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# Southwest Council of La Raza

## MEMORANDUM

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TO: SACLAR Board Members and Affiliate Executive Directors

FROM: National Services Office

DATE: January 9, 1973

SUBJECT: Revenue Sharing Information

We are sending you the attached general information on Revenue Sharing for your information. The attached material was prepared by the Department of the Treasury, Office of Revenue Sharing.

Alex Zermeno

jb





# DETAILED FACT SHEET ON REVENUE SHARING

## ALLOCATIONS

The \$30.2 billion State and Local Fiscal Assistance Act of 1972, more commonly known as Revenue Sharing, will provide much-needed funds to States and local governments heavily burdened with high income and property taxes. The first checks will be mailed as soon as practicable to more than 38,000 States and communities throughout the United States. Interim regulations, designed to provide immediate guidance to States and local governments, have been published to fulfill the requirements of the Act as passed by the House and Senate.

Approximately half of the 1972 payment of \$5.3 billion will be disbursed this fall. The remaining portion of the 1972 entitlement will be mailed early in January 1973.

This amount will be increased by annual increments for each of the 4 succeeding years. The life of the Act runs 5 years beginning January 1, 1972. A total of \$5.64 billion will be paid in fiscal year 1973 in addition to the \$2.6 billion mentioned above; \$6.05 billion in fiscal year 1974; \$6.20 billion in fiscal 1975; \$6.35 billion in fiscal year 1976 and \$3.325 billion for July-December 1976.

The funds will be obtained from individual Federal income taxes and will be held in a special Revenue Sharing Trust Fund in the Department of the Treasury.

## DATA

A special study is now being completed by the Census Bureau to update the data required under the law for determining allocations. The Revenue Sharing figures which have been published are simply estimates from other data, some of it dating back 6 years. The new study will bring the data up to 1971 figures. Consequently, the exact amount that each Government unit will receive will vary from these initial estimates.

## QUALIFICATIONS

All general-purpose State and local governments, including counties, cities, townships, boroughs, and villages are qualified for entitlements.

## ENTITLEMENTS

The State government shall be entitled to receive one-third of the total amount allocated to that State. The remaining two-thirds of the State's allocation shall be divided among the units of local government.

The money will be apportioned to counties, cities, and towns using a formula based on population, the general tax effort factor, and the relative income of these units.

Indian tribes and Alaskan Native villages which have recognized governing bodies performing substantial governmental functions will receive an allocation that is part of the county total. This special allocation is based on population of that tribe or village in relation to the population of the county area.

## TWO FORMULAS USED

The Act allocates trust fund moneys to States under one of two formulas. Computers have taken both formulas into account for each State and selected the higher amount.

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

The other is a five-factor formula which is based on general population, urban population, per capita income, State income tax collection, and the general tax effort of the State.

## LIMITATIONS

Other entitlement items in the Act concern maximum and minimum limitations on the allocations to county and other local governments within each State. Restrictions which are placed on the allocations to county and local governments include:

The per capita grant to a unit of local government or county area must be greater than or equal to 20 percent of  $\frac{2}{3}$  of the State's per capita grant. The State's per capita grant is the State aggregate amount divided by the State population.

The maximum limitation for any county area or local government in the State is 145 percent of the State per capita grant.

There is a \$200 minimum payment. However, the first payment for January 1 to June 30, 1972 will be the minimal amount paid in two parts of \$100 each, the first in the fall and the second early in January 1973. This will be the same in the payment of July to December 1976.

## OTHER QUALIFICATION REQUIREMENTS

The law gives discretion to communities on how they spend their moneys, but the law requires expenditure and obligation reports.

These entitlement reports must be published in general circulation newspapers within the geographic areas of each State and local government. The reports must also be made available to all communications media within the geographic area. In this manner all citizens will be provided with information regarding the use of Revenue Sharing money.

### NO MATCHING FUNDS

Revenue Sharing funds may not be used by the State or local governments as matching funds for any Federal program. These funds may not be used for education by local governments (below the State level).

### APPEALS POSSIBLE

If a State or local government believes that it has not received equitable treatment, it can appeal to the Secretary of the Treasury who will establish procedures to resolve such problems. Every reasonable effort will be made to correct difficulties which are brought to the attention of the Office of Revenue Sharing.

### ONE FORMULA CHANGE

If a State, once it has received Revenue Sharing funds, wishes to tailor its allocation formula to local problem areas, it has the option under the bill to amend its allocations by action of the State government once during the 5-year program.

If a State believes that it is desirable to grant a relatively large portion of the funds on the basis of need, it can do this by increasing the weight of population by relative income levels. Conversely, relatively more funds could be distributed on the basis of population weighted by tax effort if it is desired to place greater emphasis on taxes raised locally.

### TRUST FUNDS

States as well as local governments are required to place Revenue Sharing moneys into trust funds and account for them separately from other funds. This rule was established so that the Secretary of the Treasury can make periodic compliance studies and Congress will be assisted later in determining whether the Revenue Sharing program should be continued, revised, or terminated at the end of the 5-year period.

The Secretary of the Treasury will report to the Congress not later than March 1 of each year on the operation and status of Revenue Sharing allocations during the previous year.

### NORMAL AUDIT PROCEDURES

In order to aid and assist in the audit procedures, each State and local government must use fiscal, accounting, and audit procedures which con-

form to the guidelines established by the Secretary of the Treasury and Comptroller General. The guidelines will provide that in most situations, the States and localities will be permitted to follow their normal accounting procedures.

Each governmental unit must provide to the Secretary and the Comptroller General of the United States on reasonable notice access to and the right to examine such books, documents, papers, or records as they may reasonably require for purposes of reviewing compliance with this Act.

### ANTI-DISCRIMINATION

The law stipulates that no person shall on the ground of race, color, national origin, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under a program or activity funded in whole or in part with Revenue Sharing funds.

### OTHER QUALIFICATIONS

In order to qualify for payments, each State or local government must, for each entitlement period beginning on or after July 1, 1973, establish in advance a number of matters to the satisfaction of the Secretary. These include the setting up of a trust fund; use of the amounts and interest during a reasonable period of time and the use of moneys only for priority expenditures.

"Priority expenditures" mean:

(1) Ordinary and necessary maintenance and operating expenses for—

(a) Public safety (including law enforcement, fire protection, and building code enforcement);

(b) Environmental protection (including sewage disposal, sanitation, and pollution abatement);

(c) Public transportation (including transit systems and streets and roads);

(d) Health;

(e) Recreation;

(f) Libraries;

(g) Social services for the poor or aged; and

(h) Financial administration; and

(2) Ordinary and necessary capital expenditures authorized by law.

No unit of local government may use entitlement funds for nonpriority expenditures which are defined as any expenditures other than those included in (1) and (2) above. The chief executive officer of each unit of local government must certify to the Secretary that entitlement funds received by it have been used only for priority expenditures as required by the Act.



## PREVAILING WAGES

Prevailing wage rates are to be followed. Each governmental unit must agree that persons employed in jobs financed in whole or in part out of its trust fund are to be paid wages not lower than the prevailing rates of pay for persons employed by that government.

The penalty provisions in the Act contain authority to withhold payments if a State or local government fails to comply with provisions of the Act, has had reasonable time for a hearing and has not taken corrective action within a 60-day period. Money withheld by the Secretary of the Treasury will be transferred from the trust to the general fund.

## OFFICE OF REVENUE SHARING

To administer the State and Local Fiscal Assistance Act of 1972, the Office of Revenue Sharing has been established under the jurisdiction of the Secretary of the Treasury.

The Office will be headed by a Director who will report to the Deputy Secretary of the Treasury. He will be assisted by a Deputy Director and a small task force of managers, attorneys, economists, accountants, auditors, systems analysts, administrative specialists, data programmers, and researchers.

The group's responsibilities include program development, systems and program evaluation, auditing, and the control and verification of data used for applying Revenue Sharing formulas.

The coordinating staff will have a variety of complex responsibilities and functions in the administration of the 5-year program, involving more than 38,000 State and local government units. One of the major tasks will be to equitably apply the Revenue Sharing formulas, to determine the amounts due each governmental unit. The staff also will establish the policies needed to assure compliance with the Act.

The audit group will look to the compliance and review requirements in the audit procedures of the Revenue Sharing program, and will perform onsite audits to determine whether expenditures of the funds by local governments are consistent with the purposes of the Act.

Edward E. Fox, 36, Director of Finance, Federal Home Loan Banks in Washington, D.C., has been named Interim Director of the new Office of Revenue Sharing by Treasury Secretary George P. Shultz.

He will be responsible for establishing and directing the small office which will operate the newly-enacted State and Local Fiscal Assistance Act program which allocates Federal revenues to more than 38,000 State and local governments.

Signed into law by President Nixon on October 20, the Act authorizes the payment of more than \$30 billion in a 5-year period to States and local communities to help ease their financial burdens.

The Office of Revenue Sharing consists of mainly attorneys, economists, analysts, and administrative specialists who will evaluate, administer, and verify the multibillion dollar program through audit and compliance measures.

As Director of Finance for the Federal home loan banks, Fox is responsible for the capital market operations of the banks and their subsidiary corporation, for their consolidated cash forecasting and financial planning, and for management of their investment portfolios.

Prior to joining the board in March 1970, he was vice president of the Financial Services subsidiary of the Studebaker-Worthington Corp. with responsibilities in asset management and corporate finance. Previously he was corporate manager of investments and an officer of the Mobil Oil Co.

He attended Choate School, graduating in 1954, and received his A.B. degree from Cornell University in 1958, later earning his M.B.A. from New York University in 1963.

He is married to the former Patricia Lenke of Great Neck, N.Y. They have three children and reside in Bethesda, Md. He is a native of New York City.

## QUESTIONS AND ANSWERS

### RELATING TO STATE AND LOCAL FISCAL ASSISTANCE ACT OF 1972 (REVENUE SHARING)

*QUESTION:* How much Revenue Sharing money will be paid out in the first check? All the year's funds, or the first half or first three quarters?

*ANSWER:* The first checks, to be mailed as soon as practicable, will represent approximately one-half of the calendar year 1972 payment of \$5.3 billion.

The second checks in early January will distribute the remainder of the 1972 payment.

*QUESTION:* In successive years, how often will Revenue Sharing checks be mailed?

*ANSWER:* On a quarterly basis.

*QUESTION:* How will the Treasury Department identify the funds allocated to Revenue Sharing?

*ANSWER:* Revenue Sharing funds taken out of the Treasury's General Fund will be kept in a special trust fund specifically established on the books of the Treasury of the United States as the "State and Local Government Fiscal Assistance Trust Fund."

State and local governments are also required to establish trust funds for the deposit of Revenue Sharing moneys.

*QUESTION:* Does the Act allow commingling of Revenue Sharing money with other income of a given State, county, city, or town?

*ANSWER:* For investment purposes, yes.

For spending purposes, the moneys must be disbursed from a special trust fund.

*QUESTION:* Where is the money coming from?

*ANSWER:* The General Fund of the U.S. Government.

However, in effect, a portion of each American's individual income tax payments will be returned to his own State and locality by Revenue Sharing.

*QUESTION:* Will any programs be terminated because general Revenue Sharing has begun?

*ANSWER:* No.

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 aid certain capital expenditures.

Executive agencies, as in the past, will evaluate other programs on their respective merits.

**QUESTION:** If the spending ceiling is adopted, could the President cut Revenue Sharing?

**ANSWER:** Yes.

However, Revenue Sharing is of such high priority in the President's efforts to create a "New Federalism"—returning funds to the governments closest to the people—that his top officials have pledged that Revenue Sharing will be fully paid out as prescribed in the legislation.

**QUESTION:** How do you determine the amount of Revenue Sharing funds that will be sent to each State?

**ANSWER:** A State will have its funds (entitlement) computed on the basis of two formulas: a "3-factor formula" and a "5-factor formula." Computers will then take both formulas into account for each State and select the higher amount.

**QUESTION:** What is the "3-factor formula" for computing Revenue Sharing?

**ANSWER:**

Each State's share =

$$\$5.3 \text{ billion} \times \frac{(\text{Population}) (\text{GTEF})^* (\text{RIF})^{**} \text{ of a State}}{\text{Sum of products of (population) (GTEF)}^* (\text{RIF})^{**} \text{ of all the States.}}$$

Key:

- \*GTEF = General tax effort factor  
= Net taxes collected (State and local)  
Aggregate personal income
- \*\*RIF = Relative income factor  
= Per capita income of United States  
Per capita income of that State

**QUESTION:** What is the "5-factor formula" for computing Revenue Sharing?

**ANSWER:** The 5-factor formula divides the total Revenue Sharing fund of \$5.3 billion (for 1972) into five parts and each part is determined on the basis of a different factor, as shown below:

- |   |               |  |
|---|---------------|--|
| <ul style="list-style-type: none"> <li>1. 1/3 of \$3.5 billion</li> <li>2. 1/3 of \$3.5 billion</li> <li>3. 1/3 of \$3.5 billion</li> <li>4. 1/2 of \$1.8 billion</li> <li>5. 1/2 of \$1.8 billion</li> </ul> | } ON BASIS OF | <ul style="list-style-type: none"> <li>1. Population</li> <li>2. Urbanized population</li> <li>3. Population weighted<br/>Inversely for per capita<br/>Income</li> <li>4. Income tax collections</li> <li>5. General tax effort</li> </ul> |
|---|---------------|--|

The State's share of each part is determined, as follows:

First part: Each State's share =

$$\frac{1}{3} (\$3.5 \text{ billion}) \times \frac{\text{Population of State}}{\text{Population of all States}}$$

Second part: Each State's share =

$$\frac{1}{3} (\$3.5 \text{ billion}) \times \frac{\text{Urban population of State}}{\text{Urban population of all States}}$$

Third part: Each State's share equals  $\frac{1}{3}$  of \$3.5 billion on the basis of population inversely weighted for per capita income.

More specifically,

Each State's share =

$$\frac{\frac{1}{3} (\$3.5 \text{ billion}) \times \text{the fraction of} \\ (\text{State population}) \times \frac{(\text{National per capita income})}{(\text{State per capita income})}}{\text{Sum of products of} \\ (\text{State population}) (\text{national per capita income}) \\ (\text{State per capita income of all States})}$$

Fourth part: Each State's share =

$$\frac{1}{2} (\$1.8 \text{ billion}) \times \left( \frac{\text{State income tax}}{\text{All States' income tax}} \right)$$

Fifth part: Each State's share =

$$\frac{1}{2} (\$1.8 \text{ billion}) \times \frac{\text{General tax effort of State}}{\text{General tax effort of all States}}$$

**QUESTION:** How is a State's share of Revenue Sharing divided between the State government and local governments?

**ANSWER:** One-third of the total State funds go to the State government while two-thirds are allocated to units of local government.

**QUESTION:** How are funds for local governments within each county area determined?

**ANSWER:** As follows:

1. *County area.* The 3-factor formula method is used:

$$\text{County area's share} = \frac{2}{3} (\text{State share}) \times \frac{\text{County population (GTEF)* (RIF)**}}{\text{Sum of products of (population) (GTEF) (RIF) for all counties}}$$

2. *Share for Indians in county =*

$$\text{Total county area share} \times \frac{\text{Indian population}}{\text{County population}}$$

3. *County government's share =* Remaining total  $\times$

$$\frac{\text{Adjusted taxes of county government}}{\text{Adjusted taxes of all local government units in county, including county government}}$$

4. *Township government's share* = Remaining total  $\times$   

$$\frac{\text{Sum of all adjusted taxes of such township governments}}{\text{Aggregate adjusted taxes of county, township, local units of government in county area}}$$

5. *Individual township government's share* = Amount under paragraph 4  $\times$

$$\frac{(\text{population}) (\text{GTEF})^* (\text{RIF})^{**}}{\text{Sum of products of } (\text{population}) (\text{GTEF}) (\text{RIF}) \text{ for all townships}}$$

6. *All others* =

Remaining total  $\times$  
$$\frac{(\text{population}) (\text{GTEF}) (\text{RIF})}{\text{Sum of products of all } (\text{population}) (\text{GTEF}) (\text{RIF})}$$

Key:

\*GTEF = General tax effort factor.

\*\*RIF = Relative income factor.

QUESTION: Can a State change its allocation formula?

ANSWER: Yes.

The Act includes a provision permitting States to modify the allocation formula to be used in distributing funds to the local units of government. This allows the States to shift the weight of general tax effort factors and relative income factors in the allocation of Revenue Sharing funds.

However, a State may exercise this option just once during the 5-year term of the program.

Such action requires the enactment of a public law by the State. The State must also notify the Secretary of the Treasury not later than 30 days before the beginning of the first entitlement period to which the new law applies. The Secretary then will certify that the State law complies with all requirements of the local option formula, and that the law will allocate to local governments all funds to which they are entitled under the Act for each pay period through December 31, 1976.

