This Week

• Interior officials explain federal land management policies to NACo Board, See page 2.

COUNTY NEWS

"The Wisdom to Know and the Courage to Defend the Public Interest"

NACo

Vol. 11, No. 47

December 3, 1979

Washington, D.C.

Domestic Policy Advisor Eisenstat

ADMINISTRATION READYING BILL

GRS Renewal Backed

President Carter's chief domestic policy advisor Stuart Eisenstat has said for the first time that the Administration will sponsor a bill to renew the general revenue sharing program, and that "it will be the cornerstone of our domestic program for the next year."

But while Eisenstat was willing to go this far in committing the Administration to reauthorization of the program, which expires Sept. 30,1980, he declined to speculate on the exact shape the bill would take. Again, he said that information would be timed with the Administration's announcement of the 1981 budget.

In his 30-minute talk to the NACo board, the presidential aide assured the officials that the Administration would be careful not to tamper with the present program so much as to jeopardize its chances for passage in Congress.

Eisenstat reported that an interagency task force was still grappling with such tough policy questions as: the state's role, if any, in the program; the local fund distribution and the question of targeting funds to the most needy areas; whether to "fold in" a permanent standby countercyclical program to combat recession and high unemployment; and the funding level.

"The statement by Mr. Eisenstat that the Carter Administration will strongly support reenactment of general revenue sharing is welcome news, and will greatly strengthen our renewal efforts," said NACo President Frank Francois.

"But at the same time," he noted, "we remain concerned about indications the Administration is still considering tampering with the details of what has been one of the most successful programs for state and local governments ever enacted.

"NACo will continue to push for reenactment of the program in essentially its present form. We believe the merits are clearly with our position, and we remain hopeful that the Administration will soon adopt our position," Francois said.

While avoiding putting a price tag on the program, Eisenstat noted that "the aid going to the vast majority of communities around the country would not be reduced."

Eisenstat also suggested the possibility of a "slight modification" in the distribution formula, such as "eliminating the most wealthy communities" or "adjusting the minimum or maximum levels of funding."

As for the state's role, Eisenstat said he was aware that between 25 and 40 percent of the state's revenue sharing money was "passed through" to local governments.

While the Administration is sensitive to the state-local coalition that helped enact the general revenue sharing program, Eisenstat noted, "we are also aware of the mood of Congress."

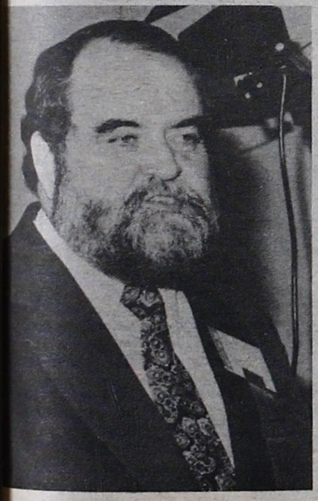
Many members feel that a balanced budget movement "does not square" with a request for more federal funds, he said.

See REVENUE, page 2

NACo Board Supports the President on Iran

The NACo Board of Directors last eek passed a resolution urging total upport of President Carter's egotiations with the Iranian government.

The directors also supported the resident's request for "immediate nd unconditional release of the mericans now being illegally held by e Iranian government," said NACo resident Frank Francois, councilman, Prince George's County, Md.



NACo President Francois

(See page 2 for a complete text of the resolution.)

The Iranian resolution was drafted and offered to the Board by NACo Third Vice President J. Richard Conder, chairman of the Board of Commissioners of Richmond County, N.C.

The action was taken during the Board's annual meeting in Washington, D.C. where the 75 directors attending approved the budget and work plan for the association.

Adoption by the board of a budget and work plan for 1980 gave the go-ahead to NACo's policy committees and staff to pursue activities of importance to county government throughout the coming year. (For more details, see page 4-5.)

The work plan sets out the legislative issues which NACo will pursue during 1980, and responding the challenge of NACo President Francois, the board members reiterated their support of general revenue sharing as NACo's top priority and pledged to work for its reenactment.

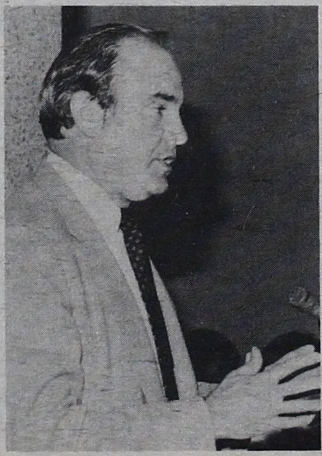
"The budget reflects NACo's commitment to the reenactment of general revenue sharing," added NACo Executive Director Bernard Hillenbrand. Again in 1980, he said, it includes a flexible fund in the amount of $50,000, some of which can be

See BOARD, page 2

Labor Secretary Marshall

Cabinet Secretaries Speak to NACo Board

See page 3 for full report.



Acting Commerce Secretary Hodges

Agriculture Secretary Bergland

Counties Assured a Voice in Plans for Federal Lands

Department of Interior officials assured the NACo board last week that they will work closely with local government officials in the debate over the future of federal lands, especially in the West.

"Although we are disappointed that NACo supports the transfer of federal lands to the states," said Guy Martin, assistant secretary of Interior for land and water resources, "BLM will work closely with counties and NACo on land management plans. We have enthusiastically implemented payments-in-lieu of taxes by working closely with counties and we would welcome the opportunity to come back next year to prove our commitment on land management."

His remarks came during a spirited discussion of public land management issues for the nation's public domain lands. Martin and Frank Gregg, director of the Bureau of Land Management, described the Administration's efforts to implement recent public land laws, in particular the Federal Land Planning and Management Act of 1976 (FLPMA).

Gregg indicated that he believed the changes Congress required in FLPMA, together with energy and water concerns in the West, have probably been the reasons many of the western states and counties are calling for a transfer of federal land to the control of the states.

It is partially the implementation of this act, he said, which repealed most of the existing single purpose land acts, that has brought on the so-called "sagebrush rebellion."

The sagebrush rebellion, according to county officials from affected states, expresses a sense of outrage over the federal ownership of a large proportion of their land and reflects the belief that policies for these lands are being set without taking into account the wishes and needs of the local residents.

They point out that when many western states were accepted into the Union, the federal government retained ownership of vast amounts of land and that the failure of the United States to release much of this land to the now well-established states and their citizens constitutes unequal treatment, as compared to the eastern states which control the great bulk of their land.

For example, over 87 percent of Nevada and 96 percent of Alaska are still federally owned.

"We hope to make constructive use of the sagebrush rebellion movement by improving the management of the lands," Gregg said. Both Martin and Gregg cited many instances where land management has improved and where resources have been protected.

The Interior officials briefed the board on current efforts to implement FLPMA, which, for the first time, provided the U.S. Department of Interior with comprehensive congressional guidelines for the management of the 470 million acres of public domain land administered by the Bureau of Land Management.

"This administration has concentrated on developing regulations and implementing the planning and wilderness studies required by this act, rather than developing new legislative initiatives," Martin said.

Congressional oversight hearings are currently under way on the implementation of FLPMA. There is a requirement for the U.S. Department of Interior to report implementation status early in 1980.

FEDERAL VS. STATE INTERESTS—The NACo board heard Frank Gregg, director of the Bureau of Land Management, address the issues involved in the "sagebrush rebellion."

IMPLEMENTING PUBLIC LAND LAWS—Guy Martin, assistant secre tary, Department of Interior, promised the NACo board that "BLM wi work closely with counties and NACo on land management plans."

Resolution on Iran

WHEREAS, the elected Board of Directors of the National Association of Counties, representing nearly 175 million Americans served by county governments, is vitally concerned with the lives and welfare of these citizens and all the people of the United States, and

WHEREAS, the Board of Directors of the National Association of Counties is proud of the United States of America and our nation's heritage of true liberty and justice for all, and

WHEREAS, the President of the United States has taken a firm and just stand on behalf of this great nation to protect the lives and property of Americans serving overseas in U.S. missions,

NOW THEREFORE, BE IT RESOLVED that the National Association of Counties unanimously supports the action of the President of the United States in his efforts to free American hostages in Iran, and in his support of the Iranian oil embargo, and condemns the reckless disregard of long established international law by the Iranian government, and its inciting of disorder in the world through the propagation of flagrant lies about America and Americans serving in U.S. overseas missions, and

BE IT FURTHER RESOLVED that the elected Board of Directors of the National Association of Counties, representing county government in the United States and millions of voting Americans, urges total support of the President of the United States in his difficult negotiations with the Iranian government, and requests immediate and unconditional release of the Americans now being illegally held by the Iranian government.

