government, the citizen participation effort must be broader-based and organized into specific task forces.

The relationship of these organizations to their local bureaucracies is a major determinant of what the futures of the organizations will be. Charles Thomas, in the Newton Planning Office feels that it is in his interest to have an ongoing association with an indigeneous group such as the Newton Corner Village Council. As long as

that Council can keep its activities and membership functioning, they can expect to be bolstered in their efforts by the local bureaucracy. This is the kind of interaction which framers of GRS and Special Revenue Sharing had in mind when they talked about citizen participation.

Those same legislators probably did not consider the prospects for meaningful involvement of citizens in communities like Roxbury. The future of the RNDC lies to a large extent in its ability to withstand pressure from the local government bureaucracy to function within the traditional system. At the same time the RNDC cannot afford to exist too far apart from the established bases of power and decision-making because in order to win out over the MNB as chief implementator of CDRS funds in Roxbury, the RNDC needs mayorial sanction. The MNB sees itself as an equally viable representative group and is not anxious to become extent. It is not inconceivable that once the Model Cities program ends in July, the Board could reorganize under another name and by virtue of past connections become the Mayor's officially recognized community organization in Roxbury. If this scenario comes true, the prospects for the RNDC's future are dim indeed.

FOOTNOTES - CHAPTER III

¹Housing Act of 1954, Ch. 649, P.L. 560, Title III, §101, 42 U.S.C.A. §1451(c), (1954).

²Economic Opportunity Act of 1964, P.L. 88-452, Title II, §202(a)(3), 42 U.S.C.A. §2781(a)(4), (1964).

³Demonstration Cities and Metropolitan Development Act of 1966, P.L. 89-754, §103(a)(2), 42 U.S.C.A. §3303(a)(2), (1966).

⁴Richard Boone, "Reflections on Citizen Participation in the Economic Opportunity Act of 1964," Public Administration Review, Special Issue, September 1972, p. 449.

⁵Sherry Arnstein, "Eight Rungs on the Ladder of Citizen Participation" in Edgar Cahn, Barry Passet eds. Citizen Participation: Effecting Community Change, (New York: Praeger Publishers, 1971) p. 70.

⁶U.S. Department of Housing and Urban Development. Citizen Participation in the Model Cities Program. Community Development Evaluation Series, No. 2. January, 1972, p. 1.

⁷Melvin Mogulof, Citizen Participation: A Review and Commentary on Federal Policies and Practices (Washington D.C.: The Urban Institute, 1970), p. 8.

⁸Ibid., p. 103.

⁹Sima R. Osdoby. "An Examination of the Planner's Role in the Participatory Process." Unpublished paper for the Boston Transportation Planning Review, 1972.

¹⁰Ibid.

¹¹Note: "Citizen Participation in Urban Renewal," 66 Columbia Law Review. 485, March 1966, p. 487.

¹²Langley Keyes, The Rehabilitation Planning Game: A Study in the Diversity of Neighborhood. (Cambridge: The M.I.T. Press, 1969), p. 5.

¹³ P.L. 83-560. Title III, §101.
 No contract shall be entered into ...
 ... unless (1) there is presented to the Administrator by the locality a workable program ... for utilizing appropriate private and public resources to eliminate and prevent the development or spread of slums and urban blight...

¹⁴ P.L. 83-560, Ch. 649. Title III § 303(c).

¹⁵ Columbia Law Review, op. cit., p. 523
 (Workable Prog.) Each local public agency (LPA) had to present evidence that it was fulfilling the following seven requirements:

1. adequate codes and ordinances for structure and use, adequately enforced;
2. a comprehensive community plan for land use and public capital development;
3. neighborhood analysis for the determination of blight;
4. administrative organization adequate to an all-out attack on slums and blight;
5. a responsible program for relocation of displaced families;
6. citizen participation in the entire program;
7. adequate financial resources for carrying out (1) through (6) above.

in Scott Greer, Urban Renewal and American Cities: The Dilemma of Democratic Intervention. (Indianapolis: Bobbs-Merrill Co., Inc., 1965), p. 10.

¹⁶ Keyes, op. cit., p. 5.