Any such law must apply uniformly throughout the State.

QUESTION: Are there any "strings" attached to the use of Revenue Sharing funds?

ANSWER: States can use the funds for any legal expenditure except to "match" Federal grants.

Local governmental units must use the funds for what the statute defines as "high priority expenditures." This list is very broad and includes the following:

I. Maintenance and operating expenses for:

1. Public safety (including law enforcement, fire protection, and building code enforcement).
2. Environmental protection (including sewage disposal, sanitation, and pollution abatement).
3. Public transportation (including transit systems and streets and roads).

4. Health.
5. Recreation.
6. Libraries.
7. Social services for the poor or aged.
8. Financial administration.

II. "Ordinary and necessary capital expenditures authorized by law."

Major exclusions are expenditures for education, general administration, and "matching" of other Federal funds.

*QUESTION: May Revenue Sharing funds be used to reduce taxes?*

*ANSWER: Yes.*

Whether local governments use the funds for this purpose is a judgment which each government must make, based on its evaluation of local needs.

*QUESTION: Will reducing taxes affect the amount of Revenue Sharing funds received by a local government?*

*ANSWER: To the extent that a reduction in taxes results in changing the tax-effort relationship of a unit of government with other governments in its locale, it will reduce the government's future share of Revenue Sharing funds. However, Treasury Department officials believe that the loss of funds will probably not be a pivotal factor in the decision to lower property taxes.*

*QUESTION: When will the necessary regulations be published?*

*ANSWER: An interim set of regulations were published in the Federal Register on October 28, 1972.*

The permanent regulations will be published shortly.

*QUESTION: How many people will be required to carry out the program?*

*ANSWER: This is not yet certain, but the staff of the Office of Revenue Sharing in the Treasury will consist of only a relatively small group of specialists in such areas as data systems, auditing, and so on.*

*QUESTION: How will you take care of new cities or those which have grown rapidly in recent years?*

*ANSWER: Regulations will deal with this problem.*

As an example, there is a city in the Midwest with almost 100,000 population which did not legally exist in 1967. The legislation provides for updating of information relating to the 38,000 separate governmental entities, and the updating procedure would result in inclusion of the new city in the Midwest.

The recent supplemental budget to operate Revenue Sharing for the first year contains an item of \$2.5 million to help provide the Census Bureau with required funds for updating data.

*QUESTION: What reports do States and local governments have to file?*

*ANSWER: At the close of each entitlement period, each State and local government must submit a report to the Secretary of the Treasury which sets forth the amounts and purposes for which the funds under the Act have been spent or obligated.*

Before the beginning of each entitlement period, each State and local government must file with the Secretary a report which sets forth the amounts and purposes for which they plan Revenue Sharing funds to be expended or obligated during that period. (The form and detail of these reports will be prescribed later by the Secretary.)

In addition, each report must be published in a newspaper which has general circulation in the State for State reports, in the city for city reports—that is, in the geographic area of that unit of government. Other news media must also be advised of the availability of these reports.

*QUESTION:* What is the source of the data for determining allocations of Revenue Sharing funds?

*ANSWER:* Data are provided by the Census Bureau. The population and per capita income figures used in initial estimates came from the 1970 decennial census, and the tax data came from the 1967 Census of Governments. These figures are being updated by a special study now being completed by the Census Bureau.

It should be emphasized that figures published as the Act cleared the Congress were based on estimates from the older data and do not represent the final amount each unit of government will receive.

The new studies will bring the data up to 1971 and then will be kept up to date on a continuing basis. Adjustments will be made as more up-to-date information becomes available.

Income tax data for use in the five-factor formula are estimates of calendar year 1972 income tax collections by the States.

*QUESTION:* What happens when a city absorbs a suburb or some other change in governmental units takes place?

*ANSWER:* The Secretary of the Treasury will issue regulations to insure provisions of the Act are followed when changes take place by reason of boundary line changes, State statutory or constitutional changes, annexation or other governmental reorganizations, or by reason of other circumstances.

*QUESTION:* Will reports be required prior to the first disbursement?

*ANSWER:* No.

*QUESTION:* Will reports be required on the use of the first disbursement?

*ANSWER:* Yes.

*QUESTION:* Are these reports the same ones which the Act requires be published in local newspapers?

*ANSWER:* Yes.

*QUESTION:* What sort of audit procedure is planned for Revenue Sharing?

*ANSWER:* At the start, a staff of about 25 will be used to back up normal State, city, county, and town audits. The expectation is that this group will do about 300 routine audits yearly on a statistical sample basis.

In addition, there will, of course, be special audits in cases of irregularities, discrimination cases, wage problem cases, and so on.



*QUESTION:* What redress procedures are available if a State, county, or town feels it has not received an equitable share of the funds?

*ANSWER:* The Secretary of the Treasury will establish procedures to resolve such problems.

In the interim, every reasonable effort will be made to correct difficulties that are brought to the attention of the Office of Revenue Sharing.

*QUESTION:* Will Treasury audit all 38,000 governmental units each year?

*ANSWER:* No.

State and local governments already have auditing procedures of their own. It would take 2,500 auditors and \$60 million per year to duplicate those State and local audits—and there is no need to.

Furthermore, the law contemplates that the responsible State and local officials will certify periodically that the funds are being expended in accordance with the requirements of the Act.

In the final analysis, however, it will be the voters in every governmental unit who will “audit” the use of the funds, through the exercise of their power in the voting booth.

*QUESTION:* Just how much can 25 auditors and staff cover?

*ANSWER:* A great deal.

Fifty States receive one-third of the money. Fifty big cities receive another third. Doing 300 audits a year, a staff of 25 can therefore audit the major portion of the \$30 billion involved in Revenue Sharing.

Additionally, Treasury will be relying on regular State audits of local governments as well as reports from reputable private accounting firms.

*QUESTION:* The Act requires that funds be used in such a manner so as not to discriminate on the basis of race, color, national origin, or sex. How will you monitor this provision?

*ANSWER:* The Secretary of the Treasury will establish necessary procedures to carry out the anti-discriminatory provisions of the law.

Just as in other, similar civil rights legislation, the procedures will be coordinated with the Attorney General.

*QUESTION:* The Act requires that Revenue Sharing funds be used only for projects where Davis-Bacon minimum wage standards are met.

How will you ensure that this provision is carried out?

*ANSWER:* All laborers and mechanics employed by contractors or subcontractors in the performance of work on any construction project, 25 percent or more of the costs of the project being paid out of its trust fund, will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.

If the Secretary of the Treasury determines that this has not been done, he may start procedures which could result in the withholding of funds from the State or local government. Payment will not be restored until ap-

appropriate corrective action has been taken, to the satisfaction of the Secretary.

*QUESTION:* Are there penalty provisions in the act?

*ANSWER:* Yes.

If a State or local government fails to comply with provisions of the Act, has had reasonable time for a hearing, and has not taken corrective action within a 60-day period, payments may be suspended. Money repaid to the Secretary of the Treasury in such cases will be deposited in the General Fund.

In the case of a unit of local government which spends money on non-priority expenditures, the local government will pay over to the Secretary an amount equal to 110 percent of any amount expended out of its trust fund in violation of the Revenue Sharing Act, unless such amount is promptly repaid to the local government's trust fund (or the violation is otherwise corrected) after notice and opportunity for corrective action.

*QUESTION:* Is a report required from State and local governments on how they plan to spend Revenue Sharing funds received in the first payment?

*ANSWER:* No.

Interim regulations which apply only to the first entitlement period (Jan. 1 to June 30, 1972) state that the recipient governments shall submit to the Secretary of the Treasury a report (on a form to be provided) of the amounts and purposes for which such funds have been spent or obligated. This report is due before March 1, 1974.

*QUESTION:* Who receives the Revenue Sharing checks at the State and local level?

*ANSWER:* At the State level—the Governor.

At the local level within a State, the person authorized to receive such funds. This could be the mayor or city treasurer, and so forth.

The important thing to remember, however, is that the more than 36,000 Revenue Sharing checks will be sent directly to the State and local levels of government from the Department of the Treasury.

*QUESTION:* Does the Treasury determine where a recipient government should deposit its Revenue Sharing check?

*ANSWER:* No.

For accounting purposes the money must be recorded in a trust fund. However, the actual deposit of this money in a bank, or investment in securities, is strictly a matter for State and local officials to handle under their own laws and procedures.

*QUESTION:* What does the "maintenance of effort" by States to local governments mean?

*ANSWER:* The intent of the Revenue Sharing Act is to provide financial help to local governments above that which they now receive. Thus, if a State uses Revenue Sharing funds received by local units as a basis for reducing the amount of funds it provides the local unit, the State's allocation of Revenue Sharing funds will be reduced by the same amount.

*QUESTION:* When does the "maintenance of effort" provision of the Revenue Sharing Act become effective?

*ANSWER:* It is effective for any entitlement period beginning on or after July 1, 1973.

*QUESTION:* What level of State support to local governments is used as a standard of comparison?

*ANSWER:* The aggregate amounts transferred by the State government (out of its own sources) for the 1-year period beginning July 1, 1971.

*Note:* Exception—

What if a State assumes the cost of a program that it had previously supported on the local level?

If a State assumes support of such a program, the aggregate amount to be determined in calculating maintenance of effort may be reduced by said increase in support.

*QUESTION:* May a unit of local government refuse its entitlement of Revenue Sharing funds?

*ANSWER:* Yes.

If the entitlement of any unit of local government, below the level of the county government, is waived for any entitlement period by the governing body of the unit, then the amount of its entitlement for such period is added to the entitlement for the same period of the county government of the county area in which such unit is located. Such a decision, once made for a particular entitlement period, is irrevocable for that entitlement period.

*QUESTION:* Are school taxes included in the tax effort of a State or local unit of government?

*ANSWER:* School taxes are included in determining the tax effort of a State.

On the local level, however, school taxes are excluded from the tax base, for the purposes of determining tax effort.

*QUESTION:* Why are school taxes excluded from the determination of local tax effort?

*ANSWER:* Revenue Sharing was designed to help general purpose units of government—not special districts that in many States support schools and provide other services. In most States, public education is handled by independent school districts rather than by local governments. But in others, the city or county supports the schools.

Therefore, in order to treat all local units of governments uniformly, it was necessary to remove from the general revenue base those taxes attributable to public school education for both capital and operating and maintenance purposes.

*QUESTION:* Is there a minimum entitlement for local governments?

*ANSWER:* Yes. It is \$200 per year and applies to all units below the county area.

However, the money is not lost to the area, but it is added to the entitle-



ment of the government of the county area in which the local unit is located.

*QUESTION:* What is meant by the prohibition in the Act against the use of Revenue Sharing funds as a contribution for the purpose of obtaining matching Federal funds?

*ANSWER:* A recipient government may not allocate Revenue Sharing funds toward an existing expenditure and thereby release or displace its own funds for the purpose of matching Federal funds.

*QUESTION:* How can this type of violation be detected?

*ANSWER:* Auditors will measure the recipient government's net revenues received from its own sources during the 1-year period beginning July 1, 1971, against that recipient's net revenues during the entitlement period for which Revenue Sharing funds are being examined. To the extent that such net revenues of the entitlement period exceed the net revenues of the base year, there will not be a determination that Revenue Sharing funds have been used as a contribution for matching Federal funds. Any increase in a recipient's contribution to matching Federal funds which cannot be explained in this manner will be determined to be Revenue Sharing funds unless one of the following can be demonstrated:

- (1) Expenditures during the base year were sufficiently reduced in the entitlement period for which Revenue Sharing funds are being examined; or,
- (2) The expenditure in question was funded from surplus available as of June 30, 1972.

*QUESTION:* What is meant by the term "net revenues" for purpose of the matching funds violation test?

*ANSWER:* The term "net revenues" means all local revenues from whatever source derived, including such sources of revenue as tax receipts, proceeds from the sale of bonds, or other forms of financing, donations, State assistance payments, etc.

*QUESTION:* Are you saying that a recipient government may use any source of funds as a matching funds contribution, other than Revenue Sharing funds?

*ANSWER:* For purposes of the State and Local Fiscal Assistance Act the answer is "Yes." However, the recipient government must still comply with any constraints imposed by the Federal agency which is matching local funds.

*QUESTION:* What if a recipient government transferred Revenue Sharing funds to a university or other organization which expends a portion of its revenues as a contribution for Federal matching funds?

*ANSWER:* The university or other organization will have its revenues and expenditures examined in the same manner as a recipient government's revenues and expenditures are examined. A violation of the matching funds prohibition by a secondary recipient is a violation by the primary recipient government and the sanction authorized by the Act will be imposed on the primary recipient government.

*QUESTION:* Does the matching funds prohibition impose a maintenance of tax effort or revenue expenditure requirement?

*ANSWER:* No. Maintenance of tax effort or revenue expenditure is not relevant to this prohibition. Revenue and expenditure levels will be compared only for the purpose of determining if a recipient government's increased matching funds contribution can be explained by a sufficient increase in funds (other than Revenue Sharing funds) available to that recipient. If the increase in matching funds can be explained by a revenue increase, funds released due to a reduction in expenditures or because of a surplus carried on the books as of June 30, 1972, there will not be a determination that Revenue Sharing funds were used directly or indirectly as a contribution for matching Federal funds.

# Southwest Council of La Raza

## MEMORANDUM

Henry Santiestevan  
Executive Director

*National Services Office:*

Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

*Central Office:*

Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

January 10, 1973

TO: NCLR Education Task Force Members

FROM: Roberto Olly Olivas *OP.*

RE: Development of prospectus for submission to NIE

Pursuant to a telephone conversation with Task Force Chairman Joe Coto, I have polled the following Task Force members regarding their interest in coming together to develop a prospectus for the NCLR to be submitted to NIE prior to January 28, 1974.

Thus far, Joe Coto, Gracia Molina de Pick, Juan Rosales, Julian Samora and Marta Sotomayor have indicated interest and responded in the affirmative.

Marta has suggested that since Gracia is in San Diego and she will be in San Diego from January the 18th through January the 21st, that perhaps the other members might considered meeting there during these days for the above stated purpose.

Juan Rosales can be available on the 19-20, also suggested that Carmen Perez be invited since she already has been investigating this issue.

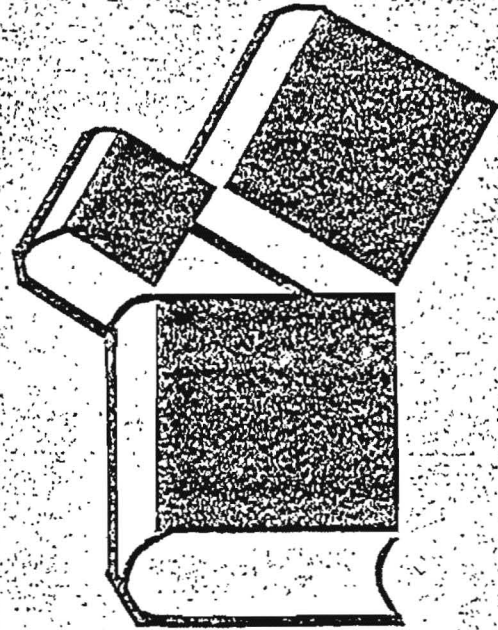
Samora could leave for San Diego on the 18th, and would have to return on the 19th.

The enclosed material is for your information regarding this matter.

1p.  
Encl.



National  
Institute  
of  
Education



**GRANTS FOR RESEARCH IN EDUCATION**

**DEPARTMENT  
OF HEALTH,  
EDUCATION,  
AND WELFARE**

## SUMMARY

- The NIE announces a program in support of research in education to be administered by its Office of Research Grants.
- The deadline for receipt of prospectuses is January 28, 1974. For details see page 7 of this announcement.
- NIE's Office of Research Grants has selected five issues which will be the focus of research it funds this fiscal year.
- The competition will be conducted in two stages. In the first stage NIE will review short prospectuses submitted in response to this announcement. In the second stage of the competition NIE will invite formal proposals from those who submit the most promising prospectuses.
- The three separate activities supported by NIE in the FY '73 Field Initiated Studies Program - - General Research, Selected Disciplines and Small Grants - - have been merged into this program for fiscal year 1974.
- In the previous competition 206 awards were given in response to more than 4,000 applications. This year reduced funds will be available for this program.



## INTRODUCTION TO THE PROGRAM

The National Institute of Education (NIE) came into being August 1, 1972 to support the policy of the United States to provide to every person an equal opportunity to receive an education of high quality regardless of race, color, religion, sex, national origin, or social class. While the Congress recognized that the direction of the education system remains primarily the responsibility of State and local governments, the Federal Government was seen as having a clear responsibility to provide leadership in the conduct and support of scientific inquiry into the education process.