Passed by NACo Board of Directors—Nov. 26, 1979

Board Authorizes County Deferred Comp Program

Continued from page 1

used for this purpose.

Presenting the work plan to the board, Hillenbrand called 1980 "the year of fiscal conservation—an ongoing effort to get full use of every budget dollar." He noted, "No new NACo-funded positions are envisioned, although we are recommending a 7 percent cost-of-living increase effective Jan. 1 for all NACo employees."

Hillenbrand pointed out that, for the third consecutive year, NACo's budget reflects a surplus and therefore no increase in dues is anticipated. He said he expected membership to grow in 1980.

The Board of Directors adopted a resolution authorizing a Deferred Compensation Program for County Employees to be available to NACo member counties. Participants in this type of retirement fund have their contribution paid into the fund before taxes and, in fact, pay no taxes on this money or the interes thereon until the funds are wit drawn. The board commissioned t NACo Executive Committee t investigate and select a suitable pr gram and act as the Board of Truste of the deferred compensation pr gram when it is established.

In other business, the board:

- Appointed three new membe to the NACo Board of Director Elwood Hoover, superviso Rockingham County, Va.; Dav Nichols, county manager, San Mat County, Calif., representing t National Association of County A ministrators; and Mary Jornli county executive, New Castle Cou ty, Del., representing the Natio Council of Elected Coun Executives.
- Recognized two NACo boa members, John V.N. Klein, coun executive, Suffolk County, N.Y., a Michael Hayes, freeholder, Camd County, N.J., for their "co tributions to strong, efficient cou government in America," as th leave the board.
- Heard that NACo has attaine membership of 1,800 counties acr the United States, a 100 perc increase over 1970.

Revenue Sharing Renewal Supported by White House

Continued from page 1

Eisenstat gave the range of options that he said were being considered regarding the state's role in the program:

- Should there be a mandatory pass through to local governments?
- Should the "wealthy" states be eliminated?
- Should the state's share be conditioned on extending more controls to local governments, such as more taxing authority?

"We have not made a decision on any of these options," he emphasized, "and I am here asking for your help at a time when we are considering all the alternatives."

Eisenstat told board members that from his experience he knew that "NACo was not shy in making its feelings known," and said there was no organization more responsive or more effective in presenting its views.

Also in his address, Eisenstat touched on the issues of youth unemployment and the community development block grant program.

He called youth unemployment "a cancer in the American body politic which must be eradicated" and promised Administration support for new programs to help young people find jobs.

Eisenstat said the Administration is working on ways to link the educational system with job training efforts and to work more closely with private industry.

In another area, Eisenstat said the community development block grant program was "working well" and that the Administration would support reauthorization next year. He did not, however, specify at what level the program would be funded.

"We see the community development program as helping you to build up your tax base," Eisenstat told the board. "With economic development at the core, all the other things like housing and jobs fall into line."

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COUNTY EFFORTS LAUDED

Cabinet Secretaries Speak Out

Three Cabinet secretaries who spent 30 minutes apiece with NACo's board of directors last week had high praise for county efforts in creating job programs, preserving prime agricultural farmland and helping to spur economic development.

Following President Carter's domestic policy advisor Stuart Eisenstat were Acting Secretary of Commerce Luther Hodges, Agriculture Secretary Bob Bergland and Labor Secretary Ray Marshall. Each talk was follwed by questions from NACo board members.

Luther Hodges

Acting Secretary of Commerce Luther Hodges described his six months with the department as "trying to be a businessman in government" and to improve the ties of the federal government with private industry.

Hodges told the NACo board that the United States can no longer remain a domestic producer only, but rather must branch out to foreign markets.

"If we are going to sell the products of an increasingly productive nation we must go abroad," said Hodges, "and, as a corollary, we need to strengthen our domestic production."

Hodges said the Office of Science and Technology in the Department of Commerce is working on programs to help spur productivity. "Getting on top of productivity," he added, "is essential to combatting inflation."

He gave the high level of service employment in the United States as the reason for the nation's low productivity rate compared to some other industrial nations. "Nearly 65 percent of our workers are engaged in providing services," he said.

"To promote production, we need to encourage industrial innovation and improve the climate of risk taking," he noted.

Hodges also made the case for a strong domestic economy and said the Administration was working to promote its version of the bill to reauthorize programs of the Economic Development Administration. House and Senate conferees are trying to iron out differences between the two versions of the authorization legislation.

The House version, which NACo supports but the Administration does not, greatly expands eligibility for the program and establishes a $2 billion standby local public works program if unemployment reaches 6.5 percent.

Bob Bergland

Secretary of Agriculture Bob Bergland left his coat and prepared text on the seat next to the podium, telling the NACo board he wanted to talk about something close to home—the problem of expanding demand and diminishing land.

"In my lifetime we have paved over enough cropland to equal the size of the state of Ohio and by the end of this century we'll have paved over more than Indiana.

"It's time the federal government worked in tandem with states and counties to encourage the best use of land and to help stem the problem of farmland conversion," said Bergland.

The Secretary announced that in eight states the Farmers Home Administration (FmHA) will no longer approve loans or grants unless counties agree that development would be consistent with state and local land use goals.

"Counties take the heat," said the Secretary. "Local officials should have the power to decide the way federal money will be invested in their communities."

Bergland said that a study is under way in 47 states to investigate and record the numerous ways states and counties protect farmland and that the results will be reported to Congress in 1981.

"We hope what will evolve from this study of all the laws on the books is a model land use policy," said Bergland.

Bergland also touched on the issue of foreign investment in American agricultural land, saying that foreign land holdings present no great cause for alarm.

"We've just finished canvassing courthouses around the country, in an effort to assess private land holding," he said.

"We've found somewhere under 10 million acres in the hands of foreign investors." He said the largest foreign landholder is Canada, followed by the Netherlands, Great Britain and West Germany.

Bergland wrapped up his remarks by saying the Administration, over the next year, "will be taking a hard look" at some problems facing America's farmlands. Among the questions to be asked:

- Is there value to having a large number of landholders, or does the megafarm make more economical sense?
- Does the shrinking number of farms prove a threat to the nation's health and welfare?
- How can we help small farmers get going and stay in business?

"We hope to have some of the answers by the time we have to pass another farm bill in 1981," said Bergland, adding that he hoped Congress could act in a less reactionary atmosphere this time around. The Secretary was referring to last winter's pilgrimage of farmers to Washington to lobby for price supports. Bergland left the NACo meeting to begin a series of field hearings, sponsored by the Department of Agriculture, to seek input on a national farm policy.

Ray Marshall

Calling the Comprehensive and Employment Training Act (CETA) the nation's largest economic stimulus program since the New Deal, Ray Marshall credited county prime sponsors with "making CETA a success."

"Through CETA we have shown that federal jobs don't have to be 'make work,' that so large a program can be managed and that the program can reduce unemployment," said Marshall.

The Labor Secretary described the CETA program as the most economical way for the federal government to put people to work, saying the cost of creating a job through CETA is $5,000 compared to $30,000 through a tax cut.

Marshall acknowledged that the Administration's first goal was to "get the program going" and that more recent efforts have been aimed at correcting some of the problems of the system.

"We found, for example, that the program was not targeted enough to special need," he said. "In 1976, 40 percent of CETA workers were not economically disadvantaged."

Marshall noted that the 1978 CETA law reflects a more targeted approach to employment training as well as the recognized need for greater involvement by the private sector.

"We will not solve unemployment by public sector employment and training," said Marshall. "That is the second best approach. The best thing is to get a person a job in private industry."

Marshall told the board that the Administration was also working to integrate job training programs with other federal agencies and departments to promote local development.

He gave the weatherization program as an example, where CETA funds are being used to train workers to insulate homes for low-income people and the elderly.