¹⁷ James Q. Wilson, "Planning and Politics: Citizen Participation in Urban Renewal." Journal of the American Institute of Planners. Vol. XXIX, No. 4, November 1963, p. 247.

¹⁸ Columbia Law Review, op. cit., p. 523.

¹⁹ Ibid., p. 522.

²⁰The Boston Observatory. Citizen Participation in Boston, October 1971, p. 18.

²¹Ibid.

²²Ibid., pp. 17-19.

²³Columbia Law Review, op. cit., p. 524.

²⁴Ibid.

²⁵Ibid.

²⁶Citizen Participation in Boston, p. 32.

²⁷Ibid.

²⁸Ibid., p. 33.

²⁹Ibid., p. 35.

³⁰Ibid.

³¹Ibid., pp. 35-38.

³²Herbert Gans. The Urban Villagers: Group and Class in the Life of Italian-Americans. (New York: The Free Press, 1962).

³³Ibid., pp. 288, 298.

³⁴Ibid., p. 290.

³⁵Ibid., p. 292.

³⁶Ibid.

³⁷Ibid., p. 295.

³⁸Ibid.

³⁹Ibid., p. 298.

⁴⁰Ibid.

⁴¹Ibid., p. 304.

⁴²Columbia Law Review, op. cit., p. 505.

⁴³Keyes, op. cit., p. 192.

⁴⁴Ibid., pp. 124, 133.

⁴⁵Ibid., p. 201.

⁴⁶Ibid., pp. 89, 96, 98, 100.

⁴⁷Ibid., pp. 127, 192.

⁴⁸Ibid., p. 102.

⁴⁹Ibid.

⁵⁰Ibid.

⁵¹Ibid.

⁵²Ibid. p. 114.

⁵³Ibid., p. 122.

⁵⁴Ibid., pp. 125-126.

⁵⁵Ibid., pp. 129-133.

⁵⁶Ibid., p. 140.

⁵⁷Ibid., p. 146.

⁵⁸Ibid.

⁵⁹Ibid., pp. 146-155.

⁶⁰Ibid., p. 161.

⁶¹Citizen Participation in Boston, op. cit., p. 70.
Columbia Law Review, op. cit., p. 565.

⁶²Keyes, op. cit., p. 168.

⁶³Ibid., p. 188.

⁶⁴Ibid., p. 184.

⁶⁵Ibid.

⁶⁶Citizen Participation in Boston, op. cit., p. 20.

⁶⁷Ibid., p. 21.
Columbia Law Review, op. cit., p. 567.

⁶⁸Keyes, op. cit., p. 181.

⁶⁹P.L. 88-452, Title II, §202.

⁷⁰P.L. 88-452, Title II, §202(a)(3).

⁷¹Boone, op. cit., p. 446.

In his article "Reflections on Citizen Participation in the Economic Opportunity Act," Richard Boone who was one of the group chosen to draft that legislation states that the phrase "maximum feasible participation" in his words "just got put there" by those responsible for the Act's Community Action design. This component was neither funneled up by adamant low-income communities, nor fully thought out by Congress.

⁷²Barlow Burke, Jr., "The Threat to Citizen Participation in Model Cities." Cornell Law Review. Vol. 56, No. 751. May 1971.

⁷³John H. Strange. "The Impact of Citizen Participation on Public Administration," Public Administration Review, Special Issue, September 1972, pp. 457-470.

⁷⁴Boone, op. cit., p. 446.

⁷⁵Ibid., p. 447.

⁷⁶Note: "Participation of the Poor: Section 202(a)(3) Organizations under the Economic Opportunity Act of 1964." Yale Law Journal, Vol. 75, No. 4. March 1966, p. 607.

⁷⁷Ibid., pp. 6, 10-11.

⁷⁸Ibid.

⁷⁹Boone, op. cit., p. 449.

⁸⁰Ibid.

⁸¹Ibid.

⁸²Yale Law Journal, op. cit., p. 621.

⁸³Joseph Huttie. "New Federalism and the Death of a Dream in Mound Bayou, Mississippi." New South. Vol. 28, No. 4, Fall 1973, pp. 22-24.

⁸⁴Ibid., p. 23.