Four objectives, stated in the legislation creating NIE, directed the Institute to work to improve American education through

- helping to solve or alleviate the problems and achieve the objectives, of American education;
- advancing the practice of education as an art, science, and profession;
- strengthening the scientific and technological foundations of education;
- building an effective educational research and development system.

The Office of Research Grants was created within

NIE to respond to all four objectives. Primary emphasis was placed on the objective of strengthening the scientific and technological foundations of education.

Because the field of education is such a broad one and funds for research are limited, the Office of Research Grants believes it can best pursue its primary objective by focusing research on selected issues based on identified needs of American education. To this end, the Office of Research Grants has identified five issues to which it invites interested investigators to address their research applications. The issues identified this year are not intended to include all areas of inquiry relevant to American education. Rather they have been selected to stimulate promising research from the field, and to complement current research concerns within NIE. This process of the identification of needs and stimulation of research on selected issues is part of a major, ongoing effort by the Office of Research Grants to develop a rational and manageable process for allocating resources to research which shows the greatest promise of solving the problems of American education. As the process continues, new issues will emerge and will become the focus of future competitions.

## SELECTED ISSUES

As stated in the Introduction, the Office of Research Grants has selected five issues which will be the focus of the research it funds this year. The following issues have been selected:

✓ 1. **Essential Skills**—Research in learning and instruction on the essential skills involved in reading, writing, listening and speaking (linguistic communication) at levels needed to function adequately in American cultures. Special consideration will be given to research focusing on the needs of students from low-income and minority families. Emphasis will be placed on projects furthering systematic development and testing of theory. The full range of research methodologies is appropriate, from anthropological and ethnological observation to closely controlled experiments, but the methodology chosen should be consistent with the emphasis on the development and testing of theory. The scope includes, but is not limited to, research on:

- ✓ • understanding the nature and effects of non-school influences - - such as social structure, family, community, culture, peers, availability of reading materials and the media - - on motivation, competence, performance and attitude in linguistic communication.
- understanding the effects of variation in school environment and teaching methods - - such as open or highly structured classrooms and programs, peer tutoring, cross-age grouping, teacher style, emphasis on writing, initial ignoring of immature spelling, use of relevant materials and activities, special emphasis on various aspects of the reading process - - on motivation, performance, competence and attitude in linguistic communication.
- understanding the relationships among student characteristics - - such as child's conception of reading, temperament, learning style, attention, analytic and

problem solving abilities, non-standard dialect, neurological abnormalities - - and motivation, performance, competence and attitude in linguistic communication.

• understanding the fundamental cognitive processes in reading, writing and comprehension and their relation to learning and instruction in linguistic communication.

✓ 2. **Relevance of Education to Work**—Research on various educational factors influencing occupational attainment and socioeconomic success, and the measurement of these variables. Special consideration will be given to studies focusing on the needs of women, minorities, or mid-career adults. The scope includes, but is not limited to, research on:

- ✓ • the interactions between work, school and community activities - - such as the relationship of cognitive and non-cognitive skills developed in work, school, and community activities to measures of adult life success; and, comparisons of on-the-job-training to classroom preparation for occupational roles.
- the integration of labor market analyses with educational problems - - such as supply and demand for individuals with different educational attainments and types of skills; shortages and surpluses of personnel in occupations for which schools do, or could, prepare their students; and rate of return analyses with emphasis on syntheses of manpower projections.
- ✓ • the success of formal education in preparing individuals for adult responsibilities, especially economic responsibilities - - such as the adequacy of present educational arrangements for job entry and progression; the effect that improved educational quality has on the

- the spread of the results of R&D through the education system, including tracer studies of the spread and adoption of specific innovations, applications of market research techniques to educational change, and the effects of differing dissemination strategies.

- factors that affect decisions about the credibility and relevance of knowledge as system inputs, including (a) the role of training and experience in affecting knowledge seeking, recognition and utilization; (b) the role of incentive, authority, and decision-making structures in stimulating the use of information; (c) the situational and perceptual criteria that affect the evaluation of information relevance; and (d) how the structuring and availability of information gathering and processing roles affect the capacity of systems to respond to constituency inputs.

- innovation and problem-solving behavior in educational practice settings, including studies of incentives and predictors of educational change, organizational behavior in educational institutions, characteristics of innovative educators and institutions, and the implementation of innovations in educational institutions.

**5. Efficiency and Productivity in Education—**Research on improved measurements of the different types of efficiency and productivity measures relevant to education, including examinations of their interrelationships, trends through time, policy changes influencing their course, and new developments affecting future trends. The scope includes but is not limited to studies of:

- the cost-effectiveness of technology-based instruction (e.g. television and computers); and subject matter areas where various technologies are most or least effective.

- historical changes in education costs, educational attainment and measured learning; statistical explanations of these changes; and forecasts of future developments.

- economic efficiency concepts and measurements applied to questions in school finance, school management decisions, and public policy problems.

- institutional incentives for productivity and efficiency; and the efficiency and productivity of educational institutions as compared with other public and private services.



The information requested in Sections 2 through 5 above should respond directly to the criteria listed on page 8.

Prospectuses should be stapled in the upper left-hand corner. Please do not use covers or binders, and do not include any extraneous material. In addition to the 10 copies of the prospectus requested above, each application package must contain one each of the following items:

- **Registration Forms**—Registration forms are printed on the last two pages of this announcement. The form must be completed according to instructions printed on the back of each form. Reproduced copies of the form will be accepted, although applicants are asked to use one of the forms provided if possible.
- **Acknowledgment Card**—Acknowledgment cards are printed on the back cover of this announcement. The applicant should self-address this card. In lieu of an acknowledgment card, applicants may submit a stamped, self-addressed envelope. All prospectuses will be assigned an identification number. NIE will notify applicants of this number by returning the self-addressed acknowledgment card printed on the back of the announcement. This number should be referred to in all subsequent communications with NIE concerning the prospectus.
- **Checklist**—The suggested format for the

checklist appears in Appendix C. All items on this list must be completed.

#### **Delivery of Prospectuses**

The deadline for receipt of application packages is 5:00 P.M. January 28, 1974.

- **Mail Delivery**

Application packages should be addressed as follows:

OFFICE OF RESEARCH GRANTS  
PROPOSAL CLEARINGHOUSE  
NATIONAL INSTITUTE OF  
EDUCATION  
WASHINGTON, D.C. 20208

ISSUE NO. \_\_\_\_\_

Prospectuses received at NIE after 5:00 P.M. on January 28, 1974 will not be considered unless they were sent by certified mail for which an official Post Office stamp on the original receipt for certified mail has been obtained, indicating the prospectus was mailed before 5:00 P.M. January 28, 1974.

- **Hand Delivery**

Application packages may be delivered directly to Room 202, 1832 M Street, N.W., Washington, D.C. They must be received in that room no later than 5:00 P.M., January 28, 1974. A receipt will be issued upon delivery of the application package.

### **SCHEDULE**

The estimated schedule of major events for this Office of Research Grants competition is as follows:

- January 28 —prospectus receipt deadline
- Early March —notifications to applicants concerning decisions on prospectuses
- Early April —proposal receipt deadline
- Late June —notifications to applicants concerning decisions on proposals

Checklist

(Please check each item to make sure the application package is complete.)  
This application package contains:

- Ten copies of the prospectus, each containing a cover sheet, 3 to 5 page summary, description of facilities, resume(s) of principal investigator(s), and budget.
- One completed Registration Form
- One self-addressed Acknowledgment Card or self-addressed stamped envelope
- This checklist

Be sure to indicate the appropriate issue number on the package front.

REGISTRATION FORM INSTRUCTION

REGISTRATION FORM INSTRUCTION

BLOCK NO(S)	NAME	INSTRUCTIONS
*1.	Review Category	Enter the <u>one</u> review category you wish for your prospectus from the following list. (Name may be truncated as required to stay in the block): a. Essential Skills b. Relevance of Education to Work c. Diversity, Pluralism, and Opportunity In Educational Systems d. Production and Utilization of Knowledge e. Efficiency and Productivity in Education
*2.	Amount Requested	In dollars (\$).
*3.	Duration (Months)	Self explanatory.
*4.	Proposed Start Date	Example: 06-14-74.
5.	For NIE Use	Leave Blank.
*6.	Project Title	Self explanatory.
*7-9.	PRINCIPAL INVESTIGATOR	One only per prospectus.
10.	For NIE Use	Leave Blank.
*11-16.	Business Address	Self explanatory.
*17.	Congressional District	The numerical congressional district corresponding to the business address in blocks 11-16. Example: Enter 8 for 8th congressional district of Texas.
18-22.	Desired Mailing Address	Complete these only if your desired mailing address differs from the business address shown in 11-16.
*23.	Home Phone Number	All applicants complete this block. Include area code.
24.	Congressional District	If 18-22 are completed, enter corresponding congressional district number.
25-30.	Applicant Institution/ Organization	If you are acting as an official, agent, or representative of a university or other organization, complete these blocks. Otherwise (i.e., if you are applying as an individual, unaffiliated), leave blank.
*31.	Type of Performer	Self explanatory.
*32-37.	CHARACTERISTICS OF ULTIMATE TARGET POPULATION	Multiple boxes may be checked in each category. In this section, you should <u>ONLY DESCRIBE THE ULTIMATE TARGET POPULATION AT WHICH THE RESULTS OF YOUR RESEARCH ARE DIRECTED.</u> This is not necessarily the particular group which will participate or be studied in the course of your research.
*37.	Income Level	Levels are defined as follows: a. Low - \$ 0 to \$ 4,500 b. Near Low - \$ 4,501 to \$ 5,680 c. Middle - \$ 5,681 to \$15,000 d. Above Middle - \$15,001 and above

\* MANDATORY

BLOCK NO(S)	NAME	INSTRUCTIONS
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NDA 11-932; Niamid Tablets containing 25 milligrams or 100 milligrams nialamide per tablet; Pfizer Laboratories, Division of Pfizer, Inc., 235 East 42nd Street, New York, NY 10017.

The possibly effective indications have been reclassified as lacking substantial evidence of effectiveness in that no data have been submitted pursuant to the notice of May 15, 1970.

Therefore, notice is given to the holder(s) of the new drug application(s) and to any other interested person that the Commissioner proposes to issue an order under section 505(e) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 355(e)) withdrawing approval of the listed new drug application(s) and all amendments and supplements thereto on the grounds that new information before him with respect to the drug(s), evaluated together with the evidence available to him at the time of approval of the application(s), shows there is a lack of substantial evidence that the drug(s) will have all the effects purported or represented to have under the conditions of use prescribed, recommended, or suggested in the labeling.

All identical, related, or similar products, not the subject of an approved new drug application, are covered by the new drug application(s) reviewed. See 21 CFR 130.40 (37 FR 23185, October 31, 1972). Any manufacturer or distributor of such an identical, related, or similar product is an interested person who may in response to this notice submit data and information, request that the new drug application(s) not be withdrawn, request a hearing, and participate as a party in any hearing. Any person who wishes to determine whether a specific product is covered by this notice should write to the Food and Drug Administration, Bureau of Drugs, Office of Compliance (HFD-300), 5600 Fishers Lanes, Rockville, Maryland 20852.

In accordance with the provisions of section 505 of the Act (21 U.S.C. 355) and the regulations promulgated thereunder (21 CFR Part 130), the Commissioner hereby gives the applicant(s) and any other interested person an opportunity for a hearing to show why approval of the new drug application(s) should not be withdrawn.

On or before February 4, 1974, the applicant(s) and any other interested person is required to file with the Hearing Clerk, Food and Drug Administration, Room 6-86, 5600 Fishers Lane, Rockville, Maryland 20852, a written appearance electing whether or not to avail himself of the opportunity for a hearing. Failure of an applicant or any other interested person to file a written appearance of election within the specified time will constitute an election by him not to avail himself of the opportunity for a hearing. No extension of time may be granted.

If no person elects to avail himself of the opportunity for a hearing, the Commissioner without further notice will enter a final order withdrawing approval of the application(s).

If an applicant or any other interested person elects to avail himself of the opportunity for a hearing, he must file, on or before February 4, 1974, a written appearance requesting the hearing, giving the reasons why approval of the new drug application(s) should not be withdrawn, together with a well-organized and full-factual analysis of the clinical and other investigational data he is prepared to prove in support of his opposition. A request for a hearing may not rest upon mere allegations or denials, but must set forth specific facts showing that a genuine and substantial issue of fact requires a hearing (21 CFR 130.14(b)).

If review of the data submitted by an applicant or any other interested person warrants the conclusion that there exists substantial evidence demonstrating the effectiveness of the product(s) for the labeling claims involved, the Commissioner will rescind this notice of opportunity for hearing.

If review of the data in the application(s) and data submitted by the applicant(s) or any other interested person in a request for a hearing, together with the reasoning and factual analysis in a request for a hearing, warrants the conclusion that no genuine and substantial issue of fact precludes the withdrawal of approval of the application(s), the Commissioner will enter an order of withdrawal making findings and conclusions on such data.

If, upon the request of the new drug applicant(s) or any other interested person, a hearing is justified, the issues will be defined, a hearing examiner will be named, and he shall issue, as soon as practicable after February 4, 1974, a written notice of the time and place at which the hearing will commence. All persons interested in identical, related, or similar products covered by the new drug application(s) will be afforded an opportunity to appear at the hearing, file briefs, present evidence, cross-examine witnesses, submit suggested findings of fact, and otherwise participate as a party. The hearing contemplated by this notice will be open to the public except that any portion of the hearing that concerns a method or process the Commissioner finds entitled to protection as a trade secret will not be open to the public, unless the respondent specifies otherwise in his appearance.

Requests for a hearing and/or elections not to request a hearing may be seen in the Office of the Hearing Clerk (address given above) during regular business hours, Monday through Friday. (Sec. 505, 52 Stat. 1052-53, as amended; 21 U.S.C. 355), and the Administrative Procedure Act (5 U.S.C. 554), and under authority delegated to the Commissioner. (21 CFR 2.120).

Dated: December 21, 1973.

WILLIAM F. RANDOLPH,  
Acting Associate Commissioner  
for Compliance.

[FR Doc. 74-144 Filed 1-3-74; 8:45 am]

National Institute of Education  
OFFICE OF RESEARCH GRANTS  
Notice of Awards Competition and  
Prospectus Closing Date

Notice is hereby given that pursuant to the authority contained in section 405 of the General Education Provisions Act, the National Institute of Education will conduct a competition in support of research in education for fiscal year 1974 to be administered by its Office of Research Grants. The deadline for submission of prospectuses is 5 p.m. January 28, 1974.

In conjunction with proposed rules published in the FEDERAL REGISTER on November 30, 1973 (38 FR 33102) and subject to their final publication on or about January 4, 1974, NIE issues the announcement contained herein.

Further information and copies of the announcement, including the suggested formats indicated as appearing in Appendices A, B, and C as well as copies of the Registration Form and acknowledgment cards, are available from the Office of Public Information, National Institute of Education, Washington, D.C. 20208, telephone (202) 254-5800.

The announcement of this competition is based upon a resolution of the National Council on Educational Research adopted on December 3, 1973, and incorporates the five issues adopted in that resolution as priority areas which fundamental research of NIE should address. NIE encourages public response to this announcement as a means of helping shape and focus the conduct of future competitions.

(Catalogue of Federal Domestic Assistance Program No. — 13.575, Educational Research and Development.)

THOMAS K. GLENNAN, JR.,  
Director, National Institute  
of Education.

SUMMARY

The NIE announces a program in support of research in education to be administered by its Office of Research Grants.

The deadline for receipt of prospectuses is January 28, 1974. For details see Application Procedures below.

NIE's Office of Research Grants has selected five issues which will be the focus of research it funds this fiscal year.

The competition will be conducted in two stages. In the first stage NIE will review short prospectuses submitted in response to this announcement. In the second stage of the competition NIE will invite formal proposals from those who submit the most promising prospectuses.

The three separate activities supported by NIE in the FY'73 Field Initiated Studies Program—General Research, Selected Disciplines and Small Grants—have been merged into this program for fiscal year 1974.

In the previous competition 206 awards were given in response to more than 4,000 applications. This year reduced funds will be available for this program.

INTRODUCTION TO THE PROGRAM

The National Institute of Education (NIE) came into being August 1, 1972 to support the policy of the United States to provide to every person an equal opportunity to receive an education of high quality regardless of race, color, religion, sex, national origin,

or social class. While the Congress recognized that the direction of the education system remains primarily the responsibility of State and local governments, the Federal Government was seen as having a clear responsibility to provide leadership in the conduct and support of scientific inquiry into the education process.