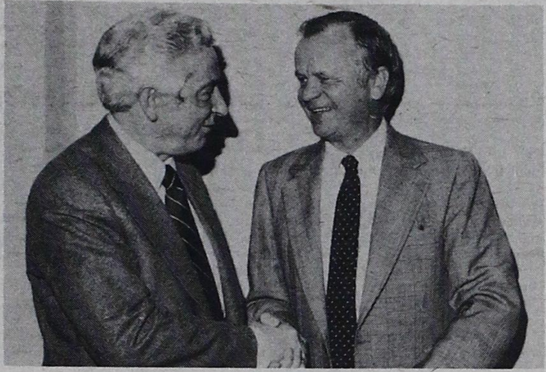
"In this way," said Marshall, "job training is tied to energy conservation as well as social services."

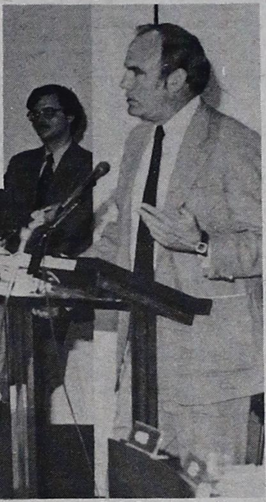
In other employment matters, Marshall reported:

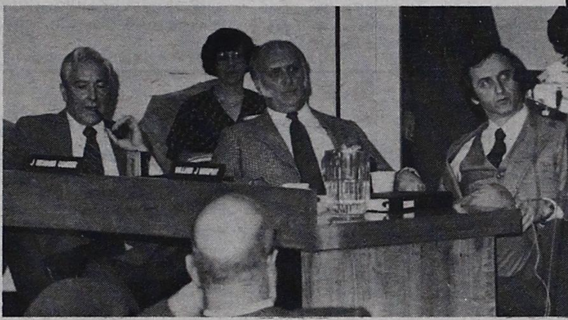
- That the Administration has made no decision on whether to request more public service jobs if the unemployment rate rises;
- That the Administration is working on a permanent youth employment program that would improve the links between job training and schools and would develop clear standards for training programs to improve placement opportunities.
- That two battles to be fought in Congress next year are attempts to cut CETA appropriations and passage of the jobs portion of the President's welfare reform package which would create an additional 400,000 jobs for people on welfare.

Responding to a question from a board member, Marshall said that he opposes a youth "differential" for young people in full-time jobs, saying he fears it would cause youths to be substituted for adults in labor markets where they compete.

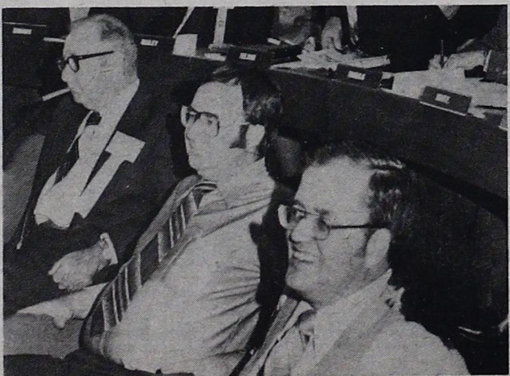
"The kind of jobs that pay subminimum wages are not usually the kind that prepare youths for future employment," he said.







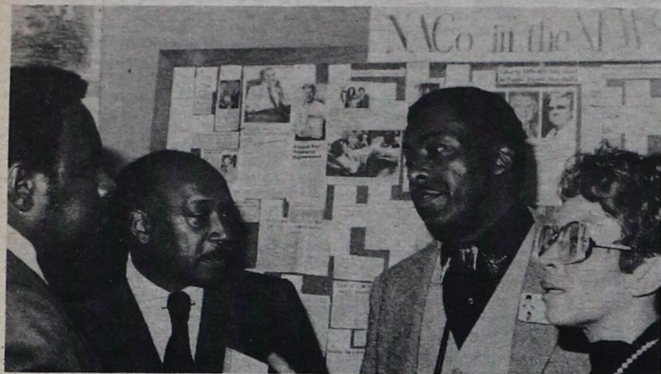
At top, NACo Second Vice President John Spellman confers with Agriculture Secretary Bob Bergland. Above, NACo Third Vice President Richard Conder and Fourth Vice President William Murphy hear Acting Commerce Secretary Luther Hodges address the NACo board.



Listening attentively, from left, are board members M.H. Brock, Harnett County, N.C.; Calvin Black, San Juan County, Utah; and Douglas Aurand, Winnebago County, Ill.

Labor Secretary Ray Marshall makes his point at the NACo board meeting.

NACo Board Acts on '80 Budget, Work Plan



Exchanging views are, from left, Fred Wilson, police juror, Lincoln Parish, La.; Bob Nunn of the National Park Service; Harold Hayden, commissioner, Genesee County, Mich.; Charlotte Williams, NACo immediate past president.

National Association of Counties 1979 Allocation of Association Resources

Program Class	NACo Direct	NACo Allocable	NACo Total	Research Firm	Total Resources
Community Development	$ 57,096	$ 56,990	$ 124,086	$ 70,000	$ 184,08
Criminal Justice/Public Safety	76,283	76,142	152,425	155,000	307,42
Employment	87,394	87,232	174,626	790,000	964,62
Environment and Energy	69,394	69,266	138,660	259,000	397,66
Health and Education	81,855	81,704	163,559	—	163,55
Home Rule/Regional Affairs	121,245	121,021	242,266	125,000	367,26
Labor and Employee Benefits	80,912	80,762	161,674	50,000	211,67
Land Use/Growth Management	39,781	39,707	79,488	92,500	171,98
Public Lands	99,297	99,113	198,410	45,000	243,41
Taxation and Finance	96,821	96,642	193,463	125,000	318,46
Transportation	84,221	84,065	168,286	60,000	228,28
Welfare and Social Services	73,877	73,744	147,621	300,000	447,62
Total	**$ 968,176**	**$ 966,388**	**$1,934,564**	**$2,071,500**	**$4,006,0**

NACo vice presidents listen to budget presentations. From left are First Vice President Roy Orr, commissioner, Dallas County, Texas; Second Vice President John Spellman, county executive, King County, Wash.; Third Vice President J. Richard Conder, chairman, Board of Commissioners, Richmond County, N.C.; and Fourth William Murphy, county executive, Rensselaer County, N.Y.

The purpose of NACo's budget for 1980 is to carry out the programs and policies contained in the Work Plan for the coming year developed by NACo's 12 policy steering committees and approved by the Board of Directors.

The committees, composed of elected and appointed county officials from across the country, are in touch with the needs of counties, with pertinent legislation, with the activities of federal agencies. The Work Plan of each committee reflects this knowledge.

Each work plan reveals the priorities of the committee, the bills for which NACo will be lobbying, the research being done in the relevant subjects by NACo's research arm and research for which funding should be sought.

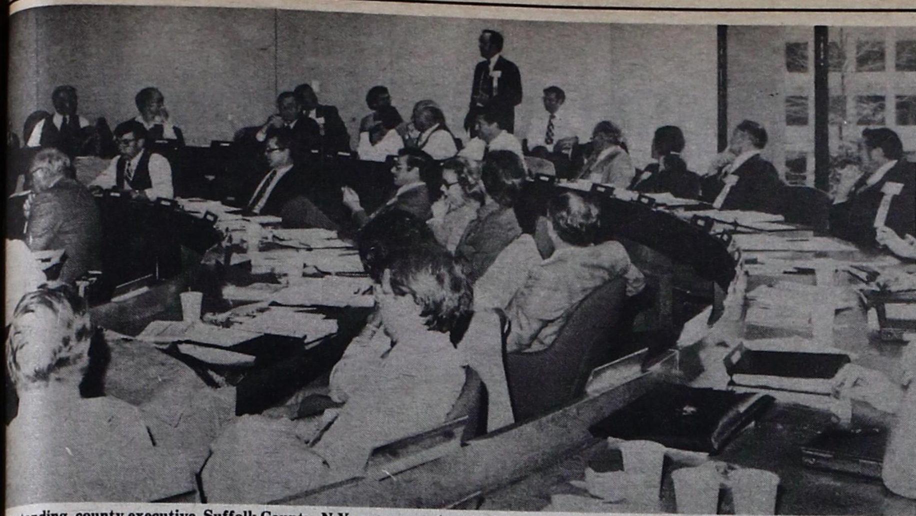
NACo steering committees are active in the areas of:

- Community Development
- Criminal Justice and Public Safety
- Employment
- Environment and Energy
- Health and Education
- Home Rule and Regional Affairs
- Land Use and Growth Management
- Land Use
- Public Lands
- Taxation and Finance
- Transportation
- Welfare and Social Services

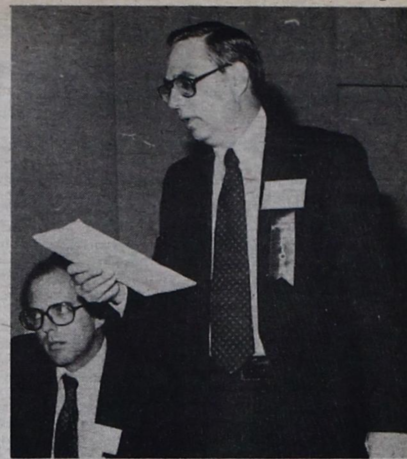
A detailed work plan for 1980 is available from Chuck Oglebay at NACo.