⁸⁵Ibid., p. 24.

⁸⁶Ibid.

⁸⁷Arnstein, op. cit., p. 80.

⁸⁸Burke, op. cit., p. 759.

⁸⁹Ibid., p. 761.

⁹⁰P.L. 89-754, Title I, §103(a)(1)(2)

⁹¹P.L. 89-754, Title I, §106.

⁹²Charles Haar, Between the Idea and the Reality: A Study of the Origin, Fate, and Legacy of the Model Cities Program. (Boston: Little Brown and Co. 1975) (to be published.)

⁹³Interview with Langley Keyes, April 28, 1975 (hereinafter cited as Keyes interview).

⁹⁴Burke, op. cit., p. 765.

⁹⁵Ibid.

⁹⁶Keyes interview.

⁹⁷Citizen Participation in Boston, p. 60.

⁹⁸Keyes interview.

⁹⁹Ibid.

¹⁰⁰Interview with Dan Richardson. April 14, 1975.
(hereinafter cited as Richardson interview)

¹⁰¹Ibid.

¹⁰²Ibid.

¹⁰³Ibid.

¹⁰⁴Keyes interview.

¹⁰⁵Ibid.

¹⁰⁶428 F.2d 754 at 755.

¹⁰⁷Ibid. at 756.

¹⁰⁸Ibid.

¹⁰⁹Ibid. at 758.

¹¹⁰Ibid.

¹¹¹Ibid.

¹¹²Ibid.

¹¹³Dewey Landers unpublished article under the Department of Housing and Urban Development. Sponsored research for George Lefcoe.

¹¹⁴Robert Aleshire, "Power to the People: An Assessment of the Community Action and Model Cities Experience," Public Administration Review, Special Issue, September 1972, pp. 428-443.

¹¹⁵31 C.F.R. §51.11(a) Supp. 1973.

¹¹⁶31 C.F.R. §51.11(b) Supp. 1973

¹¹⁷31 C.F.R. §51.13(a) Supp. 1973

¹¹⁸31 C.F.R. §51.13(b)(c) Supp. 1973.

¹¹⁹National Clearinghouse on Revenue Sharing. General Revenue Sharing in American Cities: First Impressions. Patricia W. Blair, Director of Analysis (Washington 1974), p. 8. (hereinafter cited as Clearinghouse Report).

¹²⁰New York Times, September 14, 1974.

¹²¹United States Commission on Civil Rights. Making Civil Rights Sense Out of Revenue Sharing Dollars. Clearinghouse Publication 50, February, 1975. pp. 42-43. (hereinafter cited as Making Civil Rights Cense).

¹²²Ibid., p. 8.

¹²³Ibid.

¹²⁴Ibid., p. 45.

¹²⁵Clearinghouse Report, p. 9.

¹²⁶Ibid., p. 10.

¹²⁷Ibid.

¹²⁸Clearinghouse Report, p. 3.

¹²⁹Ibid.,

¹³⁰Congressional Record. September 7, 1972, pp. 14291-5.

¹³¹Richard P. Nathan, Allen D. Manvel, Susannah E. Calkins, and assoc. Monitoring Revenue Sharing. (Washington, D.C.: The Brookings Institution, 1975), pp. 268-276.

¹³²Ibid., pp. 272-3.

¹³³Ibid., p. 268

¹³⁴Ibid., p. 270.

¹³⁵Ibid.

¹³⁶Ibid.

- 137 Ibid., p. 271.
- 138 Ibid., pp. 269-274.
- 139 Ibid., p. 273.
- 140 New York Times, August 27, 1974.
- 141 Wall Street Journal, May 22, 1973.
- 142 "Citizen Action on Revenue Sharing," The Movement For Economic Justice and the Coalition on Human Needs, 1973.
- 143 303 F.Supp. 1162, 1168.
- 144 437 F.2d 1286, 1288.
- 145 Ibid., p. 1292.
- 146 Citizen Action on Revenue Sharing, op. cit., p. 2.
- 147 Ibid.
- 148 Ibid.
- 149 Les Shipnuck. "Citizens and the Municipal Budgeting Process" unpublished article.
- 150 Making Civil Rights Sense, op. cit., p. 48.
- 151 Ibid., p. 48.
- 152 Ibid.
- 153 Ibid.
- 154 Shipnuck, op. cit.
- 155 Ibid.
- 156 Ibid.
- 157 Ibid.
- 158 Making Civil Rights Sense, op. cit., p. 49.