Four objectives, stated in the legislation creating NIE, directed the Institute to work to improve American education through:

Helping to solve or alleviate the problems and achieve the objectives, of American education;

Advancing the practice of education as an art, science, and profession;

Strengthening the scientific and technological foundations of education;

Building an effective educational research and development system.

The Office of Research Grants was created within NIE to respond to all four objectives. Primary emphasis was placed on the objective of strengthening the scientific and technological foundations of education. Because the field of education is such a broad one, and funds for research are limited, the Office of Research Grants believes it can best pursue its primary objective by focusing research on selected issues based on identified needs of American education. To this end, the Office of Research Grants has identified five issues to which it invites interested investigators to address their research applications. The issues identified this year are not intended to include all areas of inquiry relevant to American education. Rather they have been selected to stimulate promising research from the field, and to complement current research concerns within NIE. This process of the identification of needs and stimulation of research on selected issues is part of a major, ongoing effort by the Office of Research Grants to develop a rational and manageable process for allocating resources to research which shows the greatest promise of solving the problems of American education. As the process continues, new issues will emerge and will become the focus of future competitions.

#### ELIGIBILITY CRITERIA

In addition to focusing on selected issues, the Office of Research Grants has identified eligibility criteria for the applications it will review this year. This information has been included in order to reduce the number of ineligible applications submitted to this program. Applicants should read this section carefully in order to ensure that their research meets the criteria listed below.

**Eligible projects.** Research projects responding to the selected issues identified below which may be carried out by persons in any discipline or field are eligible for consideration. Research is defined to include projects aimed at:

Increasing or synthesizing basic knowledge about processes and conditions relevant to human learning and education, or

Providing answers of sufficient generality to be widely applicable to important questions concerning actual or possible conduct of education in this country.

**Ineligible projects.** The following types of projects are not considered research projects and, therefore, are ineligible for support:

Operation of education programs—applications for funds to support the operation of programs which are ready to be, or are being, carried out in a variety of settings, including schools, post-secondary institutions, states etc., will not be considered.

Improvement of education programs—applications for funds for the implementation of new or improved procedures, techniques, materials or equipment in order to improve existing education programs will not be considered.

Course development—applications for funds for the production of new curricula or the improvement of existing ones, including the preparation of new instructional materials or the modification of those already in existence will not be considered.

Training—applications for funds to implement any type of training and teaching methods, techniques, and procedures, regardless of who the trainees or students would be, will not be considered.

Demonstration—applications for funds involving the development or adaptation in an operational setting of any new or improved procedures, techniques, materials, or equipment will not be considered.

Demonstration—applications for funds to show, exhibit, describe or explain to others, either in person or through various other communication media, the procedures, techniques and materials which must be employed in the execution of a new or modified instructional task or educational program will not be considered.

Dissemination—applications for funds to be used principally for the dissemination of any type of information, either in person or through other communication media, will not be considered.

**Eligible applicants.** Colleges, universities, state and local education agencies, and other public or private agencies, organizations, groups, or individuals are eligible for grants. Applications from for-profit organizations will be considered as unsolicited proposals and, if successful, will be awarded contracts rather than grants. Prospectuses from state and local governments should be submitted in accordance with OMB Circular A-102.

**Applicant expertise.** NIE is interested in applications from investigators of all levels of experience. However, applicants must realize that their experience and abilities, as addressed in the review criteria, must be commensurate with the expertise required to carry out the proposed research.

#### SELECTED ISSUES

As stated in the Introduction, the Office of Research Grants has selected five issues which will be the focus of the research it funds this year. The following issues have been selected:

1. **Essential skills—research in learning and instruction on the essential skills involved in reading, writing, listening and speaking (linguistic communication) at levels needed to function adequately in American cultures.** Special consideration will be given to research focusing on the needs of students from low-income and minority families. Emphasis will be placed on projects furthering systematic development and testing of theory. The full range of research methodologies is appropriate, from anthropological and ethological observation to closely controlled experiments, but the methodology chosen should be consistent with the emphasis on the development and testing of theory. The scope includes, but is not limited to, research on:

Understanding the nature and effects of non-school influences—such as social structure, family, community, culture, peers, availability or reading materials and the media—on motivation, competence, performance and attitude in linguistic communication.

Understanding the effects of variation in school environment and teaching methods—such as open or highly structured classrooms and programs, peer tutoring, cross-age grouping, teacher style, emphasis on writing, initial ignoring of immature spelling, use of relevant materials and activities, special emphasis on various aspects of the reading process—on motivation, performance, competence and attitude in linguistic communication.

Understanding the relationships among student characteristics—such as child's conception of reading, temperament, learning style, attention, analytic and problem solving abilities, non-standard dialect, neurological abnormalities—and motivation, performance, competence and attitude in linguistic communication.

2. **Relevance of education to work—research on various educational factors influencing occupational attainment and socio-economic success, and the measurement of these variables.** Special consideration will be given to studies focusing on the needs of women, minorities, or mid-career adults. The scope includes, but is not limited to, research on:

The interactions between work, school and community activities—such as the relationship of cognitive and non-cognitive skills developed in work, school, and community activities to measures of adult life success; and comparisons of on-the-job-training to classroom preparation for occupational roles.

The integration of labor market analyses with educational problems—such as supply and demand for individuals with different educational attainments and types of skills; shortages and surpluses of personnel in occupations for which schools do, or could, prepare their students; and rate of return analyses with emphasis on syntheses of manpower projections.

The success of formal education in preparing individuals for adult responsibilities, especially economic responsibilities—such as the adequacy of present educational arrangements for job entry and progression; the effect that improved educational quality has on the later socioeconomic characteristics of individuals and attitudes toward work careers; and the perceptions of employers and employees of the adequacy of educational preparation.

3. **Diversity, pluralism, and opportunity in educational systems—research on variability in educational organizations, programs, functions, and environments, and their consequences for student learning, development, motivation, behavior, and equal opportunity.** Such research should be sensitive to (1) the capacity of organizations to respond to diversity and pluralism in characteristics, values, and cultural differences of clientele by providing them with beneficial structural and program alternatives, and (2) the several levels in which organizational variability and diversity may be manifested: system-wide, institutional or organizational, grade-level or departmental, classroom, and task or friendship group. The scope of inquiry includes, but is not limited to, studies of:

Analyses and comparison of strategies for the definition and provision of individualized curricula, instruction, evaluation and certification.

Racial, cultural, sex-role, or religious stereotyping or discrimination in institutions.

The problem of testing, evaluation, selection, and placement of persons of different cultures, including design and measurement techniques.

The physical, organizational, and social structuring of educational environments and activity patterns within organizational units.

Allocation of, access to, and utilization of materials, facilities, and other learning resources in educational settings.

The nature, structuring, and administration of formal and informal incentive, reward, and sanctioning systems.

The use and structuring of power, authority, and legal control in educational settings.

The nature, manifestations, and implications of institutional or classroom "value and expectation climates."

The patterns of emphasis among competing educational functions, including instruction, socialization, custody-control, certification, and selection.



The grouping and juxtaposition of students according to age, race, sex, ability, socioeconomic background, values and attitudes, or behavioral norms, and the influence mechanisms that account for apparent peer effects.

The rights and duties of participants in the education system with respect to compulsory attendance, accountability, and classification/labeling.

4. Production and utilization of knowledge—research on the production and utilization of knowledge for educational change by examining the production of research results; the systematic planning and development of alternative solutions to educational problems; the dissemination of R&D results; and the utilization, adaptation and implementation of scientific knowledge in education. The scope includes, but is not limited to, studies of:

Theoretical and empirical analyses of the education R&D system including institutional and organizational settings in which education R&D is, or might be, performed; personnel for education R&D; incentives and impediments to participation in education R&D; and factors influencing the quality of education R&D.

Improved means of maintaining and providing access to documentary knowledge about education, including the acquisition, processing, storing, retrieving and disseminating of documentary knowledge.

The spread of the results of R&D through the education system, including tracer studies of the spread and adoption of specific innovations, applications of market research techniques to educational change, and the effects of differing dissemination strategies.

Factors that affect decisions about the credibility and relevance of knowledge as system inputs, including (a) the role of training and experience in affecting knowledge seeking, recognition and utilization; (b) the role of incentive, authority, and decision-making structures in stimulating the use of information; (c) the situational and perceptual criteria that affect the evaluation of information relevance; and (d) how the structuring and availability of information gathering and processing roles affect the capacity of systems to respond to constituency inputs.

Innovation and problem-solving behavior in educational practice settings, including studies of incentives and predictors of educational change, organizational behavior in educational institutions, characteristics of innovation educators and institutions, and the implementation of innovations in educational institutions.

5. Efficiency and productivity in education—research on improved measurements of the different types of efficiency and productivity measures relevant to education, including examinations of their interrelationships, trends through time, policy changes influencing their course, and new developments affecting future trends. The scope includes, but is not limited to, studies of:

The cost-effectiveness of technology-based instruction (e.g. television and computers); and subject matter areas where various technologies are most or least effective.

Historical changes in education costs, educational attainment and measured learning; statistical explanations of these changes; and forecasts of future developments.

Economic efficiency concepts and measurements applied to questions in school finance, school management decisions, and public policy problems.

Institutional incentives for productivity and efficiency; and the efficiency and productivity of educational institutions as compared with other public and private services.

#### APPLICATION PROCEDURES

*Use of prospectuses.* In order to ease the burden of work on both applicants and reviewers, NIE will conduct its Research Grants competition in two stages. In the first stage NIE will review short prospectuses submitted in response to this announcement. Applicants submitting the most promising prospectuses will then be invited to submit formal proposals for further review. NIE feels this procedure will minimize unnecessary expenditures of resources, and will also allow the most significant and cogent ideas to be developed and reviewed in detail.

*Fairness to all applicants requires that the following conditions be closely observed:*

Only prospectuses that contain all of the information discussed below will be considered in the first stage of the review process. Incomplete prospectuses and full proposals will be returned to the applicant, as well as prospectuses received after the deadline.

Only proposals invited by NIE on the basis of a review of a prospectus will be considered in the second stage of the review process.

No more than one prospectus per principal investigator will be accepted.

Detailed information on submission of formal proposals will be included with the letter of invitation.

*Preparation of application package.* All applicants must submit one application package containing 10 copies of a prospectus plus one copy each of the registration form, acknowledgement card, and checklist discussed below. Each prospectus must include the following:

1. A cover sheet in the format suggested in Appendix A.

2. A 3/5 page, double-speed, typewritten summary of the proposed research including:

a. *Identification of issue.* A brief statement identifying the issue addressed (see Selected Issues) and indicating the specific focus of the research within that issue.

b. *Description and rationale.* A description of the proposed research, including the importance of the specific problem addressed from the standpoint of basic knowledge or the problems of American education, a discussion of what is already known in the area and the relationship between the proposed research and that body of knowledge, and a discussion of the likelihood of success of the project and the magnitude of the expected addition to knowledge.

c. *Procedures.* A brief description of the procedures to be followed in carrying out the research, including, where appropriate, such concerns as sampling, data acquisition, instrumentation and data analysis.

3. A description of the facilities available to the researcher for carrying out the proposed research.

4. Resume(s) of principal investigator(s) including education, applicable experience, and a list of major publications.

5. An estimated budget in the format suggested in Appendix B. The budget should include expenses for the entire duration of the project. The normal maximum duration of a project is 3 years. For projects exceeding one year, the initial award may provide funds for less than the full duration proposed. In this case further support will be contingent upon the availability of funds and the satisfactory progress of the research.

The information requested in sections 2 through 5 above should respond directly to Review Procedures and Criteria listed below.

Prospectuses should be stapled in the upper left-hand corner. Please do not use covers or binders, and do not include any extraneous material. In addition to the 10 copies of the prospectus requested above, each application

package must contain one each of the following items:

Registration forms—registration forms are printed on the last two pages of the announcement. The form must be completed according to instructions printed on the back of each form. Reproduced copies of the form will be accepted, although applicants are asked to use one of the forms provided if possible.

Acknowledgement card—acknowledgement cards are printed on the back cover of the announcement. The applicant should self-address this card. In lieu of an acknowledgement card, applicants may submit a stamped, self-addressed envelope.

All prospectuses will be assigned an identification number. NIE will notify applicants of this number by returning the self-addressed acknowledgement card printed on the back of the announcement. This number should be referred to in all subsequent communications with NIE concerning the prospectus.

Checklist—The suggested format for the checklist appears in Appendix C. All items on this list must be completed.

Delivery of prospectuses. The deadline for receipt of application packages is 5 p.m. January 28, 1974.

Mail Delivery. Application packages should be addressed as follows:

Office of Research Grants  
Proposal Clearinghouse  
National Institute of Education  
Washington, D.C. 20208  
Issue No. \_\_\_\_\_

Prospectuses received at NIE after 5 p.m. on January 28, 1974 will not be considered unless they were sent by certified mail for which an official Post Office stamp on the original receipt for certified mail has been obtained, indicating the prospectus was mailed before 5 p.m. January 28, 1974.

Hard Delivery. Application packages may be delivered directly to Room 202, 1832 M Street NW, Washington, D.C. They must be received in that room no later than 5 p.m. January 28, 1974. A receipt will be issued upon delivery of the application package.

#### REVIEW PROCEDURES AND CRITERIA

Only prospectuses will be considered in this first stage of the competition. Prospectuses will be reviewed by NIE staff members assisted by additional experts in the areas of the proposed research. Those applicants whose prospectuses are found to be most promising will be invited to submit formal proposals.

Prospectuses will be reviewed according to the following criteria:

(1) Significance of the proposed research for American education, including

Importance of the problem area from the standpoint of basic knowledge or problems of American education;

Likely magnitude of the addition that will be made to knowledge if the project is successful, including the generalizability of the results.

(2) Quality of the proposed research project, including such considerations as

Extent to which the application exhibits thorough knowledge of pertinent previous work and relates the proposed research to it;

Likelihood of success of the project;

Adequacy of design, methodology and instrumentation, where appropriate.

(3) Qualifications of the principal investigator and other professional personnel as evidence by

Experience and previous research productivity; and

Quality of the discussion and analysis in the application.

(4) Adequacy of the facilities and arrangements available to the investigator to conduct the proposed study.

(5) Reasonableness of the budget for the work to be done and the anticipated results.

If funds are not sufficient to support all applications rated highly according to the above criteria, applications addressing the following two priorities may be given preference over other applications rated equally highly:

Making educational programs more effective in meeting the needs of persons from low income families and from minority communities.

Increasing the effectiveness of the use of educational resources so that individuals and society can better afford high quality education.

[FR Doc.74-294 Filed 1-3-74; 8:45 am]

National Institutes of Health  
NATIONAL ADVISORY COMMISSION ON  
MULTIPLE SCLEROSIS

Notice of Meeting

Pursuant to Public Law 92-463, notice is hereby given of the meeting of the National Advisory Commission on Multiple Sclerosis on January 12, 1974, at the Holiday Inn of La Guardia, 100-15 Ditmars Blvd., E. Elmhurst, New York. This meeting will be open to the public from 10 a.m. to 4 p.m. and will continue the investigation into the most promising avenues for research leading to causes of and preventives and treatments for multiple sclerosis. Attendance by the public will be limited to space available.

1. The Institute Information Officer who will furnish summaries of the meeting and rosters of committee members is: Mrs. Ruth Dudley, Building 31, Room 8A03, phone: 496-5761.

2. The Executive Director from whom substantive program information may be obtained is: Dr. Harry M. Weaver, Room 8A11, Building 31A, NCI, phone: 496-3523.

Dated: December 26, 1973.

JOHN F. SHERMAN,  
Deputy Director,  
National Institutes of Health.

[FR Doc.74-207 Filed 1-3-74; 8:45 am]

PRESIDENT'S CANCER PANEL

Notice of Meeting

Pursuant to Public Law 92-463, notice is hereby given of the meeting of the President's Cancer Panel, National Cancer Institute, January 29, 1974, 9:30 a.m. to adjournment, National Institutes of Health, Building 31, Conference Room 2. This meeting will be open to the public from 9:30 a.m. to adjournment for a report from the Chairman, President's Cancer Panel and a report from the Director, National Cancer Institute. Attendance by the public will be limited to space available.

Mr. Frank Karel, Associate Director for Public Affairs, NCI, Building 31, Room 10A31, National Institutes of Health, Bethesda, Maryland 20014 (301/496-1911) will furnish summaries of the

open meeting and roster of committee members.

Dr. Richard A. Tjalma, Executive Secretary, Building 31, Room 11A46, National Institutes of Health, Bethesda, Maryland 20014 (301/496-5854) will provide substantive program information.

Dated: December 26, 1973.

JOHN F. SHERMAN,  
Deputy Director,  
National Institutes of Health.