National Association of Counties Executive Director's Proposed 1980 Operating Budget Revenues and Expenditures

Revenue	1980 Budget	1979 Projected	1978 Actual
CMS	$1,704,163	$1,664,163	$1,639,19
List Sales	36,000	23,240	8,23
Publications	18,250	6,417	22,58
Annual Conference	25,000	26,175	24,38
Meetings			
Legislative Conference	15,000	19,175	14,63
Western Region Conference	5,000	3,167	6,12
Miscellaneous	27,000	—	1,89
Western Region Dues	19,000	19,000	19,00
Miscellaneous	55,000	44,927	41,17
County News	50,600	43,719	44,04
Total	**$1,955,013**	**$1,849,983**	**$1,821,27**
Expenditures	$1,934,564	$1,633,007	$1,770,73
Excess of revenues over expenditures	$ 20,449	$ 216,976	$ 50,53

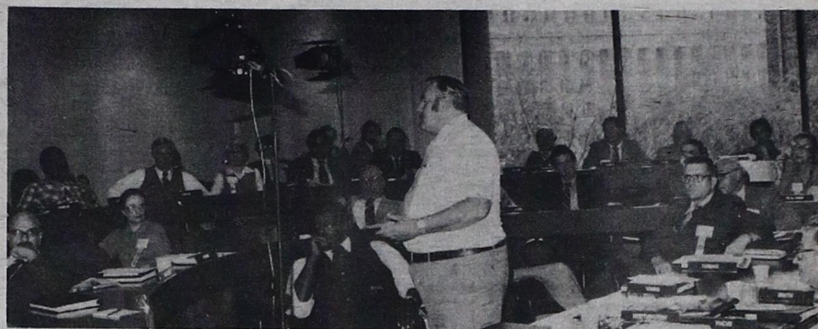


…, standing, county executive, Suffolk County, N.Y., was recognized for his outstanding service to county government.



Guy Millard, NACo fiscal officer, reports on the organization's sound financial status.

…l Affairs Committee Chairman Ray Nelson, commissioner, Republic …ty, Kan., makes a telling point.



Charles Worthington, county executive, Atlantic County, N.J. holds the attention of fellow board members.

Program Expenditures

	1980 Budget	1979 Projected	1978 Actual
…mmunity Development			
…ries	$ 25,121	$ 27,165	$ 38,109
…rhead	20,047	24,068	36,889
…r Direct Costs	11,928	12,175	13,002
…al	**$ 57,096**	**$ 63,408**	**$ 88,000**
…minal Justice/Public Safety			
…ries	$34,232	$28,467	$27,939
…rhead	27,317	25,221	27,045
…er Direct Costs	14,734	10,693	10,318
…al	**$76,283**	**$64,381**	**$65,302**
…ployment			
…ries	$34,180	$32,792	$28,558
…rhead	27,276	29,053	27,645
…r Direct Costs	25,938	12,663	28,284
…al	**$87,394**	**$74,508**	**$84,487**
…ironment and Energy			
…ries	$33,430	$30,324	$25,178
…rhead	26,677	26,867	24,373
…r Direct Costs	9,287	7,980	6,731
…al	**$69,394**	**$65,171**	**$56,282**
…d Use and Growth Management			
…ries	$19,549	$9,853	$9,415
…rhead	15,600	8,731	9,114
…r Direct Costs	4,632	3,849	3,591
…al	**$39,781**	**$22,433**	**$22,120**
…lth and Education			
…ries	$38,153	$23,784	$29,773
…rhead	30,446	21,073	28,820
…r Direct Costs	13,256	12,053	14,531
…al	**$81,855**	**$56,910**	**$73,124**
…e Rule and Regional Affairs			
…ries	$56,618	$32,271	$21,598
…rhead	45,181	28,592	20,906
…r Direct Costs	19,446	14,257	13,651
…al	**$121,245**	**$75,120**	**$56,155**

	1980 Budget	1979 Projected	1978 Actual
Labor and Employee Benefits			
Salaries	$39,816	$32,016	$25,063
Overhead	31,773	28,367	24,261
Other Direct Costs	9,323	8,261	6,279
Total	**$80,912**	**$68,644**	**$55,603**
Taxation and Finance			
Salaries	$42,634	$31,944	$42,912
Overhead	34,022	28,303	41,539
Other Direct Costs	20,165	17,288	11,666
Total	**$96,821**	**$77,535**	**$96,117**
Public Lands			
Salaries	$41,241	$32,159	$20,059
Overhead	32,910	28,493	19,417
Other Direct Costs	25,146	21,678	17,746
Total	**$99,297**	**$82,330**	**$57,222**
Transportation			
Salaries	$34,760	$38,443	$32,106
Overhead	27,738	34,060	31,078
Other Direct Costs	21,723	17,348	14,888
Total	**$84,221**	**$89,851**	**$78,072**
Welfare and Social Services			
Salaries	$30,981	$30,502	$56,986
Overhead	24,723	27,025	55,162
Other Direct Costs	18,173	12,767	20,146
Total	**$73,877**	**$70,294**	**$132,294**
Program Totals			
Salaries	$430,715	$349,720	$357,696
Overhead	343,710	309,853	346,249
Other Direct Costs	193,751	151,012	160,833
Total	**$968,176**	**$810,585**	**$864,778**

Other Expenditures

	1980 Budget	1979 Projected	1978 Actual
General Management			
Salaries	$40,695	$37,183	$33,685
Overhead	32,475	32,944	32,607
Other Direct Costs	97,089	66,385	80,886
Total	**$170,259**	**$136,512**	**$147,178**
Public Affairs			
Salaries	$151,534	$108,424	$125,882
Overhead	120,924	96,950	121,854
Other Direct Costs	346,857	275,191	249,285
Total	**$619,315**	**$481,565**	**$497,021**
Membership			
Salaries	$17,037	$20,015	$26,635
Overhead	13,596	17,733	25,783
Other Direct Costs	50,181	32,670	38,280
Total	**$80,814**	**$70,418**	**$90,698**
Miscellaneous Direct Costs			
Joint Data Center	$ —	$32,211	$ —
Affiliates	7,500	7,591	14,031
NACoRF Contrib.	30,000	64,569	108,079
Capitol Hill Fac.	8,500	8,512	27,919
Flexible Funds	50,000	21,044	21,030
Total	**$96,000**	**$133,927**	**$171,059**
Other Expenditure Totals			
Salaries	$209,266	$166,622	$186,202
Overhead	166,995	147,627	180,244
Other Direct Costs	590,127	508,173	539,510
Total	**$966,388**	**$822,422**	**$905,956**

	1980 Budget	1979 Projected	1978 Actual
Grand Totals			
Salaries	$639,981	$516,342	$543,898
Overhead	510,705	457,480	526,493
Other Direct Costs	783,878	659,185	700,343
Total	**$1,934,564**	**$1,633,007**	**$1,770,734**

THREE PROGRAMS ANALYZED

Grants-in-Aid Wage Uphill Battle with Inflatio

EDITOR's NOTE: The findings of a recent NACo study, presented in two parts by *County News*, examines the overall grant-in-aid system and the effects of inflation on the public dollar. This second article focuses on the Community Development, Urban Mass Transportation and Food Stamps grants.