159 Clearinghouse Report, op. cit., p. 5.

160 Ibid.

161 Ibid., p. 6.

162 Ibid., p. 7.

163 David A. Caputo. Municipal Interest Groups Strategies and Their Effects on Local Public Policy in Four New England Cities, Urban Research Report No. 19.

164 Ibid., pp. 22-23

165 Ibid., pp. 25-26.

166 Ibid., p. 26.

167 Movement for Economic Justice. "Your Fair Share of Revenue Sharing." (Washington, D.C., 1973).

168 Ibid.

169 Shipnuck, op. cit., p. 22.

170 Ibid.

180 P.L. 93-383, 88 Stat. 633, §104(a)(b)(c)

181 P.L. 93-383, §106(b)(1)

The Secretary shall determine the amount to be allocated to all metropolitan cities which shall be an amount that bears the same ratio to the allocation for all metropolitan areas as the average of the ratios between:

- (a) The population of all metropolitan cities and the population of all metropolitan areas;
- (b) The extent of poverty in all metropolitan cities and the extent of poverty in all metropolitan areas; and,
- (c) The extent of housing overcrowding in all metropolitan cities and the extent of housing overcrowding in all metropolitan areas.

- 202 Ibid.
- 203 Boston Globe, December 8, 1974.
- 204 Boston Globe, February 24, 1975.
- 205 Boston Globe, October 24, 1974.
- 206 Ibid.
- 207 Ibid.
- 208 Boston Globe, January 29, 1975.
- 209 Ibid.
- 210 Ibid.
- 211 Ibid. See appendix.
- 212 Ibid.
- 213 Ibid.
- 214 Boston Globe, February 25, 1975.
- 215 Ibid.
- 216 Ibid.
- 217 Ibid.
- 218 Boston Herald American, February 25, 1975.
- 219 Boston Herald American, February 27, 1975.
- 220 Boston Globe, February 24, 1975.
- 221 U.S. Bureau of the Census, census of population and housing, 1970.
- 222 Ibid.

- 223 Survey prepared by Newton City Planning Department, 1972.
- 224 U.S. Bureau of the Census, census of population and housing, 1970.
- 225 Ibid.
Data prepared by Newton City Planning Department, 1975.
- 226 Ibid.
- 227 Ibid.
- 228 Interview with Charles Thomas, March 21, 1975.
- 229 Ibid.
- 230 Preliminary Community Development Plan, December 17, 1974, Newton Planning Department.
- 231 Ibid.
- 232 Interview with Charles Thomas.
- 233 Meetings of Newton Corner Village Council, March 12, 1975, April 10, 1975.
- 234 Interview with Issac Graves, February 20, 1975.
- 235 Minutes of RNDC, November 8, 1974.
- 236 Interview with Issac Graves.
- 237 Minutes of RNDC, November 26, 1974
- 238 Minutes of RNDC, December 3, 1974.
- 239 E.g., Co-Chairman -- Executive Womens Improvement League
Clerk - Runs Childrens Program, Roxbury
Episcopal Church
Head of Housing Subcommittee - Former employee
of M.C.A.
- 240 Minutes of RNDC, December 5, 1974.
- 241 Minutes of RNDC, December 19, 1974

242 Interview with Dan Richardson.

243 Ibid.

244 Minutes of RNDC, December 3, 1974.

IV. CONCLUSIONS

The evidence thus far on revenue sharing is that it is not suitable as the principle source of financial support for cities, and that the program does not substantially correct the difference in financial resources between localities and the federal government. Not only has revenue sharing failed to live up to the major fiscal goals for which it was designed, but the program has proved negligent of if not detrimental to the interest of people in low-income and minority communities who can least afford a laissez-faire stance on the part of the federal government.