[FR Doc.74-208 Filed 1-3-74; 8:45 am]

DIAGNOSTIC RADIOLOGY COMMITTEE

Notice of Meeting

Pursuant to Public Law 92-463, notice is hereby given of the meeting of the Diagnostic Radiology Committee, National Cancer Institute, January 11, 1974, National Institutes of Health, Landow Building, Conference Room C418. This meeting will be open to the public from 9 a.m. to 5 p.m., January 11, 1974 to discuss radiological methods in the diagnosis of cancer. Attendance by the public will be limited to space available.

Mr. Frank Karel, Associate Director for Public Affairs, NCI, Building 31, Room 10A31, National Institutes of Health, Bethesda, Maryland 20014 (301-496-1911) will furnish summaries of the open meeting and roster of committee members.

Dr. Ihor Massyk, Executive Secretary, Building 31, Room 3A06, National Institutes of Health, Bethesda, Maryland 20014 (301-496-1591) will provide substantive program information.

Dated: December 26, 1973.

JOHN F. SHERMAN,  
Deputy Director,  
National Institutes of Health.

[FR Doc.74-209 Filed 1-3-74; 8:45 am]

Office of Education

NATIONAL ADVISORY COMMITTEE ON THE  
HANDICAPPED

Notice of Meeting

Notice is hereby given, pursuant to P.L. 92-463, that the second meeting of the National Advisory Committee on the Handicapped will be held on January 17-18, 1974, at 9 a.m., local time, at the Cabana Motor Hotel, 870 Peachtree Street, NE., Atlanta, Georgia.

The National Advisory Committee on the Handicapped was established to review the administration and operation of programs for the handicapped in the Office of Education, and make recommendations for their improvement.

The meeting of the Committee will be open to the public. The proposed agenda for January 17 and 18 includes a discussion of career training and opportunities for handicapped children, including problems in employment practices with respect to discrimination of employment of the handicapped. Records will be kept of all Committee proceedings and

shall be available for public inspection at the Office of the Associate Commissioner, Bureau of Education for the Handicapped, located in Room 2100, Regional Office Building 3, 7th and D Streets, SW., Washington, D.C. 20202.

Dated: December 26, 1973.

JOHN OTTENA,  
Commissioner of Education.  
[FR Doc.74-349 Filed 1-3-74; 8:45 am]

DEPARTMENT OF HOUSING AND  
URBAN DEVELOPMENT

[Docket No. NFD-142, FDAA-409-DR]

Federal Disaster Assistance Administration

OKLAHOMA

Amendment to Notice of Major Disaster

Notice of Major Disaster for the State of Oklahoma, dated December 10, 1973, and published December 17, 1973 (38 FR 34683), is hereby amended to include the following counties among those counties determined to have been adversely affected by the catastrophe declared a major disaster by the President in his declaration of December 10, 1973:

The Counties of:

Adair	Le Flore
Cherokee	Love
Garvin	Murray
Haskell	Pittsburg
Latimer	Seminole

Dated: December 21, 1973.

WILLIAM E. CROCKETT,  
Acting Administrator Federal  
Disaster Assistance Administration.

(Catalog of Federal Domestic Assistance Program No. 50.002, Disaster Assistance.)

[FR Doc.74-293 Filed 1-3-74; 8:45 am]

DEPARTMENT OF  
TRANSPORTATION

Federal Railroad Administration

[FRA PET. Nos. 83, 84]

VOICE TRAIN CONTROL SYSTEM

Notice of Hearing

The Baltimore and Ohio Railroad Company (B&O) has petitioned the Federal Railroad Administration (FRA) to approve the general concept of Voice Train Control Systems (VCTS) and also to approve installation and operation of VCTS on a portion of its lines in central Ohio. These petitions have been docketed as FRA Pet. Nos. 83 and 84, respectively.

The proposed Voice Train Control System would be installed in lieu of existing train control systems and contemplates the control of train operations by direct voice control via continuously available radio communication between a train radio controller and each locomotive engineer. Train movement instructions will be continuously displayed on a console in the cab of the locomotive. These instructions will be transmitted by a con-



# Southwest Council of La Raza

## MEMORANDUM



To: Board Members and Affiliates

Date: January 16, 1973

From: Roberto "Olly" Olivas

Subject: Federal Cutbacks

Henry Santiestevan  
Executive Director

National Services Office:  
Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

Central Office:  
Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

During these past two weeks, I have attended several meetings called by various groups in Washington (particularly Housing groups). The reason for this concern has been the recently announced cutbacks of Federal Program Funding. I have gathered much information and am preparing a packet, attached that you may evaluate, compare to your local situation and then get back to me any pertinent data that in your opinion I can use to present a case for the affect that these cutbacks are having on your particular locality.

The present feeling here in Washington is that we are about to face a very lean four year period. I would suggest that you start keeping newspaper articles, newsreleases etc., on appointments to key positions in your local area, Congressional districts and State and that you get that information back to me. So that we may analyze this resource and see how best we can start to develop support for our specific program needs.

I would also like to suggest that you give some thought to some new approaches for addressing some of the old problems in view of the present changes that are taking place in attitudes expressed by some of the new agency appointees and the administration's trend moving away from social services. This type of new rethinking would be very helpful to me in laying out projections for National Services activities for the coming year.

Sincerely,

*Roberto Olivas*

Roberto "Olly" Olivas  
National Services Officer

ROO/df  
enclosure

## Explanation of Method

The attached tables show the potential loss of housing dollars and man years of employment due to the announced 18 month moratorium on Farmers Home Administration subsidized housing programs.

Column (a) is the actual state by state outlays for FmHA subsidized housing programs in Fiscal Year 1972. (see FmHA, Report of Loan and Grant Obligations 1972 Fiscal Year Through June 30th)

Column (b) is the FmHA tentative state allocations of Section 502 funds for subsidized loans and Section 515 loans in FY 73. Note: this estimate is based upon the stated FmHA policy that at least 50% of the Section 502 authorizations for each state should go into subsidized loans (for both the tentative allocation of funds and the policy statement, see FmHA Administration Letter 108 (444), Exhibit A, dated June 27, 1972.

Column (c) is the estimated commitments of FmHA FY 73 subsidized housing funds as of January 1, 1973. Since the actual commitments of these funds to date has not yet been calculated by FmHA, these estimates are based upon the monthly rate of commitments in the first four months of the fiscal year. (see FmHA, Report of Loan and Grant Obligations 1973 Fiscal Year Through October 31, 1972.)

Column (e) is the estimated program level for FmHA subsidized housing loans in FY 74 and is based upon the assumption that the program level would be the same as in FY 73.

Column (f) potential dollars loss over the 18 month moratorium, is the combination of uncommitted FY 73 funds and the projected FY 74 funds which will not be forthcoming because of the moratorium.

Column (g), potential loss of employment, is based upon the calculation that approximately 80% of the lost FmHA subsidized housing funds would have gone into new construction or rehabilitation. (see President's Fourth Annual Report on National Housing Goals.) This dollar amount of lost employment-producing construction is divided by the actual average cost of FmHA subsidized units in each state in the first four months of the fiscal year. (see FmHA, Report of Loan and Grant Obligations 1973 Fiscal Year Through October 31, 1972.) This results in the actual number of subsidized housing units forgone because of the moratorium. This number of lost units is then multiplied by the FmHA estimate of 1.7 man years of employment per unit - .7 years direct and 1 year indirect. (see Testimony of FmHA Administrator James Smith Before the Senate Appropriations Committee on the FmHA FY 73 Budget Request.)

Potential Losses Due to 18 Month Moratorium  
on FmHA Subsidized Housing Programs

State	(a) FmHA Subsidized Housing Loans FY 72 <sup>1</sup>	(b) Estimates FY 73 Allocations Subsidized Loan Funds <sup>2</sup>	(c) Estimates FY 73 Subsidized Loan Funds Committed as of Jan. 1, 1973 <sup>3</sup>	(d) Estimates Uncommitted FY 73 Subsidized Loan Funds <sup>4</sup> (b-c)	(e) Estimates FY 74 Allocations Subsidized Loans Funds <sup>5</sup>	(f) Potential Loss Over 18 Month Moratorium (d+e)	(g) Potential Employment Loss Over 18 Month Moratorium (man years)
Ala.	\$37,962,140	\$41,578,000	\$20,483,160	\$21,094,840	\$41,578,000	\$62,672,840	6,587
Ariz.	22,791,180	20,240,000	16,783,260	3,456,740	20,240,000	23,696,740	1,949
Ark.	40,994,650	42,682,000	24,185,760	18,496,240	42,682,000	61,178,240	5,930
Cal.	35,597,110	25,450,000	20,959,170	4,490,830	24,450,000	29,940,830	2,300
Hawaii	2,729,020	3,206,000	2,452,605	753,395	3,206,000	3,959,395	216
Nev.	1,131,840	1,202,000	798,000	404,000	1,202,000	1,606,000	110
Col.	4,179,900	5,310,000	2,618,385	2,691,615	5,310,000	8,001,615	635
Fla.	22,164,930	17,234,000	23,568,690	.....	17,234,000	17,234,000	1,435
Ga.	39,174,010	43,586,000	16,526,685	27,059,315	43,586,000	70,645,315	6,591
Idaho	19,358,250	19,938,000	13,774,410	6,163,590	19,938,000	26,101,590	1,888
Ill.	14,614,870	22,242,000	12,771,390	9,470,610	22,242,000	31,712,610	2,404
Ind.	25,758,390	32,962,000	12,802,305	20,159,695	32,962,000	53,121,695	4,440
Iowa	14,400,910	23,830,000	10,717,380	13,112,620	23,830,000	36,942,620	3,244
Kans.	5,726,870	8,516,000	2,704,815	5,811,185	8,516,000	14,327,185	1,236
Ky.	19,337,110	22,544,000	12,026,325	10,517,675	22,544,000	33,061,675	2,787
La.	11,733,080	12,224,000	6,650,265	5,573,735	12,224,000	17,797,735	1,696
Maine	26,768,970	23,342,000	21,491,715	1,850,285	23,342,000	25,192,285	1,886
Mich.	26,637,720	40,876,000	17,978,760	22,897,240	40,876,000	63,773,240	4,692
Minn.	8,718,330	14,224,000	7,197,945	7,026,055	14,224,000	21,250,055	1,605
Miss.	53,040,860	51,498,000	30,248,370	21,249,630	51,498,000	72,747,630	6,880
Mo.	38,905,420	42,874,000	19,894,485	22,979,515	42,874,000	65,853,515	6,008
Mont.	1,976,790	2,204,000	1,379,925	824,075	2,204,000	3,028,075	240
Nebr.	3,208,530	4,508,000	2,422,305	2,085,695	4,508,000	6,593,695	508
Nv.	3,983,920	8,216,000	2,181,855	6,034,145	8,216,000	14,250,145	1,115
Del.	3,363,730	4,208,000	1,798,710	2,409,290	4,208,000	6,617,290	513
Md.	5,460,090	9,218,000	3,265,440	5,952,560	9,218,000	15,170,560	1,174
N. Mex.	5,609,130	6,412,000	3,990,315	2,421,685	6,412,000	8,833,685	803
NY.	15,491,370	23,246,000	9,769,230	13,476,770	23,246,000	36,722,770	2,746
N. Car.	54,087,210	58,414,000	35,030,310	23,383,690	58,414,000	81,797,690	6,742
N. Dak.	9,290,970	11,218,000	6,145,575	5,072,425	11,218,000	16,290,425	1,199
Ohio	32,988,690	37,672,000	23,258,820	14,413,180	37,672,000	52,085,180	4,102

State	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Okla.	\$17,609,090	\$28,754,000	\$8,858,370	\$19,895,630	\$28,754,000	\$48,649,630	4,830
Ore.	9,540,600	8,616,000	3,910,065	4,705,935	8,616,000	13,321,935	1,063
Alaska	660,740	1,202,000	106,560	1,095,440	1,202,000	2,297,440	104
Pa.	12,934,290	18,836,000	12,176,025	6,659,975	18,836,000	25,495,975	1,827
S. Car.	69,842,760	62,722,000	30,670,785	32,051,215	62,722,000	94,773,215	8,338
S. Dak.	5,239,930	8,612,000	3,756,795	4,855,205	8,612,000	13,467,205	1,141
Tenn.	30,558,750	43,784,000	16,146,540	27,637,460	43,784,000	71,421,460	7,168
Tex.	37,953,400	47,884,000	16,954,605	30,929,395	47,884,000	78,813,395	7,186
Utah	8,534,230	10,316,000	4,481,700	5,834,300	10,316,000	16,150,300	1,242
Ver.	5,465,530	6,512,000	625,710	5,886,290	6,512,000	12,398,290	1,034
Conn.	1,691,400	3,406,000	351,900	3,054,100	3,406,000	6,460,100	486
Mass.	3,246,020	3,206,000	2,166,765	1,039,235	3,206,000	4,245,235	339
N. Hamp.	5,053,610	11,010,000	3,835,875	7,174,125	11,010,000	18,184,125	1,452
R. I.	881,650	1,202,000	540,195	661,805	1,202,000	1,863,805	140
Va.	64,633,400	56,810,000	49,843,755	6,966,245	56,810,000	63,776,245	4,992
Wash.	15,809,210	17,234,000	10,042,440	7,191,560	17,234,000	24,425,560	1,989
West Va.	12,066,060	18,336,000	10,461,435	7,874,565	18,336,000	26,210,565	2,141
Wis.	20,833,920	29,254,000	12,442,260	16,811,740	29,254,000	46,065,740	3,388
Wyo.	2,469,750	4,408,000	1,410,570	2,997,430	4,408,000	7,405,430	599
Total	\$932,210,330	\$1,062,978,000	\$574,658,715	\$494,653,975	\$1,062,978,000	\$1,557,631,975	133,120

- 1/ Includes Section 502, 514, 515, and 516 programs  
2/ Includes Section 502 and 515 programs.  
3/ Includes Section 502 and 515 programs.  
4/ Includes Section 502 and 515 programs.  
5/ Includes Section 502 and 515 programs.



January 10, 1973  
For Immediate Release

Contact:  
Linfield:  
202-296-4945

Comparing George Romney's tenure as head of Federal housing programs to his experience at American Motors Corporation, the National Rural Housing Coalition has attacked the Nixon Administration's moratorium on subsidized housing programs.

A statement released by the NRHC Executive Committee said in part:

"George Romney, with all the aplomb of a small car salesman attempting to stuff the parents and six children into a four passenger auto, has announced that the more than six million families in sub-standard, overcrowded housing will now be stuffed into one-third the number of houses called for in the national housing goals. Those goals, established by Congress and at one time endorsed by the Administration call for 750,000 subsidized units of new and rehabilitated housing each year until 1978.

"In announcing the Administration's decision to suspend all housing subsidy programs for eighteen months, Secretary Romney said that HUD would keep 'commitments to builders, sponsors and local governments.' Conspicuously missing was a pledge to fulfill the standing commitment of a quarter century to provide a decent home for every American family.

"The Secretary estimated that money already available would provide 250,000 subsidized units in fiscal year 1973 and 'about that level' in FY 1974.

In a further statement concerning the housing programs of the Department of Agriculture, Robert E. Johnson, chairman of the Coalition,

MORE

said, "It is with deep regret we learn that the Farmers Home Administration is also declaring a moratorium and cutback on funds that would provide housing for low income small town and rural families. It is apparent that the President and Secretary Butz are more interested in agribusiness than in the human needs of our rural families.

"In Fiscal Year 1972, the FmHA housing goal for new and rehabilitated units was 172,000 and they failed by 50% to meet it. Now, rather than working harder to meet the goal, the Administration has simply terminated the programs."

The Coalition's executive committee pointed out that the economic impact of the moratorium in rural communities alone would amount to a loss of \$3.75 billion and 80,000 man years of labor. Those figures were based upon Congressional testimony and do not include the loss resulting from the curtailment of rural rental housing, farm labor housing, or rural water and sewer system programs.

The Coalition statement ended by urging all concerned citizens to write their Congressional representatives and the White House asking that the housing subsidy programs be restored.

# # # # #

ECONOMIC IMPACT OF HUD ASSISTANCE PROGRAMS

It has been reliably reported that the imposition of an 18-month moratorium on HUD's housing assistance programs is currently being given serious consideration within the Administration. As the following analysis shows, such a decision would have severely adverse consequences for the construction industry and on the economy as a whole.

Each dollar of government assistance for housing results in a direct, private investment of 15-20 dollars for construction and land improvement. This total investment creates a demand for housing-related services reflected in expenditures for real estate taxes, interest, operation, and maintenance. All of these direct expenditures for housing, as well as expenditures for community facilities to support the newly constructed housing, are subject to a multiplier effect which results from the additional purchasing power created by the payment of wages and payments for goods and services. The commonly accepted multiplier is two.