During the past decade, federal grants-in-aid have lost a large chunk of their buying power to the toll which inflation has taken on the federal dollar. Since 1972, the purchasing power of one dollar has shrunk to an estimated 62 cents today. (In this discussion, funding increases and decreases are expressed as "real" dollars, that is, in terms of the buying power of the 1972 dollar.) Among those programs most seriously cut back has been general revenue sharing, where state and local governments today can buy only four-fifths of what they could eight years ago when the program was first established.

In comparison to revenue sharing, though, the community development, urban mass transportation and food stamp programs have lost relatively little ground in the battle against inflation. Each has enjoyed real growth and, in many ways, seems to contradict the predicament facing grant-in-aid programs.

However, several factors should be considered before jumping to this conclusion. All three programs enjoy the support of strong constituencies in Congress and the Administration and have served as the conduits of increasing federal assistance in a time of overall economic hardship.

In fact, the community development programs and operating assistance portion of Urban Mass Transportation Administration (UMTA) grants began in fiscal '75 largely as a response to prevailing economic conditions.

Moreover, while the community development and food stamp programs have experienced overall real growth during the past decade, their 1979 and 1978 funding levels, respectively, adjusted for inflation, demonstrated real funding decreases from the previous year's levels. The overall increases remain substantial but, due to inflation, not as dramatic.

COMMUNITY DEVELOPMENT

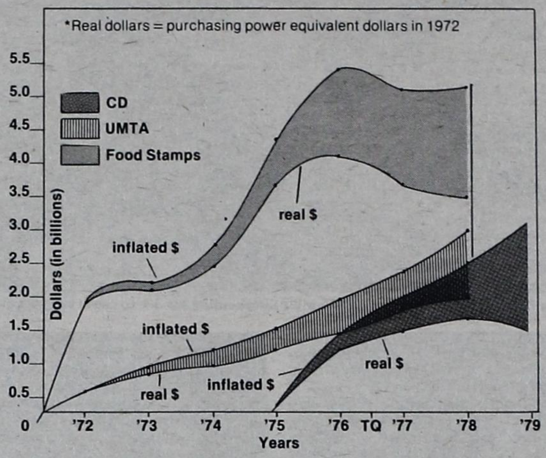
The primary objective of the community development block grant program is to provide asssistance directly to local governments to facilitate and encourage the economic development of viable urban communities through activities like real property acquisition, construction and repair of public works and facilities, and grants and loans for residential and commercial rehabilitation.

The community development program has been labeled a large success, and current plans are to keep the program's structure intact in the future. NACo's study found that, since its creation in 1975, the community development program has grown 31.5 percent annually in outlays, matched by a 12 percent annual growth rate in obligations and has increased its share of the total grant-in-aid dollar by nearly 400 percent. However, over two-thirds of the program's increases in budget outlays and obligations since fiscal '75 occurred soon after the first year.

URBAN MASS TRANSPORTATION

The UMTA Act of 1964 was enacted largely to permit public takeovers of failing private transit systems. Since, at the time of public takover, most of these systems were financially crippled and undercapitalized, capital transit grants, disbursed through a discretionary program, became the focus of most federal assistance during the succeeding decade.

Real v. Inflated Spending Levels, '72-'79*



Operating assistance grants were established in fiscal '75 and provided a funding mechanism for operating expenses for the first time to previous capital grant recipients. Together, these grants have comprised the major portion of the federal grant-in-aid commitment to urban mass transportation since 1964.

%Share of Total Grants-in-Aid (1972 $)

	1972	1978
GRS*	16.4%	9.4%
CD*	0.9%	3.4%
UMTA	1.7%	4.1%
FSP	5.2%	7.1%

*The % share of these programs in 1979 further declined to 8.9% for GRS, and 3.2% for CD.

NACo's study found that while the capital grants share of the total federal dollar increased over 85 percent between 1972 and 1978, marked by annual real increases and decreases, this share declined nearly 50 percent as a proportion of total UMTA grant assistance during the same period. This must be considered in the context of the changing nature of the UMTA program, and the fact that operating assistance grants have increased over 60 percent since they were first instituted in fiscal '75.

This shifting of funds reflects a new awareness in national priorities, the realization of the importance of mass transportation systems in a time of dwindling energy resources. In comparison to other grant-in-aid programs which have experienced real decreases, the increase in UMTA's operating assistance grants is especially significant in light of the fact that the cost of certain operating expenses, fuel and labor wages not least among them, has soared.

FOOD STAMPS

Although the food stamp program differs from the other programs considered, as a "pass-through" grant providing direct aid to individuals, it may best illustrate the fact that several grants-in-aid have been the obvious channel through which to direct increased federal assistance. Between fiscal '72 and '78, the program experienced a real dollar crease of 48 percent, from $1.8 bil to $5.2 billion.

But the series of reforms which food stamp program has underg since it first began in 1961 as a p program, has had a widespread pact on restructuring the progr The most recent reforms manda by the Food Stamp Act of 1977 w expected to make food stamps m accessible to the very poor eliminating the restrictive purch requirement and simultaneou tightening up on eligibility crite

An influx of eligible people, p ticularly the elderly, was anticipa as a result of eliminating the p chase requirement, but the refor also kept a large number of recipie at the upper end of the eligibi scale in the program. Fewer th expected became ineligible si recipient incomes did not increase the same rate as the cost of livi and food and beverage prices r at a much faster rate than the gene rate of inflation. Thus, although funding levels have more than k pace with the rate of inflation, th dollars are now spread thinner.

In addition, despite the overall r dollar increase in the program, purchasing power of food stamp rec ients is considerably lower becaus the products being purchased.

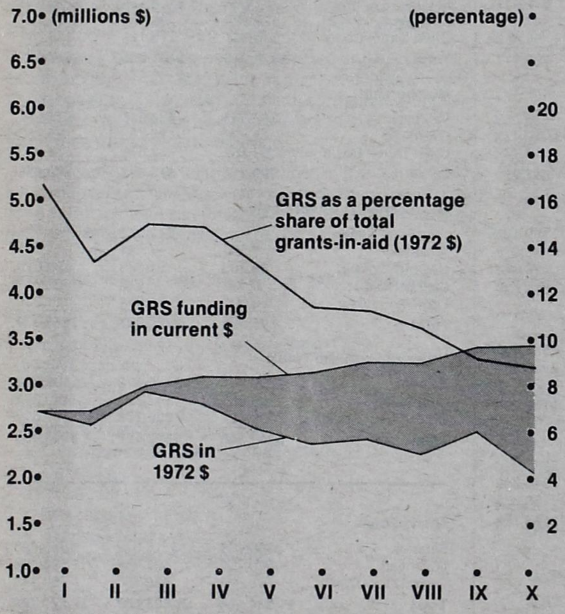
It is evident that there has been effort to pump money into th programs designed to cushion blow dealt by the recession adapt to new fiscal realities. T does not, however, compensate the 50 percent decline in the gro rate of federal grants-in-aid fr 1973 through 1978, as compared 1960 through 1972. If cert programs have enjoyed increa funding, the general revenue shar program has not been the casualty of this overall decrease.

Since most state and local gove ments are on the "firing li shouldering the impact which worsened economy of the past years has had on their communi these and additional efforts to least maintain actual spending le are necessary so that federal, s and local governments may carr more equitable share of the burd

For copies of the entire reort, " Impact of Inflation on the Fed Grant-in-Aid Commitment," con Karen Eisner at NACo.

—Karen Eis

The Toll of Inflation on General Revenue Sharing



Editor's Note: The entitlement periods on the above graph correspond accordingly: I: January-June 1972; II: July-December 1972; III: January-June 1973; IV: July 1973-January 1974; V: January 1974-June 1975; VI: July 1975-June 1976; VII: July-December 1976; VIII: January-September 1977; IX: October 1977-September 1978; X: October 1978-September 1979; XI: October 1979-September 1980.

WILL '80 DEFICIT INCREASE?

In the Wake of the Hopsital Cost Defea

The House-passed version of what had previously been the Administration's Hospital Cost Containment Act of 1979, H.R. 2626, has been described by the Administration's chief spokesman as "a joke." But while hospital industry lobbyists are in fact still smiling over their victory, the White House is not. The President had called for passage of the bill as a major weapon in the fight against inflation, and a needed measure to stem the rise in health care costs which would serve as a first step for national health insurance.