Administrative guidelines in General and Special Revenue Sharing offer few incentives for state and local governments to reform regressive tax policies, or to try to strengthen the management abilities of officials in their bureaucracies. As first envisioned by Reuss in his early revenue sharing scheme, such reform might widen the capacities of municipal governments especially to deal more effectively with their less advantaged constituents.

The inordinate difficulties which citizens face when seeking to intervene at even an advisory level, speak to the need for greater avenues of citizen participation. One of the foremost lessons of the categorical grant experience is the importance of decisive federal support for such participation.

If GRS is to continue, and Congress is now preparing to consider its extension, a number of major revisions are in order. Aimed at strengthening administrative, and substantive weaknesses in the program, these revisions also imply a shift in philosophy from total reliance on the decentralized united funding approach to an enlarged federal role. Though the jury is still out on the efficacy of Special Revenue Sharing, four years of GRS offer serious doubts about the willingness of local governments to use their unencumbered authority to redistribute resources between the powerful and the poor.

Each section of the second and third chapters of this paper considers a different aspect of the overall revenue sharing program. The suggested revisions which follow are formed in the same general sequence, and in most cases, are summaries of the more detailed explanations included in the body of the paper.

1. Revision of the methods by which funds are distributed.

The inequities in the allocation of GRS funds among recipient jurisdictions begin with the distribution formula. Revision of the formula must be focused at the formula itself, as well as the data on which it is based.

Removal of both the ceiling which states that no jurisdiction may receive per capita more than 145% of the state's per capita entitlement, as well elimination of the floor which says that no recipient can get less than 20% of the

state's average per capita amount, would improve the formula greatly. Without the ceiling the poorer jurisdictions would qualify for more money. Marginally useful jurisdictions would receive less support if the 20% floor were abolished, and the increment saved could go to needier jurisdictions.

Likewise, the eligibility requirements for recipient governments also deserve re-thinking. Given the scarcity of funds, it is wasteful to include non-functional jurisdictions such as some midwestern townships and special purpose districts, recipients for GRS money.

Adoption of at least the most fundamental suggestions made by the Stanford Research Institute and Brookings Institute studies would improve the data base for the GRS formula. Federal proponents of the program should encourage the Bureau of the Census to amplify its efforts to reduce income misreporting bias and underenumeration, and also to authorize enough funding so that sampling questionnaires and aggregation can be designed to accommodate the needs of revenue sharing. Long-term measures to perfect the data base should also be seriously examined. These would hinge on redesigning the 1980 census and scheduling more frequent updating of figures through mid-decade censuses and intercensal estimates.

Compensation for the census undercount of poor people and minorities is especially important. Since data calculations on the part of the Census Bureau will be complex and time consuming, ORS should be prodded to action its delegated authority to use other available sources, including estimates,

for a more accurate enumeration of undercounted groups.

All efforts to correct the undercount should not end with the data base revisions. Either changes should be made within the formula so that low-income urban areas are counted more heavily, by way of a more effective poverty indicator, or additional sums should be allocated to localities with large low-income populations, once the base entitlement is determined.

2. Expenditure of funds revisions.

The most compelling revisions on behalf of minorities and the poor involve re-structuring for more social program spending. Sanctions must be made operative which make it advantageous for localities to consider the needs of the economically depressed. Since so far low-income demands for social welfare spending have usually lost out to middle-income demands for tax relief, it is not clear that block grants in any form are the proper vehicle to address the needs of disenfranchised people. More targeted program responses to the needs of the poor are in order which may be instituted as adjuncts to the general and special revenue sharing program.

In his forthcoming book on the legacy of the Model Cities Program, Professor Charles Haar of Harvard offers several intriguing suggestions for the co-existence of block and categorical funding schemes. Haar posits a tri-partite approach to federal urban aid which ideally fosters an

interplay between national policies such as low-income relief, and local initiative on a case by case basis.¹ Haar's suggestion is to continue General Revenue Sharing as a way of maintaining the financial viability of cities trapped in a fiscal crunch. He would also continue Special Revenue Sharing block grants, but in a significantly modified form so that they could be better directed to help specific client groups. The third step in the Haar approach would be to reinstate categorical grants to support continued experimentation with innovative social programs, and to improve the local management capacity upon which the whole system will depend.²

Tax reform and general commitment to progressivity are important issues for the overall framework in which revenue sharing operates. The basic notion of aiding the have-nots more than the haves cannot be limited to one federal program. Similarly, even the most progressive of programs cannot begin to right the wrongs of a staunchly regressive system. Comprehensive measures such as these cannot be accomplished piece-meal by localities. Only national domestic policies instigated and sustained at the federal level can be sufficient catalysts for income redistribution and tax reforms.