The magnitude of the economic impact of the housing assistance programs is indicated in the attached tables. In summary, they show that production under the 235, 236, and public housing programs at the level authorized in Fiscal Year 1973 appropriations would generate \$6.77 billion worth of new housing construction over a 12-month period with an annual total economic impact of over \$13.4 billion. The total direct employment created by the operation of these programs at the level for which the Congress has provided funding would be about 779,000 man-years.

Conversely, the \$6.7 billion reduction in direct expenditures which would result from a moratorium on assistance programs would reduce the current rate of residential construction by 15.5%. Such a cut would cause a 1.31% reduction of the GNP and more than double the number of construction unemployed. Furthermore, this reduction in housing construction would cause a concomitant reduction in community development expenditures for roads, schools, water and sewer lines, etc., with a total direct impact of approximately \$1.14 billion and a loss of employment of approximately 131,000 man-years. There would also be an annual reduction in expenditures for related services of \$675 million.

The total loss to the economy from a moratorium on HUD's housing assistance programs is, thus, estimated at \$16.5 billion and 1,898,000 man-years of employment over a 1-year period.

## ECONOMIC IMPACT OF SUBSIDIZED HOUSING

Table 1 reveals the economic impact of subsidized housing using Fiscal Year 1972-73 appropriation figures. Calculations in the table are based on the most current data available from HUD. The total impact is measured in terms of a 12-month period. Obviously, the full impact will not be felt until several months after the cut-off date. Based on current completion data, the full impact of direct cost will be shown 5 months after the decision is made to stop building.

The economic impact table shows four major areas of impact:

(1) construction costs associated with housing, and consisting of house improvement and land development costs; (2) costs associated with community development; (3) the multiplier effect is used here as the employment of goods and services on direct expenditures and the wages paid generate additional purchasing power resulting in stimulation of virtually every sector of the economy; (4) related services such as real estate taxes, interest rates, insurance as well as annual expenses with operating housing.

A summary of these costs shown in Table 2 reveals direct construction expenditures of \$6,777.8 million for 12 months production of houses under Sections 235, 236 and Public Housing; community development costs amounting to \$1,144 billion with a total direct expenditure of \$7,922.4 billion; total direct and indirect impact have been estimated to be \$15,844.8 billion and related services at \$675.4 million. Thus, the total loss from cutting production on these three major programs is estimated to be \$16.5 billion over a period of one year.



TABLE 1

ECONOMIC IMPACT OF THE CONSTRUCTION OF  
LOW INCOME SUBSIDIZED HOUSING

Item	Cost Per Unit		Total Units	Total Cost (in Millions)
<b>I. <u>Construction Cost</u></b>				
Single Family Housing (235)				
Median Sales Price	\$19,000			
Land (unimproved)	1,300			
Improvement	15,200	X	170,500 <sup>1</sup>	\$2,591.6
Land Improvement	2,500	X	170,500	426.3
Multifamily Housing (236)				
Median Price	\$16,000			
Land (unimproved)	800			
Improvement	13,500	X	134,500 <sup>1</sup>	\$1,815.8
Land Improvement	1,700	X	134,500	228.7
Public Housing				
Median Price	\$20,000			
Land (unimproved)	940			
Improvement	17,400	X	90,000 <sup>1</sup>	\$1,566.0
Land Improvement	1,660	X	90,000	149.4
			SUB-TOTAL	\$6,777.8
<b>II. <u>Community Development</u></b>				
Singles	\$ 3,000	X	170,500	\$ 511.5
Multiples	1,500	X	224,500	336.8
Additional Direct Expenses				
About \$250 per unit	\$ 250	X	395,000	\$ 98.8
Durable Goods and Services				
About \$500 per unit	\$ 500	X	395,000	\$ 197.5
			SUB-TOTAL	\$1,144.6
TOTAL DIRECT EXPENDITURES				\$7,922.4
<b>III. <u>Multiplier (2X)</u></b>				\$15,844.8

TABLE 1 continued

Item	Cost Per Unit	Total Units	Total Cost (in Millions)
<u>IV. Related Services</u>			
Real Estate Taxes			
235	\$ 420 X	170,500	\$ 71.6
236	\$ 400 X	134,500	53.8
Interest			
235	\$1,578 X	170,500	\$ 26.9
236	1,357 X	134,500	18.3
Public Housing	848 X	90,000	7.6
Insurance			
235	\$ 60 X	170,500	\$ 10.2
Heat & Utilities			
235	\$ 360 X	170,500	\$ 61.4
Maintenance & Repairs			
235	\$ 168 X	170,500	\$ 28.6
Annual Expenses on Multiple Units			
Renting	\$ 61 (1.8%)		
Administration	234 (6.9%)		
Operating	1,434 (42.2%)		
Maintenance	629 (18.5%)		
Reserves	204 (6.0%)		
Taxes (already included)	-- (24.6%)		
<b>TOTAL</b>	<u>\$2,562 X</u>	224,500	\$ 575.2
<b>TOTAL RELATED SERVICES</b>			<u>\$ 675.4</u>
<b>TOTAL ALL (I + II + III + IV)</b>			\$16,520.2

1) Based on appropriations for FY 1973 as follows: Sec. 235, \$150 million; Sec. 236, \$170 million; Public Housing, \$148 million.

A \$6.77 billion reduction of direct construction expenditures would drop the current rate of residential construction by 15.5%. The total direct and indirect impact would result in a 1.31% reduction of the GNP.

### Impact on Employment

About 115 workers are employed for one year for each \$1 million spent on all construction. More than half of the jobs created by construction expenditures are in various stages of manufacturing, mining, trade and transportation industries that produce, sell, and deliver materials required for construction activities. Slightly less than one half of the jobs created are in direct construction.

The impact of lost indirect and related services expenditures on jobs is not as clearly known. However, there is no question but that \$8.5 billion in expenditures would have significant employment impact. We have therefore used the same factor of 115 man-years per \$1 million of expenditures as used for direct construction expenditures.

The impact on employment is shown in the table below.

TABLE 2

SUMMARY OF THE COST IMPACT OF CONSTRUCTION OF LOW  
INCOME SUBSIDIZED HOUSING AND THE IMPACT ON EMPLOYMENT

Item	Cost (in Millions)	Impact on Employment in Man Years
I. Construction Cost	\$ 6,777.8	779,000

TABLE 2 continued

Item	Cost (in Millions)	Impact on Employment in Man Years
II. Community Development	\$ 1,144.6	131,000
III. TOTAL DIRECT	7,922.4	910,000
IV. Indirect	\$ 7,922.4	911,000
V. Related Services	675.4	77,000
TOTAL	\$16,520.2	1,898,000

Assuming that the workers will not be able to find another construction job--a fairly defensible assumption since there is a decline expected in construction expenditures in 1973--total direct impact would more than double the number of construction workers out of jobs. (In November, the unemployment rate was at 9.7%, with total unemployed construction workers at 371,000.)



# Housing Freeze

1/16/73  
NY Times

The Administration's decision to freeze new Federal commitments to subsidize construction of low and middle-income housing has drawn strong protests from home builders, mortgage lenders, state and local officials, and Democratic Congressmen. But the real hardship resulting from the cutoff will be to families of low and moderate-income hoping to find decent places to live that they can afford.

This is the central point that George Romney, the retiring Secretary of Housing and Urban Development, ignored in declaring that the protest of builders "just goes to show you how quickly people can feel deprived if their pipelines to the public treasury are affected in any way." The Administration has apparently thought of the major programs of housing assistance—the home ownership and rental assistance programs—as essentially a device for turning on or turning off the fiscal pump to the building industry. To check inflation, it is now turning off the pump.

But these programs have done more to provide decent housing for low-income people than any legislation in the country's history. The Housing Act of 1968 set high goals for the nation—26 million homes to be constructed over the decade 1969-1978, with six million units to be built for low-income people through Federal assistance.

The performance has fallen short of that goal, but has still been excellent by all historical standards. Housing starts have averaged over two million per year since 1969, and of the eight million units built, one and a half million have been for low-income families. By the early part of the next year, when the housing funds still in the pipeline run out, another 250,000 assisted units will have been built. But thereafter, unless the Administration's action is reversed, the effect on low-income housing in New York City and other major population centers will be severe. It should not be supposed, however, that the freeze on new funding for housing and other public facilities will only hurt center cities; suburbs and smaller towns will also be hurt, and so will rural areas.

The Administration's chief excuse for the freeze is that the program has been a mess of scandals and corruption. Admittedly, there have been serious instances of fraud and poor administration — which Secretary Romney appears to think is the fault of everybody except his own department in Washington—but the scope of those scandals, deplorable as they are, should not be exaggerated. Even less should it be used to impugn the value of the entire program.

There is every justification for experimenting with new approaches to improving the housing of the poor and near-poor. More should be done to test the value of housing allowances to individual families as an alternative or supplement to subsidized construction. Housing allowances may help to avoid some of the greatest problems that existing low-income housing has encountered—especially the problem of site selection, when established communities resist the incursion of black or other low-income groups. And much more attention needs to be paid not just to housing construction itself but to the larger problem of neighborhood decay. Decent housing will soon rot in a rotting slum, as recent experience in the South Bronx has again demonstrated.

With all the faults of existing housing and urban development programs, however, it makes no sense to throw out a program that has done so much to help low-income families when nothing at all is being provided to take its place.

# legislative reader

A REPORT ON LAST WEEK'S LEGISLATIVE AND ADMINISTRATIVE ACTIONS OF INTEREST TO THOSE ACTIVE IN LOW-INCOME RURAL HOUSING PROGRAMS.

Monday, 15 January, 1973

The rumor of an impending moratorium on all direct and indirect housing subsidies reported last week is no longer rumor. Secretary Romney announced the cessation of funding last Monday in a speech to the National Association of Homebuilders Convention in Houston. A telegram from HUD to all its field offices released 8 January, 1973 says that no funding approvals will be made after close of business 5 January, 1973 for water and sewer grants, public facility loans, open space programs, Sec. 106 programs, or college housing. Section 235 and 236 commitments made before January 5th will be honored, but no new commitments may be made. No further feasibility letters or fund reservations may be issued for rent supplements, but commitments made prior to January 5th will be honored. Rent supplement fund reservations for piggyback rent supplement in connection with 236 feasibility letters may not be issued after January 5th.

No annual contribution contract lists for low-rent public housing may be approved after January 5th, but special instructions will be developed where preliminary loans have been made before January 5th.

So-called "ear-marked" funds on which specific formal fund reservations have not been issued to a developer or sponsor before January 5th are not fund reservations and are not to be treated as reservations of contract authority.

Not unexpectedly, Farmers Home Administration sent the following telegram the same day:

## All State Offices

County and State Offices will discontinue approving the following types of housing loans and grants after January 8, 1973:

- Farm labor housing loans and grants;
- Rental and cooperative housing loans; and
- Section 502 loans that involve interest credits except such loans to self help participants.

Dockets for the above types of loans and grants approved before January 9 and postmarked before January 11, will be honored by the finance office.

No conditional commitments will be approved until further notice. State offices will immediately, by telephone, notify county offices of these changes.

Details follow. Field support is expected.

James V. Smith, Administrator

The New York Times pointed out that the FmHA freeze was more severe than HUD's, since Smith later announced it was an 18-month moratorium. Romney termed HUD's cut-off a "temporary hold of indefinite duration."

Of the subsidized housing programs, only self-help housing, along with the associated site loans and technical assistance grants, and Sec. 504 housing repair loans remain.

Reaction on the Hill. Predictably enough, members of Congress, particularly those on the banking and housing committees, protested vigorously. Senator Sparkman (D-Ala.), Chairman of the Banking, Housing and Urban Affairs Committee, indicated he would immediately schedule hearings to assess the need for Federal subsidy programs. Senator Charles Percy (R-Ill) considered the Administration's action "to be an unfortunate attack on the authority and responsibility of the legislative branch and its duly constituted committees." He urged Senator Sparkman to assess the effect of the moratorium on the economy generally. Senator Williams (D-N.J.) said, "The hypocrisy of this newly announced policy is astonishing." He called it "blackmail."

On the House side, Rep. Ashley (D-Ohio), third ranking on the Housing Subcommittee, called it "a staggering body blow to American cities, suburbs and rural areas." He ended a lengthy floor statement by saying that

It is unfortunate indeed if Congress and the President must lock horns in the months and perhaps years ahead, but if the price of peaceful relations is for Congress to acquiesce to the subverting of national responsibility, then the price is simply too great.

Other Washington Reaction. Virtually every housing group in Washington, public or vested interest, is currently involved in efforts to reverse the decision on housing. And they are joined by many other organizations in health, education, manpower and training, conservation and others who are also suffering similar cutbacks of Federal funds and programs. The ad-hoc Housing Coalition (comprised of about 70 organizations ranging from the Mortgage Bankers, the Governors Conference and the League of Cities/Conference of Mayors to the Rural Housing Alliance, the American Friends Service Committee and the National Tenants Organization) has called on Congress to withhold confirmation of all Nixon appointments till the moratorium is lifted. They have hinted at court injunction against the order.

The National Rural Housing Coalition announced it was convening a meeting Monday, 15 January, 1973, of about 30 national rural organizations in an effort to create a rural voice which might be heard on rural social programs.

The effort of all the groups is directed toward offsetting the assertions of the Administration that such cuts in domestic programs are in the nation's best interest.

A Comment. It seems clear to L.R. that the present collision course pursued by President Nixon and the Congress must result in a confrontation of historic dimensions. The issue is not over housing programs, or agricultural policies, or about health care, nor indeed even over the resumed Christmas bombing. Nor is it political in the partisan sense. The issue is a constitutional one which may well remain unresolved until the Supreme Court decides it. The question in its baldest form is: Shall Congress or shall the President determine the nation's priorities: The war, domestic programs, the economy, will all be held hostage by one or other of the parties till there is a satisfactory resolution of that basic question.

If L.R.'s premise is correct, it may be that our reporting should be somewhat broader than has been our past practice. Time and space limitations determine to some extent the coverage we provide, but if we are to keep readers up-to-date on the prospects for housing, we must begin to give additional detail on Congressional and Executive actions beyond the housing field.

Housing Legislation in the 93rd Congress. The first housing bill introduced this session was by Mrs. Sullivan (D-Mo.), ranking majority member on the Housing Subcommittee. H.R. 52 would create a Home Owners Mortgage Loan Corporation to help finance low and moderate income housing. It was co-sponsored by Rep. Barrett (D-Pa.), Chairman of the Housing Subcommittee. Rep. Mailliard (R-Cal.) introduced H.R. 203, which would authorize the Government National Mortgage Association to guarantee state housing agency obligations issued to finance low and moderate income housing.

Organization of Congress. Senate Democrats have assigned all their members to Committees. Since the Republicans have yet to act we will wait till a later issue to reproduce the entire list of Committee assignments. The subcommittee structure will probably not be firm for another month.

Illustrative of the difficulties in subcommittee assignments is that within the Committee on Labor and Public Welfare. There are ten majority Senators and last session ten subcommittees. There were additionally five special subcommittees. (Special committees oversee, investigate, and provide a forum, but do not handle substantive legislation.) The full Committee now proposes to raise a special committee to subcommittee status, making eleven subcommittees but, alas, only ten Senators to chair them. What happens? Senator Stevenson (D-Ill.) has transferred to the Commerce Committee, leaving the Subcommittee on Migratory Labor without a chairman - and no Senator seems to want it.

Observers fear the Subcommittee may simply be terminated with the very valuable staff expertise dissipated in other jobs. The decision, ultimately, will be up to the Chairman, Harrison Williams (D-N.J.).

House Committees on Appropriations, Rules and Administration have been temporarily organized (both majority and minority), but final assignments need not be made till 1 March, 1973.

The 93rd Congress is new,  
So unkind remarks I'll eschew  
Till the Easter recess,  
When I'm likely, I guess,  
To join in the cry and the hue.

Anon.

Administrative Summary.

10 Jan., 1973 - FmHA 38 FR 1124 7 CFR 1822.30 FmHA Inst. 444.3. Rural Housing Loans and Grants. Rule permits section 504 loans of less than \$1500 to be made without taking a real estate mortgage as security.



# Southwest Council of La Raza

## MEMORANDUM

Henry Santiestevan  
Executive Director

National Services Office:  
Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

Central Office:  
Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401



TO: Board Members and Executive Directors  
FROM: Henry Santiestevan, Executive Director  
DATE: January 22, 1973  
RE: Personnel/Administrative Procedures and Job Specifications

We are presently reviewing our personnel and administrative procedures and job specifications in view of the organizational changes approved by our board in Phoenix on December 9-10, 1972.