Rather than reject the bill outright, the House opted for what was seen by many members as a face-saving substitute amendment offered by Rep. Richard A. Gephardt (D-Mo.), to create a national commission to monitor the progress of the hospital industry's voluntary cost containment effort. That amendment replaced the provision for standby mandatory cost controls which would have gone into effect if the voluntary program failed. The vote for the Gephardt amendment was 234-166. The subsequent vote on the amended bill was 321-75.

On the Senate side, a more limited version of a cost containment bill has been ordered reported by the Finance Committee as part of Sen. Herman Talmadge's Medicare/Medicaid Reform Act (formerly S. 505, now part of H.R. 934, a non-germane bill). Under that proposal, only Medicare and Medicaid costs would be subject to federal controls. A second bill, the Senate's version of the Administration proposal, reported last June by the Labor and Human Resources Committee, could be offered as a substitute to the Talmadge provision on the Senate floor, should the Administration decide to press their case in the second session of the 96th Congress.

In general, the hospital industry and medical profession have contended that mandatory cost cont would create yet another cum some, inefficient bureaucracy w would result in the "rationing" health care. However, the Admi tration and major public inte groups have countered that cl pointing out that the bill was ficiently flexible to permit necess expenditures and was designed cut back on only the most exces costs.

Savings generated by the containment legislation were an pated by House and Senate Bu Committees to be $600 million $400 million respectively. It is clear, with the defeat of this whether the 1980 budget deficit be allowed to increase accordi or whether program cuts wi made in other areas, to offset increase in health expendit under the recently passed conti resolution, which funds health, cation and welfare programs for cal '80.

STATE OF AMERICAN FEDERALISM

A National Convocation Might Lead to Reform

Fourth in a Series
By Neal Peirce

A high-level convocation of the nation's federal partners—the President, leaders of Congress, the governors, mayors and county officials, meeting over several weeks in the

Commentary

early 1980s to hammer out a governmental reform agenda for the decade—might offer the only early opportunity to resuscitate a badly wounded American federal system.

Such a convocation would purposely fall short of a constitutional convention, with all the fears of radical change such a convention arouses. But it would represent an acknowledgement by national leaders that the federal system has undergone fundamental change in the past two decades and requires a careful, fresh assessment as the nation approaches the 200th anniversary of the original constitutional convention in 1787.

Is there real need now for a federal convocation, at which there could be bargaining to determine which level of government should be responsible for which functions in the next years? The answer is clearly yes if one hears the undercurrent of real concern among many governors and local officials, combined with the warnings of system overload and system failure constantly emitting from the congressionally created federal system watchdog, the Advisory Commission on Intergovernmental Relations.

By its sheer size and octopus-like operations, the present-day federal government becomes bogged down in ineffectiveness and waste and threatens to smother its state and local partners. Washington, says John Gardner, tends "to export its own chaos on down the line." Caving in to special interest groups, Congress has created special grant programs for every cause from pothole repair to alcohol abuse, from museum aid to runaway youth, from snow removal to rural fire protection. Time and again, a national mold is pressed on local circumstances which the mold just doesn't fit.

Piously claiming its own employment hasn't grown, Washington uses state and local governments as its program delivery "agents." Governors and mayors, their "take" from federal aid up 300 percent in a decade, scratch for federal financing of almost any project and thus promote loss of their own autonomy.

> **"The present day federal government becomes bogged down in ineffectiveness and waste and threatens to smother its state and local partners."**

THE OBSTACLES to candid reassessment of current federalism are, of course, immense. Fearing diminution of funds or power, congressional committee chairmen and special interest groups would almost surely resist.

There are, however, refreshing countertrends in American life which may improve the climate for reform. Citizens are becoming increasingly distraught by the overcentralization in American life; every poll shows they seek more control over their own lives. While government has centralized, broad citizen interest has grown in decentralization in energy, food supply, neighborhood autonomy and many other areas. A strong federal hand is no longer seen as the friend of creative social change at the grassroots level.

A federal partners' convocation—held perhaps on such "neutral turf" as Independence Hall in Philadelphia—could provide an invaluable forum to bargain out which functions of government should be handled by which level of government in the next years. The ACIR has long urged such a sorting out—full federal support for such areas as welfare or Medicaid, for instance, while reducing or forestalling national involvement in such fields as education. But the ACIR pleas have fallen on deaf ears—witness Congress' recent creation of a quite unneeded federal department of education.

Another potential reform would be "negotiated federalism"—an alternative both to the condition-ridden categorical grant programs and to the block grants which may, in application, veer away from such national goals as sustenance of cities and social equity. Under negotiated federalism, Washington would invite each state to draw up a broad general plan in an area like economic development or social services, consolidating elements now found in multiple categorical programs.

A federal team would negotiate with each state to assure the plan responded to national policy goals and was coordinated with the state's own programs. There might be a "carrot and stick" funding formula, with states that live up to their negotiated goals receiving a bonus in later years' funding while those that do not would be penalized to a degree. To protect cities' interests, the plans could include provisions for mandatory pass-through of a set share of the federal funds.

Negotiated federal-state plans would permit quite different priorities in various states, recognizing the vast social, economic and political distinctions among regions.

Another type of negotiated federalism is already being tried—in this case "from the bottom up." The idea originated with the Kettering Foundation, which studied all the public monies spent in Montgomery County, Ohio (Dayton) in a single year. It found $1.4 billion split among federal, state and local jurisdictions. The study counted, for instance, 89 governmental units dealing with crime and delinquency, 47 managing mental health programs, 34 for unemployment and so on.

THE OBVIOUS conclusion: The system involved enormous duplication and waste. So the Kettering Foundation developed a "negotiated investment strategy" for single metropolitan areas, to involve representatives of the federal, state and local governments agreeing on a joint set of spending priorities. Last summer the Federal Regional Council in Chicago began that very experiment, choosing St. Paul, Columbus, Ohio and Gary, Ind. as its test areas.

The negotiated investment strategy idea, St. Paul's Mayor George Latimer correctly notes, is "radical" because it "turns the intergovernmental process upside down, placing the city in the decision-making position in dealing with federal and state agencies." The process, Latimer noted, does "not recognize conventional timetables or special-interest boundaries."

Because it is radical, the negotiated investment strategy will be obliged to walk a mine field of potential special interest or congressional objections. Eventually a major sorting out of governmental functions and diminution of federal rules "from the top down" will be necessary. But the new strategy illustrates the fresh, pragmatic thinking so desperately needed to revitalize the American federal system, which has served this richly heterogeneous nation so well in the past.

Matter and Measure

National Association of County Engineers — NACE

County officials and engineers from FHWA Regions 5 and 7 participated recently in the NACoR-NACE series of bridge meetings to discuss the $4.2 billion federal highway bridge replacement and rehabilitation program. The Region 5 meeting (Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin) was held Oct. 25-26 in Marion County (Indianapolis), Ind. and the Region 7 meeting (Iowa, Kansas, Missouri, Nebraska) in Polk County (Des Moines), Iowa Nov. 5-6. Further meetings are scheduled over the next several months.

Pertinent facts and figures for each state follow.

INDIANA

Fiscal '79 apportionment for Indiana was slightly over $6 million, with two-thirds allocated to counties and other local governments. The state selects projects on a first come, first served basis. In accordance with federal law 15-35 percent of available funds must be spent on off-system bridges. Most of the 11,500 off-system bridges in the state are county structures. County and traffic safety funds are used to carry out off-system bridge inventory and inspection; 99 percent have been inspected.

MICHIGAN

Approximately 9 percent of Michigan's $9 million fiscal '79 bridge funds are being used for inventory and inspection of off-system county bridges, with consultants often used for this local responsibility. Of the state's 3,?87 off-system bridges, 3,270 are under county jurisdiction, 99 percent having been inventoried. Thirty-? percent of the funds available will be used for repair of off-system bridges, chosen by a nine-member committee representing the Michigan DOT, County Road Association and Michigan Municipal League. Priorities are based on condition of structures, their importance in the road network and the financial resources of the responsible road authority.

WISCONSIN

In Wisconsin none of the $14.8 million in fiscal '79 funds are used for inventory and inspection of off-system bridges. Federal Section 402 and safer off-system (SOS) funds are matched by state funds for this purpose. Of the 1,165 county off-system bridges, 55 percent have been inventoried and inspected. Elected county boards have full responsibility for selecting local projects.