Expenditure revisions within the GRS programs should focus on the current funding loopholes. One of the problems with the priority expenditure categories is that it has been possible for localities to reallocate monies in such a way that revenue sharing funds are actually used for

purposes other than priority categories. In one of the few cases to go to court, Mathews v. Massell, such re-allocation practices were challenged.³

The plaintiffs in this suit, the citizens and taxpayers of the city of Atlanta, challenged their Mayor's plans to use a portion of the city's own funds, which had been freed-up thanks to GRS funds, in order to make a rebate to those with water and sewer accounts. Mayor Massell intended to make the rebate possible by paying firemen's salaries with entitlement funds, a permissible GRS expenditure, and then transferring money from a general fund earmarked for firemen's salaries to Atlanta's water and sewer fund.

The court's holding stated that while the State and Local Fiscal Assistance Act did not specifically impose any restrictions on the use of legitimately freed-up funds, there is a difference between legitimately freed-up funds and those which are transferred from one account to another to avoid priority expenditure categories.⁴

The city of Atlanta's transgression was fairly obvious and occurred early in the operation of GRS. There is some reason to believe that the Mayor underestimated the import of priority categories and thought his actions were justified. However, the fact that the subsequent court ruling made clear that such actions were illegal does not mean that other localities haven't succeeded in maximizing the fungibility of GRS money. Profiting from Massell's mistake, their

procedures are likely to be more sophisticated than obvious bookkeeping tactics. There is still a need for priority expenditure categories and guidelines to be strengthened and made explicit, in order to ensure that expenditures are made in the areas of greatest need.

Unfortunately toughening of priority expenditure categories is exactly opposite from the direction in which the current Ford Administration is heading. Earlier this year, a Ford appointed task force made a number of recommendations to the Chief Executive as to the tact he should use in prosecuting the extension of revenue-sharing before the upcoming 94th Congress. Realizing that at this point in time the greatest support for the program comes from state and local officials who enjoy freedom from Federal restrictions, one of the major recommendations made by the task force is that priority expenditure categories be abolished altogether.⁵ Deletion of priority areas would mean that localities would have total discretion in the way that funds are spent, and that the few expenditure controls which now function to increase public accountability, would no longer exist.

3. Civil Rights Enforcement.

It is essential that the Office of Revenue Sharing be allocated staff, resources, and compliance authority comensurate with the crucial responsibility of enforcing civil rights provisions. Compliance reviews by that Office

have been cursory, data collection methods naive and the Director of ORS himself has testified that until very recently few special efforts had been made to inform the public of appropriate complaint procedures.

The passive approach to civil rights compliance taken by ORS is inexcusable. Despite that Office's contentions to the contrary, aggressive compliance reviews cannot be posed as a trade-off for local government flexibility, and consequently as an excuse for federal laxity. The first item on ORS' agenda should be to make full use of enforcement authority which it already has, in order to make sure that local spending decisions do not violate civil rights regulations.

In addition, the Office should also be provided with more manpower, womanpower and money to fulfill its duties. The current underfunded, understaffed operation provides a convenient explanation for inaction.

ORS also needs to be equipped with sanctions that fall somewhere inbetween total de-funding of non-complaint jurisdictions, and continued support of impermissible activities. In deciding whether or not to cut off funds local governments, officials in that Office have complained that these remedies are too severe. The unwillingness to employ such sanctions is not a new theme on the part of federal bureaucrats. A former assistant secretary of HUD once explained, "We are roughly in the position of fighting

a brush war when all we have is atom bombs."⁶ Likewise, is ORS's reluctance to wipe out a locality which is out of line with technical guidelines.