It would be helpful to us to receive manuals or other material used by organizations to which you are related or which you may be able to readily obtain. This would also help us to build a file of material which would prove useful to our affiliated organizations.

It would be particularly helpful to have this material as soon as possible. Please send this material to Angie Lopez at our Phoenix office.

# Southwest Council of La Raza

## MEMORANDUM

Henry Santiestevan  
*Executive Director*

*National Services Office:*

Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

January 29, 1973

To: Board and affiliate members

*Central Office:*

Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

From: Linda Major

It is hoped that the enclosed clippings will help you analyze  
the moods and trends of federal government in coming weeks.



## Washington Wire

A Special Weekly Report From  
The Wall Street Journal's  
Capital Bureau

1/26/73

**NIXONITES RELENT** on some economiz-  
ing plans, hoping to quiet the howls.

The White House will let some rural-electri-  
fication, farm-disaster loans continue, despite  
the announced cutoff; Oklahoma's Rep. Steed  
won a pledge from OMB Chief Ash. A freeze on  
economic-development aid is eased. Nixon men  
promise worried mayors the cities won't lose  
aid funds in any further switch to revenue  
sharing. Houston Mayor Louie Welch, speak-  
ing for his colleagues, voices relief.

Administration men insist other moves  
won't hurt much soon. They say subsidized  
housing this year will hold at 1972's rate be-  
cause of applications already in the pipelines.  
Doomed health programs are due to be phased  
out over two years. Manpower-training, pub-  
lic-employment programs will shrink slowly,  
but government-aided rural housing may halt  
by May.

*A plan to halt new reclamation projects  
will arouse fresh squawks. Nixon plans a  
radio appeal Sunday night for public sup-  
port of his general budget holddown.*

**VIETNAM CEASE-FIRE** promises an era  
of rebuilding, streamlining of U.S. forces.

Senior planners will spend more time and  
energy on recruiting, training, solving person-  
nel problems, modernizing weapons. The em-  
phasis will be on shaping smaller, more profes-  
sional, better-trained forces. Total military  
manpower may shrink to 2.1 million from 2.35  
million now. But the cuts will come in noncom-  
bat forces.

"Making the all-volunteer force work will be  
the No. 1 challenge," a Pentagon official says;  
incoming Secretary Richardson agrees. Plan-  
ners hope smaller turnover of soldiers will help  
overcome drug, dissent, racial problems. Army  
men are worried now about use of hard drugs  
in Europe-based units; GIs have become "the  
prime target for the drug traffic in Europe."

Weapons planners, faced with rising price  
tags, talk of turning more to simple arms, for a  
mix with sophisticated hardware.

**NIXON INFLUENCE** on "independent"  
regulatory agencies raises fresh concern.

FTC chairman-to-be Engman, who has been  
a presidential aide, faces Senate grilling on his  
relationship with the White House as well as  
his policy views. Senate Democrats may press  
for choice of a new Democrat to replace con-  
servative-leaning Commissioner McIntyre.  
Some top FTC staffers quit, expecting retreat  
on consumer protection. More departures are  
coming.

Some insiders figure Nixon may install his  
communications aide, Clay Whitehead, as FCC  
chairman; Whitehead's proposal for making  
broadcast licenses dependent on "fair" news  
presentation stirs continuing controversy. SEC  
stalwarts fear the President may pick a  
weaker, less independent chairman to replace  
departing William Casey.

CAB member Robert Timm, if picked to  
succeed Secor Brown as chairman, might  
steer a course closer to White House  
wishes.

**ASH STARTS RECRUITING** a corps. of  
OMB "management generalists" to check on  
efficiency of program operations throughout  
the government. One group will concentrate on  
double-shooting. The new watchdogs will serve  
two years each, possibly move into higher  
posts later.

## Welfare Fight Brewing Over HEW Plans To Withhold Federal Funds From States

By JONATHAN SPIVAK

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The Nixon administration  
is heading for a bitter showdown with the  
states over control of public welfare costs.

The fight, which the courts or Congress ulti-  
mately could settle, will immediately confront  
Incoming Health, Education and Welfare De-  
partment Secretary Caspar Weinberger with a  
difficult political choice: stick with tough fed-  
eral proposals that are likely to cost the states  
hundreds of millions a year in federal funds, or  
negotiate compromises that will pacify pro-  
testing governors but jeopardize the adminis-  
tration's budget-control attempts.

The struggle centers on two new HEW pro-  
posals that would restrict federal outlays for  
cash payments to welfare recipients and for so-  
cial services to help the poor become self-suffi-  
cient. Well over \$1 billion a year in federal  
funds that the states had expected to receive is  
potentially at stake. "The feds are Indian giv-  
ers, that's what they are," protests one state  
official. The governors are determined to resist  
HEW attempts to switch a larger portion of  
welfare's financial burden back to state bud-  
gets.

The outcome also could be crucial to the  
success of revised Nixon welfare reform pro-  
posals, which are certain to stress additional  
steps to manage welfare programs more effi-  
ciently and to eliminate payments to ineligible  
recipients. The key issues are whether states  
can be required to absorb the federal cost of  
paying ineligible recipients and whether HEW  
can curtail social services spending below a  
ceiling established by Congress.

**Some Concessions Offered**

Despite bitter protests, administration offi-  
cials haven't indicated any compromise on  
these basic points. The federal proposal to re-  
strict payments to ineligible recipients has produced  
the threat of a suit by 34 states, which have hired  
the prestigious Washington law firm of Co-  
vington Burling.

HEW has offered some concessions, but  
they aren't enough to placate state officials. It  
has promised to eliminate the adult welfare  
categories from its proposal to withhold federal  
funds from payments to ineligible recipients. These pro-  
grams will be switched from state to federal  
administration Jan. 1, 1974, and the Social Ser-

vice Administration then will assume respon-  
sibility for eligibility determination.

The department also is likely to modify  
other regulations that state welfare adminis-  
trators see as working at cross purposes with  
federal demands for reducing payments to in-  
eligible recipients. These regulations simplify eligi-  
bility determination with methods that rely on the  
client's own statements; require due process  
hearings over disputed grant payments and  
limit the states' power to recapture excess pay-  
ments to recipients.

The department's willingness to modify  
these regulations represents a major reversal  
of federal welfare policy, a consequence of the  
Nixon administration's increasingly conserva-  
tive drift. Without exception, the HEW imposed  
the requirements on the states in recent years  
to protect recipients' rights. Lower-level fed-  
eral welfare officials still vigorously support  
the rules, in contrast to administration higher-  
ups who are intent on getting tough with cheat-  
ers.

However, the sticking point remains HEW's  
threat to withhold funds for payments states  
make to ineligible welfare families. And, the  
states will fight this to the end. "We won't  
withdraw on this issue," insists Steven Minter,  
Massachusetts welfare chief and chairman of a  
committee of state administrators currently  
negotiating with the HEW. But a department  
official insists: "We still intend to have some  
kind of fiscal sanctions. We have no interest in  
withdrawing or canceling the regulations on  
this point."

**Social Service Regulations**

The department's social service regulations  
—still circulating in draft form—are likely to  
be as controversial as its eligibility proposal.  
Administration officials say these will severely  
restrict federal funds states can receive for  
providing welfare recipients with such services  
as counseling, child care and family planning.  
Last year Congress imposed a \$2.5 billion ceiling  
on these outlays because state spending es-  
timates had rapidly escalated to more than \$4  
billion.

The HEW requirements, in contrast, would  
limit state programs in various ways and could  
reduce federal outlays to only \$1.5 billion a  
year. State welfare officials regard the con-  
gressional ceiling as an assured level of federal  
support and are prepared to fight another sub-  
stantial reduction in federal funds.

Among the federal cutbacks being consid-  
ered:

—Reducing the number of eligible recipi-  
ents. Instead of defining a beneficiary as a po-  
tential recipient who might go on the rolls  
within five years, the time would be cut to  
three months;

—Tightening auditing requirements so that  
eligibility would be scrutinized individually,  
rather than by groups;

—Cutting the number of services states  
must provide welfare recipients to six from 10;  
state agencies would be restricted in their abil-  
ity to purchase services, such as day care,  
from other public and private agencies. Such  
purchases currently account for \$1 billion a  
year in federal spending, and this is the fastest  
growing segment of social services.

"When these (regulations) come out the  
states will be mad. They will see this as an ef-  
fort to contract their operations," concedes one  
HEW official.



# Nixon Defends Budget Cuts

By Peter Millius  
Washington Post Staff Writer

President Nixon got a head start last night on those who may not like his budget, warning Americans that "in the next few days, you will hear about some very sharp reductions in some very familiar programs."

"Our search for waste has led us into every nook and cranny of the bureaucracy," the President said in a nationwide radio speech defending the budget he will send to Congress at noon today.

"The time has come to get rid of old programs that have outlived their time, or that have failed."

Mr. Nixon said, as he has been saying now for three months, that his plan is to hold federal spending to \$250 billion this fiscal year, a goal that entails the with-

holding of some \$10-billion in funds that Congress approved.

For next fiscal year, which begins July 1, the President said, his budget calls for expenditures of \$269 billion. For the year after that, the projection is for \$283 billion.

The threatened withholding of \$10 billion this fiscal year has embroiled the President with Democrats in Congress, who say he is usurping their power of the purse.

They are likely to cry out in protest again when his budget is made public today.

His response, which he made in advance last night, was that failure to hold down federal spending would bring high-

See NIXON, A20, Col. 3

# Nixon Defends Budget Cuts

NIXON, From A1

er taxes, as well as renewed inflation, "the most insidious of all taxes."

A "third reason my new budget tries to curb the growth of government," the President said, "is that relying on bigger government is the wrong way to meet our nation's needs. Government has grown by leaps and bounds since the 1930s, but so have problems... The bigger government became, the more clumsy it became, until its attempt to help often proved a hindrance."

## Asks Firm Ceiling

The President called on Congress, again as he has in the past, "to set a firm ceiling on its overall expenditures, so that the Congress will consider not only the particular merits of individual programs, but also what happens to taxes and prices when you add them all together."

"Every member of the Congress gets enormous pressure from special interests to spend your money for what they want," he told the voters in a plea for public support. "And so I ask you to back up those congressmen and those sen-

ators, whether Democrats or Republicans, who have the courage to vote against higher spending.

"They hear from the special interests; let them hear from you. It is time to get big government off your back and out of your pocket."

The President gave what he called "just a few examples" of the programs he is asking Congress to cut back. "Some have been regarded as sacred cows in the past," he said. "No matter what their real value, no one dared to touch them."

"Last year," he said, "we spent nearly \$200 million on the Hill-Burton program to help build more hospitals, but today the shortage of hospital beds which existed through the '50s and the '60s has been more than met. And yet, the Hill-Burton program continues to pour out funds, regardless of need."

Also on his list were "our urban renewal programs," which, he said, "have cost us billions of dollars, with very disappointing results," and the impact aid program, which gives funds to school districts to offset the "impact" of federal installations and large numbers of children of federal employees.

Every President since Truman, including President Nixon, has tried to cut back impact aid, but Congress has never allowed them to do it. Almost every congressional district gets some of the money; this city and its suburbs get a great deal of it, as a result of their large populations of federal employees.

"There was a time when this program made sense," Mr. Nixon said, "when federal workers were a drain on local resources. Now most federal workers pay full local taxes. Yet we still have been paying out more than \$500 million a year in compensation to these communities, many of which are among the richest in the country, and so I propose that we change that program. Let us spend our education dollars where they are really needed."

The President also said that

"we... found we could save \$2.7 billion in the projected defense budget for 1974 and \$2.1 billion in the projected agricultural budget." He did not specify where the cutbacks were made. Announced agricultural cutbacks have already stirred up resentment among farm state congressmen.

## Kind of Landmark

The President spoke of his budget as a kind of landmark. "In the last few decades, the cost of government has skyrocketed," he said. "We must resist this trend."

At the same time, he said, "cutting back on federal programs does not mean cutting back on progress."

"When we cut a million dollars from a federal program," he said, "that money is not lost and its power to do good things eliminated; rather, that money is transferred to other budgets where its power to do good things is multiplied."

"Some of it," he went on, "will stay in family budgets where people can use it as they, themselves, see fit. Much will go back to state and county and municipal budgets, back to the scene of the action, where needs are best understood, where public offi-

cial are most accessible and, therefore, most accountable."

"And finally," he said, "some of the money we save will be shifted to other federal programs, those 'where it can do the most good with least waste for the most people.'"

## Double Some Spending

As examples, the President told his listeners, he is proposing "to double spending for major pollution control programs," and is asking for "an 8 per cent increase to fight crime and drug abuse; a 20 per cent increase in research to meet the energy crisis; and a 21 per cent increase to fight cancer and heart disease."

As an added defense of his spending plan, Mr. Nixon noted that "overall spending for human resources programs will be increased to a level almost twice what it was when I first came to office. Instead of spending one-third of our budget on human resources and nearly half of our budget on defense—as we were doing in 1969—we have exactly reversed those priorities."

"We can be thankful that, with the war in Vietnam now ended, this is a true peacetime budget in every sense of the word."



# Ash Confirms Plan To Break Up OEO

By PHILIP SHANDLER  
Star-News Staff Writer

President Nixon is likely to have his way with Congress and break up the agency that for nearly a decade had been the main vehicle for his Democratic predecessors' unprecedented attacks on poverty.

Roy L. Ash, the President's budget director confirmed yesterday that Nixon intends to cut the Office of Economic Opportunity from the White House — along with three smaller units — and halve the approximately 4,000 executive office work force.

Sen. Harrison Williams, D-N.J., chairman of the Senate Labor and Public Welfare Committee, later attacked Nixon for "failing to consult with Congress on a matter of considerable magnitude that requires joint effort if it is to be effected at all."

## Will Seen Lacking

And Congressional staffers said other strong reactions could be expected soon from key lawmakers. Many had left the Capital for the weekend by the time of the announcement yesterday.

But there is "just not either the will or the force in Congress today" to block the President, said an aide to another key Democrat.

What came to be known as the War on Poverty was less than universally popular almost from the time it was triggered by the Economic Opportunity Act of 1964.

Pressure from old-line agencies brought the assignment of several elements to existing Cabinet departments shortly after the late President Lyndon B. Johnson made the anti-poverty campaign a major focus of his Great Society vision.

Later, mayors who tolerated the establishment of paragonovernmental community-action bureaucracies in the hope of tempering the growing restiveness of blacks, grew less willing to forego control of the federal millions at stake when riots erupted despite — and some believe as a result of — the OEO efforts at organizing the poor.

The OEO activity became a issue in the 1968 campaign that saw Nixon's election, and it was widely anticipated at that time that he would move to dismantle the operation.

The new Republican President moved cautiously, however, shifting the educational Headstart and Upwardbound Programs to the Department of Health, Education and Welfare.



ROY ASH

Ash disclosed that the White House Office of Science and Technology will become a part of the Natural Science Foundation, that the Office of Emergency Preparedness will be shifted to the Department of Urban Development, and that its National Aeronautics and Space Counsel will be abolished.

Ash's comments came as congressional leaders disclosed that President Nixon will propose a \$268.7 billion budget for fiscal 1974 on Monday. The President confirmed the figure when he told a group of prisoner of war families that he was working on a \$268 billion budget.

The White House announced yesterday that Nixon will give an 11-minute broadcast on the budget about 6 p.m. tomorrow.

## Game Plan Undisclosed

To carry out the latter three actions, the White House later sent to the Congress, Reorganization Plan No. 1, which will go into effect within 60 days unless the legislators disapprove it.

The plan would trim the White House by only 389 jobs and trim its budget by about \$2 million, however. Dismantlement of OEO would strip 2,050 positions from the Executive Office — half here and half in regional offices.

Ash did not disclose the game plan for breaking up the \$760 million OEO operation.

But it has been reported that the biggest element, the \$378.5 million community action and economic operation will either be shifted to HUD, or in some other way be administered by the newly created Community Development Council headed by James Lynn, HUD secretary.

## Programed in Health and

nutrition financed currently at almost a \$155 million are expected to be transferred to HEW, along with other programs.

And some \$35 million in administrative and research-development-evaluative activity are said to be shifted to either the General Services Administration or the White House Office of Management and Budget.

## New Sensitivity

The White House is said to be prepared to again propose legislation to operate the controversial legal services program of OEO through a presidentially appointed corporation.

Members of Congress believe legislation is required before the President can split off the community development and community action programs as legal services.

There appears to be less resistance, however, to dispersing the first two elements than to isolating legal services. Liberals believe the program has been effective in establishing new sensitivity to the claims of the poor, in a variety of public services, and fear that the White House dominated corporation would throttle this.

But while the corporation proposal was blocked the last Congress, the shifting now of other elements of OEO would leave legal services in limbo — a prospect that "will make it incumbent for us to do something" about the legal program, a Capitol staffer said.