OHIO

In Ohio, none of the $14.3 million apportioned for fiscal '79 is available for off-system inventory and inspection. Ohio has made $1.6 million in federal 402 safety funds available for this purpose. Most of Ohio's ?,?00 off-system bridges are under county jurisdiction and 54 percent have been inventoried and inspected. Thirty-five percent of Ohio's allocation will go to off-system bridges, 20 percent to counties. County allocations are based on vehicle registration, road mileage and other factors.

MINNESOTA

Minnesota's 7,645 off-system bridges have all been inventoried and inspected. All but 25 are under county jurisdiction. The Minnesota DOT is allocating 15 percent for off-system bridges to counties and cities through its Office of State Aid which also selects projects.

IOWA

All jurisdictions in the state must use their own funds for bridge inventory and inspection. All of the state's 20,649 off-system bridges (all but 354 under county jurisdiction) have been inventoried, with 76 percent inspected. Bridge funds are allocated 50 percent to the state, 42.25 percent to counties and 7.75 percent to cities, with 15-35 percent going to off-system projects. Counties choose their priorities from bridges meeting FHWA guidelines (less than a 50 deficiency rating).

NEBRASKA

Nebraska has been carrying out inventory and inspection with SOS, county and city funds and 25 percent of the 12,375 off-system (county) bridges have been inventoried and inspected. All of Nebraska's off-system bridge funds are available to local governments on a first come, first served basis. Selection of projects by the state department of roads is based on need. FHWA sufficiency ratings are used as a guide and local officials are consulted.

MISSOURI

In Missouri, inventory and inspection is funded through federal Section 402 and local and state funds, with fiscal '79 bridge funds being used only "as needed." Inventory and inspection is 60 percent complete and is being carried out by local government and state teams and consultants.

According to Missouri DOT officials, project selection will be based on need and will involve cooperation with county officials. Many county officials, on the other hand, cited a communications problem between county and state and intend to work with their state association of counties to seek greater cooperation.

KANSAS

In Kansas, bridge projects are funded on a first come, first served basis, with each of the state's 105 counties authorized to finance one bridge with federal funds. In fiscal '70, 15 percent of federal bridge funds will be used for city and county off-system bridges. After inventory and inspection of all 14,000 off-system bridges, probably by the end of April 1980, funds will be distributed more on needs.

Conference Scheduled on Local Fiscal Management

Local financial management will be the theme of a conference to be held Feb. 13-15 in San Francisco.

It is the second in a series of three conferences being sponsored by the Financial Capacity Sharing Program of the Department of Housing and Urban Development with NACo and the County Supervisors Association of California as cosponsors.

The first conference, held in Detroit in June, received enthusiastic evaluations from participants. The third conference is planned for the East Coast in the fall of 1980.

The conferences are focusing on three issues identified by local government officials as their top financial management needs:

- Revenue and expenditure forecasting;
- Tying together budgeting, accounting, auditing and performance measures;
- Reducing state and federal barriers to local governments' use of modern financial management practices.

The conferences are designed to provide up-to-date materials and successful financial management practices identified under the Capacity Sharing Program to those organizations and individuals providing financial management assistance. Training and technical assistance practices will be emphasized and attendees will be encouraged to share both solutions and problems with their colleagues.

The conferences will also be useful to local officials who are concerned about implementing financial management improvements in their jurisdictions. Numerous free publications and "how-to-do-it" handbooks will be available at workshops and at the conference exhibit area.

Nationally known experts, trainers, and practitioners have been invited to speak on key topics in local financial management. Some of the workshop sessions scheduled include:

- Closing the Budget Gap: New Revenues and Hard Choices.
- Assessing Local Government's Fiscal and Economic Health.
- Revenue and Expenditure Forecasting Techniques.
- Changing the State Role in Local Financial Management.

For additional information contact Donna Budani-Veney of The Granville Corporation (the HUD contractor which is designing and managing the conference) at 202/638-4550 or Shelley Kossak, at NACo.

Washington Briefs

Community Development

Economic Development Reauthorization. House passed H.R. 2063, the National Public Works and Economic Development Act of 1979, 301 to 99 Nov. 14. The bill extends the EDA program for three years, and expands the eligibility as supported by NACo. It also extended the Appalachian Regional Commission and other multistate commissions; provides a greatly expanded development financing program for private business development and establishes a $2 billion standby local public works program if unemployment reaches 6.5 percent. The Senate has passed S. 914, a four-year reauthorization bill which expands EDA programs, but limits eligibility for them. A conference is expected soon.

Housing Authorization Bill. A House-Senate conference committee is still considering H.R. 3875, the Housing and Community Development Amendments of 1979. Conferees have agreed to an authorization of $1.14 billion for the Section 8 assisted housing program. This amount, also included in the fiscal '80 HUD appropriations bill, is estimated to produce 266,000 units of assisted housing, significantly down from the 326,000 provided this year. The conferees have also agreed to provisions broadening eligibility for pockets of poverty in the urban development action grant program, which NACo strongly supports. Conferees have a few remaining differences to resolve which should occur soon.

Fiscal '80 HUD Appropriations. The House and Senate have approved H.R. 4394, the fiscal '80 HUD appropriations bill which contains $3.9 billion for the community development block grant program, $675 million for the urban development action program, and $1.14 billion for the Section 8 assisted housing program. The amount provided by the bill for the Section 8 program, however, is higher than the target amount provided in the First Concurrent Budget Resolution and may be subject to reconciliation if the second budget resolution retains the lower amount, a move which NACo opposes. The bill will be sent to the President once the housing authorization bill has been enacted.

Employment

Labor-HEW Appropriations. The President signed the second continuing resolution, H.J. Res. 440, into law as P.L. 96-123. This resolution contains funds for the Departments of Labor, HEW, Defense and State (i.e., foreign assistance) through Sept. 30, 1980.

Environment/Energy

Energy Mobilization Board. The House has finally appointed conferees to work out differences in the Energy Mobilization Board bills passed by the House and Senate. Much of the delay was caused by efforts to decide representation from the two House committees of jurisdiction: the Interstate and Foreign Commerce Committee and the Interior Committee. Commerce will be represented by 12 members, while Interior will be represented by six members. Earlier, the Senate appointed the entire Energy and Natural Resources Committee as conferees. It is still possible that agreement can be reached and final approval reached before the December recess.

Windfall Profits Oil Tax. As *County News* went to press, the Senate was still debating the proposed windfall profits tax on oil. The Senate had decisively turned back efforts to weaken the tax for the major oil companies and efforts to substitute the much stronger House-passed version. The Senate overwhelmingly approved an amendment offered by Sen. Warren Magnuson (D-Wash.) which eliminated the low-income assistance and transportation trust funds. However, floor debate made it clear that a substantial portion of the tax funds would go to those two functions as part of the normal congressional appropriation process. It appears unlikely that conference committee action could be completed prior to the December recess.

Nuclear Waste Management. Further action on the proposed Nuclear Waste Reorganization Act of 1979, S. 742, is not expected until Congress returns in January.

Local Energy Management Act. House action is unlikely this session on the Local Energy Management Act. Senate action on a proposal which combines the Local Energy Management Act and the Administration's proposed Energy Management and Partnership Act, which primarily assists states, will not occur until next session.

Integrated Environmental Assistance Act. The Administration's proposal to consolidate state and local assistance programs for clean air, water quality and solid waste management, and to provide an additional $25 million as an incentive for integrating environmental programs has not been scheduled for a hearing either in the House or Senate. Further action this session is not expected.

Health

National Health Insurance. Markup in Senate Finance Committee of catastrophic health insurance proposals, with some additional coverage for the poor and elderly, is tentatively expected to resume in December, following action on windfall profits tax. A joint hearing was held Nov. 29 in the House Commerce and Ways and Means committees on Health Care for All Americans Act, S. 1720/H.R. 5191, sponsored by Sen. Edward Kennedy (D-Mass.) and Rep. Henry Waxman (D-Calif.), and the Administration's National Health Plan Act, S. 1812/H.R. 5400, sponsored by Sen. Abraham Ribicoff (D-Conn.) and Rep. Charles Rangel (D-N.Y.). HEW Secretary Patricia Roberts Harris, and presidents of the AFL-CIO and UAW testified.