4. Citizen Participation.

The heightened public awareness of the actions of their local officials which revenue-sharing was supposed to spark, has not materialized. Average citizens do not instantly take it upon themselves to pick up where the federal government has left, and launch extensive monitoring activities. Even interest groups organized expressly for the purpose of tracking local GRS expenditures have found it extremely difficult to find out what is going on with their budgetary processes.

If average middle-class, majority citizens find it difficult to intervene in local decision-making procedures, then it goes without saying that low-income and minority client groups are at an even greater disadvantage. The only recourse is to make substantive, not advisory participation by both groups a federal regulation, with emphasis on the latter. This revenue sharing has not done. Those OEO-CAP programs which were successful have shown how effective the federal lever can be in empowering disenfranchised people. What is needed is more than a repetition of the "maximum feasible participation" clause. Federal support for citizen participation must be policy-oriented, that is mandated legislatively, explained and enforced administratively and

supported financially. A concise but comprehensive policy for citizen participation in all federal programs should be defined, so that neither citizens nor local officials are subject to inconsistent, short-term participation policies which characterized the 60's.

A thorough federal policy for citizen participation encompasses a number of key factors. It recognizes the basic right of citizens to take part in the implementation of programs that affect them, in ways that extend beyond the right to vote for elected officials. It also recognizes that even the vote cannot be totally effective in the case of economically depressed citizens who are a numerical minority locally.

In recognizing the right to participate and the obstacles which impede that right, a thorough federal policy would enact a comprehensive program of public education for citizens and program officials, which makes clear the intricacies and innovative possibilities inherent in each program. Perhaps local administrators would become less fearful of community intervention if they anticipated federal rewards for co-operative effects. Similarly, local people previously denied access to decision-making might better be able to develop participation skills and ongoing relationships with the immediate power structure, if they were confident even that their basic right to be included were federally insured.

A public information component would school budget officials, for example, on how to incorporate lay people into

what has usually been a closed process. Technical assistance to client groups on the procedures of budget making would enable them to meet the bureaucrats halfway. An ideal citizen participation policy would acknowledge the need for neutrality in technical assistance, and the danger of sending in experts to coerce people on behalf of vested interests.

Substantive citizen participation costs money. For people who work all day for modest wages, and who have families at home, involvement in time-consuming citizens groups can be costly and self-defeating, regardless of intensity of the interest. Not only should funds be made available to support such efforts, but the workload assigned to citizens groups should be appropriate for policy-making and not staff oriented functions. Membership on officially recognized citizen boards should be rotated frequently enough to recycle opinions through the community and to foster representation of a spectrum of indigeneous constituencies.

In creating federal aid programs with impacts as profound as General and Special Revenue Sharing, the federal government must acknowledge that its fundamental responsibility is two-fold.

Complex fiscal issues such as those which revenue sharing has sought to address demand strong national direction and an active commitment to see that those goals are met. The federal government's duty cannot end once the entitlement checks are mailed out to the States. Enforcement measures to see that policy guidelines are followed in

national programs should not be confused as being unwarranted interference with state and local sovereignty. Many local governments seem either unable or unwilling to respond to the needs of the poor. Racial minorities still are fighting external limitations on their social and economic status. Therefore, the federal government must resume its role as an active advocate, as a matter of public policy, constitutional and statutory law.

The other fundamental tenet of the federal responsibility must be to assure that the funding level is adequate to insure the viability of the program. The loftiest of goals and most aggressive of enforcement tactics cannot correct the weaknesses of an underfunded national effort. GRS funds have been spread too thinly , and Special Revenue Sharing has consolidated too many programs at a reduced financial level, for either of these approaches to maximize their potential.

In abdicating its compliance enforcement role to the local units of government, federal officials have placed too large a burden on citizens to monitor the program. Generally local governments become accountable to their constituents when it is in their interests to do so. The lax expenditure requirements of revenue sharing do not make it necessary to incorporate citizen priorities. Low-income people and minorities especially, require additional assurance of national level support, and access to resources which will enable them to mount their own agendas for intervention.

FOOTNOTES - CONCLUSIONS

¹Charles Haar, Between the Idea and the Reality: A Study of the Origin, Fate and the Legacy of the Model Cities Program (Boston: Little, Brown & Co., 1975) (to be published).

²Ibid., p. 280.

³356 F.Supp. 291 (N.D. Ga. 1973).

⁴Ibid.

⁵New York Times, January 1, 1975.

⁶Comment "The Revenue Sharing Act of 1972: Untied And Untraceable Dollars From Washington," Harvard Journal on Legislation. Vol. 10, No. 276. February 1973.

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APPENDIX

COMMUNITY DEVELOPMENT BLOCK GRANT, PROGRAM BUDGET

<u>Housing Programs:</u>	<u>\$10,000,000</u>
- Mayor's Housing Improvement Program	\$4,200,000
- Public Housing Improvements (Boston Housing Authority)	3,000,000
- Special Housing Programs	300,000
- Clearance of abandoned, unsafe, and dangerous buildings	
- Securing of vacant buildings for future rehabilitation	2,500,000
- Restoration and improvement of vacant lots in residential areas	
<u>Neighborhood Business District Program:</u>	<u>\$2,000,000</u>
- Capital improvements in commercial centers	1,300,000
- Parks	42,585
- Lights	186,245
- Tree planting	52,954
- Street reconstruction	26,477
- Parking lots	355,678
- Demolition	42,585
- Feasibility and design	106,277
- Acquisition of real property	354,814
- Acquisition for site improvements	132,385
- Matching share funds for Traffic Operations Program to Increase Capacity & Safety (TOPICS)	200,000
- Counselling service for local businessmen	50,000
- Footpatrolmen	350,000
- Storefront revitalization program	100,000

Neighborhood Capital Improvements(\$5,050,000)

- Parks	\$ 473,544
- Lights	2,331,831
- Tree planting	356,363
- Street reconstruction	183,578
- Sidewalks	791,510
- Building renovation and expansion	786,010
- Feasibility and design	52,954
- Acquisition of real property	21,256
- Acquisition for site improvements	52,954

Urban Renewal Activities

\$6,900,000

Human Services/Model Cities Activities

\$2,550,000

Direct Administrative Overhead

\$850,000

Reserve for Contingencies (as specified in the Act)

\$3,000,000

TOTAL

\$30,300,000

COMMUNITY DEVELOPMENT REVENUE SHARING

ELIGIBLE ACTIVITIES

1. Acquisition of real property
2. Acquisition, construction or reconstruction of:
 - a. Neighborhood facilities
 - b. Senior centers
 - c. Historic properties
 - d. Utilities
 - e. Streets
 - f. Street lights
 - g. Water and sewer facilities
 - h. Foundation & platforms for air right sites
 - i. Pedestrian malls and walkways
 - j. Parks, playgrounds and other facilities for recreational participation, excluding facilities primarily for spectators
 - k. Flood and drainage facilities
 - l. Parking facilities
 - m. Solid waste disposal facilities
 - n. Fire protection services and facilities
3. Code enforcement
4. Clearance, demolition and removal of buildings and improvements
5. Rehabilitation of buildings and improvements, including financing of privately owned properties.
6. Removal of architectural barriers for the elderly and handicapped.
7. Payments for rent losses incurred while holding units to be used for relocation.
8. Disposition of acquired land or retention for public purposes.
9. Public services concerned with employment, economic development, crime prevention, child care, health, drug abuse, education, welfare, recreation, or coordination of development, in areas where needed to support other eligible activities being undertaken and where other federal funds are unavailable.
10. Completion of urban renewal projects.
11. Relocation payments
12. Development of a comprehensive community development plan and of a policy-planning-management capacity for determining needs, setting goals, devising programs, evaluating progress, and managing and monitoring activities.

13. Administrative costs for planning and execution of community development and housing activities, including citizen participation.

INELIGIBLE ACTIVITIES

1. Public facilities unless specifically mentioned; for example, municipal buildings, stadiums, sports arenas, auditoriums, concert halls, cultural and art centers, convention centers, museums, schools, transportation facilities, hospitals.
2. Operating and maintenance expenses.
3. General government expenses.
4. Political activities.
5. New housing construction.
6. Income payments for housing or any other purposes.