Child Health Assurance Programs (CHAPs). The bill, H.R. 4962, to improve Medicaid services to low-income children and pregnant women, sponsored by Rep. Henry Waxman (D-Calif.), was scheduled for vote on House floor at press time. The Senate bill, S. 1204, was ordered reported by Senate Finance Committee but may be included as part of that committee's national health insurance proposal. Both bills contain NACo-supported provision permitting county health departments to provide assessments without directly providing follow-up care.

Mental Health Systems Act. Senate Labor and Human Resources health subcommittee concluded markup of staff draft of S. 1177, the Administration's bill sponsored by Sen. Edward Kennedy, to provide more flexibility in the delivery of services and the support of community-based mental health programs. Additional changes are expected prior to full committee markup, addressing NACo-supported provisions safeguarding local planning process. House Interstate and Foreign Commerce health and environment subcommittee markup of H.R. 4156 not yet scheduled.

Medicare/Medicaid Amendments. Continued markup in House Interstate and Foreign Commerce health subcommittee not yet scheduled for H.R. 4000, 934, et al. containing numerous miscellaneous provisions, changing methods of reimbursement for various services under Medicare and Medicaid and extending coverage for some home health services. H.R. 934 was ordered reported by Senate Finance Committee; H.R. 3990 and 4000 reported by Ways and Means.

Labor Relations

Federal Pay Reform. On Nov. 14 the House subcommittee on compensation and employee benefits (Post Office and Civil Service Committee) held one day of hearings on the Administration's federal pay reform bill, H.R. 4477. Most of the witnesses were congressmen whose districts would be significantly affected by the bill if passed. The bill proposes to tie federal pay to local prevailing wages for comparable positions including, for the first time, state and local government employees. NACo has endorsed certain major principles of the proposed legislation. No action is expected until next year.

PERISA. No legislation has been introduced thus far this session in the Public Employee Retirement Income Security Act area, but new legislation is expected to be introduced shortly.

Public Liability. On Nov. 6, Sen. Charles Mathias (R-Md.) introduced a bill, S. 1938, which sets the parameters for bringing suit against states and units of local governments. The bill, also known as the Civil Rights Improvement Act of 1979, defines counties as "persons" and reinforces citizens' rights to sue individual elected and appointed officials and the governments themselves for damages. The right to sue local government had been established by the 1978 Supreme Court decision, *Monell versus the New York City Board of Social Services.* This bill further clarifies and limits local and state government liability. The bill has been referred to the Senate Judiciary Committee.

Social Security Disability Insurance/Deposit Payments. House has passed H.R. 3236, the Disability Insurance Amendments of 1979, and the Senate Finance Committee on Nov. 8 amended and reported out its version of H.R. 3236. Both bills would cap the Social Security disability benefits allowed and reduce the number of dropout years. Sen. Gaylord Nelson (D-Wis.) has added an amendment to H.R. 3236 which would require state and local governments to remit Social Security payments they have collected to the federal treasury 30 days after the end of each month. This amendment is stricter than current policy, but more flexible than that proposed by HEW. The bill as amended awaits action on the Senate floor.

Land Use/ Growth Management

Agricultural Land Protectio[n] H.R. 2551 is pending floor action [in] the House and S. 795 is awaitin[g] action in the Senate's agricultur[e] subcommittee. The House Agricu[l]ture Committee approved the b[ill] Nov. 9 without Title I, providin[g] for federal coordination and consi[s]tency. Floor action is expected [in] late winter or early spring in th[e] House.

Taxation and Finance

Second Budget Resolution. T[he] House finally gave final congre[s]sional approval to the second budg[et] resolution for fiscal '80. The reso[lu]tion was delayed while the Hou[se] and Senate argued over wheth[er] Congress should order its committe[es] to cut $3.6 billion from authoriz[ed] spending to stay within the resol[u]tion, which imposes a ceiling [of] $547.6 billion for the year that [be]gan Oct. 1. The Senate Budget Co[m]mittee wanted Congress to a[ct] now to hold spending below th[e] ceiling. The House refused to ord[er] such a "reconciliation." The Sena[te] finally gave in and settled for [a] non-binding resolution expressi[ng] the sense of Congress that co[m]mittees will act voluntarily to ma[ke] the savings.

Welfare/Social Services

Food Stamps. A new food sta[mp] bill, H.R. 5907, has been report[ed] out of subcommittee and is sche[d]uled for markup this week. This [bill] is a combination of two previo[us] bills, H.R. 4318 and H.R. 5057.

Low-Income Energy. Sen. Gayl[ord] Nelson's weatherization bill, [S.] 1725, was reported out of subco[m]mittee with one major chan[ge:] Puerto Rico and all foreign poss[es]sions will receive funds through [the] same allocation formula as [the] states. However, there is a $1.5 [mil]lion ceiling set for each territory. [No] date has been set for full commit[tee] markup of the bill. In other acti[on,] H.J. Res. 430 was signed by Pre[si]dent Carter last week. The fund[ing] level of $1.35 billion will help so[me] 7 million poor people nationw[ide] to meet the rising costs of ho[me] heating fuel.

Senate Axes Transit Trust Fund

Senate members angry over Sen. Russell B. Long's proposal to earmark windfall profit taxes and create a trust fund for transportation voted to drop both proposals from the controversial Senate Finance Committee bill last week.

Originally, Sen. Long had persuaded the Finance Committee to earmark 25 percent of the windfall profits tax for public transportation. The Finance Committee chairman bowed to heavy Senate opposition primarily from Sens. Warren Magnuson (D-Wash.) and Edmund Muskie (D-Maine), who charged that creation of such a trust fund would circumvent their Senate Appropriations and Budget committees.

NACo SUPPORTS the creation of an "energy-efficient" trust fund with a minimum of 25 percent of the windfall profits tax revenues used for such purposes as public transportation and carpool/vanpool operations.

Since the Senate debate on the size of the windfall profits tax is expected to drag on for a few weeks, it is unclear how new transportation funding from the oil tax will be worked out.

Sen. Magnuson, in leading the effort to strike the transportation trust fund, did indicate the need to quickly provide additional transportation assistance. Most likely this means petitioning the appropriate congressional committees for increased transportation funds to provide for, among other things, more buses. While this approach is viewed as realistic, the Congress did not fully appropriate all the authorized public transportation funds available in this current fiscal year.

In related action, the Senate approved a measure sponsored by Sen. George McGovern (D-S.D.) to earmark $1 billion from the tax measure for revitalization of the rail industry. This action occurred after supporters sought $10 billion for the railroads.

Energy Crisis Programs Will Assist 7 Million Poor

Bill signing ceremonies took place at the White House last week where President Carter signed a $1.3 billion energy crisis assistance bill. An additional $250 million in aid already slated for distribution, making a total of $1.6 billion, will help an estimated seven million poor people nationwide.

The Department of Health, Education and Welfare will administer the majority of the program. These payments will come in the form of grants to state level poverty agencies and direct payments to some welfare recipients. The Community Services Administration (CSA) will also play a large role in getting relief to the poor. CSA, which already has a crisis intervention program in place, has been given an additional $400 million to be administered solely by them. These payments will cover short term emergencies such as direct payments for fuel deliveries, clothing, blankets, temporary shelter, and food and medicines for persons in extreme situations.

Another $400 million of the $1.6 billion will be distributed Jan. 7 in a one-time check payment to the 3.9 million aged, blind and disab[led] people who are receiving Supplem[en]tal Security Income. These [pay]ments will range widely in the U[nited] States from a maximum of $25[0 in] cold weather states like Massa[chu]setts and Maine to only $3[4 in] Hawaii. In families where tw[o or] more persons are Supplemental [Sec]urity income recipients, the m[axi]mum heating allowance is $250.

The 50 states and the Distri[ct of] Columbia will be distributing s[ome] $800 million in similar state p[lans] for recipients whose income is [no] more than 25 percent above the [pov]erty level. So families of four [with] under a $8,375 annual income [will] qualify. All state plans must [be] submitted to HEW for approva[l in] the next few weeks and must [in]clude designations of poverty [or] community agencies that wil[l dis]tribute the heating allowance m[oney].

Although this fuel aid is welco[med] by all, a HEW spokesman [said] that this aid will not cover al[l] fuel cost increases anticipated [this] winter for low-income families.

—Gary D. Ro[...]