## Matter of Irony

The President's plan may become clearer Monday when he unveils his budget proposals and indicate where and at what dollar level he intends to accommodate the disassembled elements of the War on Poverty.

To some lawmakers it is a matter of irony that this war which they would like to see continue, should be coming to an end at a time when reinforcement for it could be coming available with the termination of the war they despise, the costly Vietnam conflict.

An OEO spokesman declined yesterday to rule out the possibility of RIF's — reductions in force eliminating jobs — but said a "primary consideration" in the OEO breakup would be the placing of its career employes in other jobs. OEO Director Sanchez is expected to be nominated to be ambassador to Panama.

But he soon got Congress to close down more than half of the 100 Job Corps Centers and transfer the others to the Labor Department.

Later, funding was halted for several dozen local community-action agencies, and the legal and health operations were split off from the community-action effort.

Last year a VISTA program, Volunteer Service, was blended with the Peace Corps into a new all-volunteer army called Action.

## Viability Near an End

And the current OEO director, Phillip B. Sanchez, declared shortly after he took office a year ago that OEO was to be regarded essentially as a research institution and not an action agency.

With Nixon talking more and more about returning as much of government and responsibility as possible to local elected officials, it has become increasingly evident that the viability of the quasi-independent anti-poverty force was near an end.

Ash announced its eminent demise in a briefing yesterday for congressional leaders on the high spots of the fiscal 1974 budget that Nixon is to send to the Capitol Monday.

Besides dealing with OEO,

# Administration to Propose Dismantling of OEO

By Lou Cannon

Washington Post Staff Writer

The Nixon administration plans to dismantle the Office of Economic Opportunity and distribute its various components among other agencies.

Informed sources within the administration said that the budget which will be presented to Congress next week for the 1973-74 fiscal year calls for ending the funding of OEO within the executive office of the President.

Most of the OEO programs will be divided among various

federal agencies, with the Department of Health, Education and Welfare getting most of them.

The plan would leave OEO's controversial legal services program without a home but the administration is expected to push again for creation of a separate legal services corporation. Rival administration and Democratic proposals for such a corporation died in Congress last year.

The Office of Economic Opportunity was the chief administrative instrument of Presi-

dent Johnson's "war on poverty." Despite some softening of its social action initiatives, OEO has grown steadily during the Nixon administration and now includes nearly half of the 4,216 jobs in the executive office of the President.

The administration's budget proposal would enable the President to keep a promise made earlier this month by John Ehrlichman, his domestic affairs assistant, who said that executive office jobs would be reduced 50 per cent by June 30.

Under the administration plan anti-poverty programs for education, child development, health, mental health, policy research and Indians would be transferred to HEW.

Administrative support and research and development monies would be transferred to the General Services Administration.

Local and state governments would be urged to take over existing community action programs, perhaps with the incentive of additional revenue-sharing funds.

The fate of OEO economic development programs was not clear. The administration expects to deal with these programs through its newly created Community Development Council headed by James Lynn, secretary of Housing and Urban Development and counsellor to the President for community development.

But there is a legal question about whether the economic development programs can actually be transferred to HUD.

See OEO, A20, Col. 4

## Break-Up of OEO Planned by Nixon

OEO, From A1

The administration has braced itself for criticism from administration and poverty constituency groups protesting the dismantling of OEO. The President's spokesmen will reply that the programs are being maintained, but more efficiently and closer to the source of the problems.

Legal services are likely to prove the thorniest issue, at least with the Democratic-controlled Congress. However, Nixon administration strategists insist that they have no desire to kill the program and believe that the dismantling of OEO will spur Congress to approve a legal services corporation.

Congress rejected the administration proposal for a corporation last year, on grounds that all of the appointments would be made by the President and that the measure would impose undue restrictions upon attorneys offering services to the poor.

But in the context of a corporation or nothing, Congress would be under pressure to approve a bill.

The dismantling of OEO also may put added pressure on Congress to enact the administration's government reorganization bills, which

would distribute functions now performed in OEO between departments of human resources and community development.

Formal announcement of the changes in OEO is scheduled for early next week when the administration also is expected to announce the appointment of Howard Phillips as OEO director, replacing Phillip V. Sanchez.

Phillips, 31, is director of program review at OEO. He has been a frequent target of poverty-group lawyers and Democratic congressmen, who have accused him of wanting to abolish legal services entirely.

Within the administration, Phillips has been considered as the ideal man to preside over the dismantling of the agency. He is expected to be promoted to another job once the OEO programs have been distributed.

Phillips has declined to be interviewed about his plans.



will give us the chance I spoke of in my inaugural address to make our new era of peace a new era of progress. In the last few decades, the cost of Government has skyrocketed. For every \$1 we were spending in 1952, we are spending nearly \$4 today. If the budget continues to double every 10 years, it will be over a trillion dollars by the nineteen-nineties—20 years from now—or as big as our entire economy is now.

#### 'A Tight Lid'

We must resist this trend, for several reasons, the first involves your taxes.

Since 1950, the share of personal income taken for taxes by all levels of government has doubled—to more than 20 per cent of your family budget. This growing burden works to dull individual incentive and discourage individual responsibility. As government takes more from people, people can do less for themselves. The only way to restrain taxes is to restrain spending.

In the campaign last fall, I promised I would not pro-

vide you with more than your very jobs. Not only the size of your tax bill—but also the size of your grocery bill and the security of your job itself—all of these are at stake when we draw up the Federal budget.

In the past four years, we have put our economy back on course again. Since 1969, inflation has been cut nearly in half. Jobs increased more rapidly last year than at any time since 1947—25 years ago. Real spendable, weekly earnings—that is what you have left to spend after paying your taxes and after allowing for inflation—showed their greatest improvement since 1955.

Best of all, the prospects for the coming year are very bright. 1973 could be our best year ever, ushering in a new era of prolonged and growing prosperity.

The greatest threat to our new prosperity is excessive Government spending. My budget calls for spending \$250-billion in the current fiscal year, \$269-billion next year, and \$288-billion in fiscal year 1975. These are large amounts—but they would be \$20-billion higher for each of the next two years if we had just gone about spending as usual. That, in turn, would have meant either an annual budget deficit of \$30-billion a year, which would have led to higher prices, or a 15 per cent increase in your income taxes.

To keep the totals even this low required a rigorous effort within the executive branch. But we cannot do the job alone.

#### Third Reason

If we are going to keep taxes and prices down, the Congress must keep spending down. That is why it is so important for the Congress to set a firm ceiling on its over-all expenditures—so that the Congress will consider not only the particular merits of individual programs, but also what happens to taxes and prices when you add them all together.

The third reason my new budget tries to curb the

time has come to get rid of old programs that have outlived their time, or that have failed. Whenever the return on our tax dollars is not worth the expenditure, we must either change that program or end it.

In the next few days, you will hear from some very sharp reductions in some very familiar programs, some have been regarded as sacred cows in the past. No matter what their real value, no one dared to touch them. Let me give you just a few examples.

Last year we spent nearly \$200-million on the Hill-Burton program to help build more hospitals, but today the shortage of hospital beds which existed through the fifties and the sixties has been more than met. And yet, the Hill-Burton program continues to pour out funds, regardless of need.

#### 'Our Search for Waste'

Or take some of our urban renewal programs; they have cost us billions of dollars, with very disappointing results, and little wonder, how can a committee of Federal bureaucrats, hundreds or thousands of miles away, decide intelligently where building should take place? That is a job for people you elect at the local level, people whom you know, people you can talk to.

And then there is our aid to schools near Federal facilities. There was a time when this program made sense, when Federal workers were a drain on local resources. Now most Federal workers pay full local taxes, yet we still have been paying out more than \$500-million a year in compensation to these communities, many of which are among the richest in the country, and so I propose we change that program. Let us spend our education dollars where they are really needed.

Our search for waste has led us into every nook and cranny of the bureaucracy, and because economy must begin right at home, we are cutting the number of people who work in the President's

better way to progress. When we cut a million dollars from a Federal program, that money is not lost and its power to do good things eliminated; rather that money is transferred to other budgets where its power to do good things is multiplied. Some of it will stay in family budgets where people can use it as they, themselves, see fit.

Much will go back to state and county and municipal governments, back to the scene of the action, where needs are best understood, where public officials are most accessible and, therefore, most accountable.

And finally, some of the money we save will be shifted to other Federal programs—where it can do the most good with least waste for the most people.

I am proposing, for example, to double spending for major pollution control programs. I am asking for an 8 per cent increase to fight crime and drug abuse; for a 20 per cent increase in research to meet the energy crisis; for a 21 per cent increase to fight cancer and heart disease.

In fact, over-all spending for human resource programs will be increased to a level almost twice what it was when I first came to office. Instead of spending one-third of our budget on human resources and nearly half of our budget on defense—as we were doing in 1969—he have exactly reversed those priorities.

#### 'A True Peacetime Budget'

We can be thankful that with the war in Vietnam now ended, this is a true peacetime budget in every sense of the word.

In the days and weeks ahead, I shall be spelling out my recommendations in much greater detail. My budget will go to the Congress tomorrow; my Economic Report on Wednesday. And instead of delivering just one State of the Union address, covering a laundry list of programs, I shall present my State of the Union report this year in a series of de-

work is spent by you for what you want, or by Government for what someone else wants.

It is important that the struggle to hold the line against bigger Government not become a contest which pits one branch of Government against another, but one which joins the President and the Congress in meeting a common challenge. And those in the Congress who enlist in this struggle need your support.

Every member of the Congress gets enormous pressure from special interests to spend your money for what they want. And so I ask you to back up those Congressmen and those Senators, whether Democrats or Republicans, who have the courage to vote against higher spending. They hear from the special interests; let them hear from you.

It is time to get big Government off your back and out of your pocket. I ask your support to hold Government spending down, so that we can keep your taxes and your prices from going up.

# 4 Major Health Programs To Get Ax in Nixon Budget

The administration took an ax  
and gave HEW's budget  
40 whacks,  
and when Nixon saw what  
he had done  
he gave it another forty-  
one.

—ASIA News, quoting a bit of doggerel circulating at HEW

By Stuart Auerbach  
Washington Post Staff Writer

The Nixon administration wants to kill at least four major federal health programs after deciding that they are either no good or not needed.

They are the construction of hospitals, the regional medical program to spread the benefits of research, community mental health centers and research training grants for young scientists.

President Nixon, said presidential assistant John D. Ehrlichman in a television interview this week, "is convinced that there are many many federal program that are simply not paying off, that are not working."

The first program that Ehrlichman cited was the 26-year-old Hill-Burton law that provides federal money for hospital construction.

The decision to cut Hill-Burton, as well as other health programs, will be reflected in President Nixon's budget for the year beginning July 1, to be released next week.

The cuts came after months of study by the economists and technicians in the White House's Office of Management and Budget, and was brought about by the President's decision to hold spending to near a \$250 billion level.

The domestic budget, said an administration official, "was looked at as it has never been looked at before." Health, he said, provided some "pretty obvious examples" of areas where federal money either was being wasted or doing no good.

The administration feels that federal money for hospital construction is no longer needed because the nation has more hospital beds than it requires.

American Hospital Association figures show that about 20 per cent of the nation's hospital beds are vacant during the year. For community hospitals the figure is even higher, close to 25 per cent.

Moreover, the administration believes there are loans available — either federal or private — to finance hospital construction. "If there's a mechanism available," said an administration official, "let's use the precious grant money for other things."

As for the regional medical programs, started by President Johnson seven years ago, the OMB analysis showed that the project had failed to achieve its aim of spreading research advances in the fields of heart, cancer and stroke care from the major medical centers to the rest of the nation.

"Other than people who work in RMP," one aide said, "most experts agree that it hasn't worked. The purpose is great. But until we find another way there's no reason to put money in RMP."

Training grants are being eliminated because the National Institutes of Health failed to convince OMB that their loss would hurt biomedical research.

"If NIH had made a case of dire consequences for research, the program would have been continued. All they would have had to do was demonstrate what the money was doing to move ahead biomedical research and what the absence of money would do to hurt biomedical research," an administration official said.

On the other hand, the administration feels that the community mental health center concept has proven itself and therefore no longer needs federal funds.

The new budget will allow no more money to start community mental health centers and will not provide additional funds for existing centers once current grants run out. There are currently 325 centers receiving federal funds.

The administration feels that there is no way the federal government can provide funds to meet the original goal, as stated by President Kennedy, of covering the nation with a network of 2,000 community mental health centers.

Besides, an administration health official said, if Congress passes a national health insurance plan that covers mental illness, there is no need for special funds for mental health centers.

Administration officials also feel that the current community mental health center program is inequitable because people served by the federally funded centers receive better care than the rest of the nation.

The administration also will

oppose the continuation of a series of health projects including tuberculosis, venereal disease, rat control and lead poisoning programs. Instead, the budget would provide state and local governments with health revenue-sharing money for these programs.



1-29-73

# Nixon Urges Public To Seek Budget Lid

## Appeals for Pressure on Congressmen— Will Submit Fiscal Plan Today

By ROBERT H. PHELPS  
Special to The New York Times

MIAMI, Jan. 28—President Nixon disclosed today plans for cuts in long-standing programs of aid to hospitals, schools and urban areas in appealing to the nation to put pressure on Congress to hold down Federal spending.

In an 11-minute radio address taped in Washington before the President came South for a long weekend in the sun, Mr. Nixon also disclosed proposals for shifting some of the savings to programs to control

pollution, fight crime and drug abuse and step up research on cancer and heart disease.

The text of Nixon speech is printed on Page 18.

The President also repeated his determination to avoid a tax increase.

The President gave no dollar figures on the amounts of the proposed cuts or increases or when he wanted them to take effect. Those details, as well as other proposed reductions and increases, will be released tomorrow when he sends to Congress his budget for the fiscal year 1974, which begins July 1 this year.

Recognizing that some leaders of the Democratic-controlled Congress disagree with him over how Federal funds should be allocated, the President used most of his radio time to give his argument for holding spending to \$268.7-billion, the budget total he disclosed Friday, and to justify "sharp reductions" in programs that have become "sacred cows."

address ended with an

appeal to the people to support those in Congress "who have the courage to vote against higher spending."

The President began his speech by noting that the cost of Government had "skyrocketed" over the last few decades. "For every \$1 we were spending in 1952, we are spending nearly \$4 today," he said. "If the budget continues to double every 10 years, it will be over a trillion dollars by the nineteen-nineties—20 years from now—or as big as our entire economy is now."

Mr. Nixon offered three reasons for resisting this trend.

The first was to prevent a tax increase. Asserting that taxes by all levels of government take more than 20 per cent of family budgets, he said, "This growing burden works to dull individual incentive and discourage responsibility. As government takes more from people, people can do less for themselves."

"Could Be Our Best Year"

The second reason, the President gave for holding down spending was to prevent inflation. "Nineteen seventy-three could be our best year ever, ushering in a new era of prolonged and growing prosperity," the President said. "The greatest threat to our new prosperity is excessive Government spending."

The third argument the President made for his budget was to curb growth of Government. "The bigger Government became, the more clumsy it be-

Continued on Page 18, Column 3

# Nixon Asks Public to Seek Curbs on Federal Budget

Continued From Page 1, Col. 2

came, until its attempt to help often proved a hindrance," he said.

It was in making this third argument that Mr. Nixon disclosed his plans to reduce funds for "some very familiar programs." He gave three examples of "sacred cows that no one dared to touch" regardless of their real value.

"Disappointing Results"

Mr. Nixon noted that last year \$200-million was spent under the Hill-Burton Act, the program of Federal aid for hospital construction that began in 1946. The shortage of hospital beds that existed for the last 20 years "has been more than met," the President said.

"Or take some of our urban renewal programs," Mr. Nixon went on. "They have cost us billions of dollars, with very disappointing results. And little wonder: How can a committee of Federal bureaucrats, hundreds of thousands of miles away, decide intelligently where building should take place? That is a job for people you elect at the local level, people whom you know, people you can talk to."

The President did not say so, but the law now provides that local agencies decide on urban renewal projects within guidelines established by the Federal Government.

Popular Program

The third "sacred cow" that Mr. Nixon mentioned was aid to schools near Federal facilities, such as military bases. Presidents Kennedy and Johnson tried in vain to cut back on this program, which is popular in Congress because it pumps more than \$500-million a year into local school districts.

"There was a time when this program made sense, when Federal workers were a drain on local resources," Mr. Nixon said. "Now most Federal workers pay full local taxes . . . Let us spend our education dollars where they are really needed."

Mr. Nixon also said that ways had been found to save \$2.7-billion in the projected defense budget and \$2.1-billion in the projected agriculture budget, but did not say whether these were cuts in current programs or rejections of proposals for new programs.

These reductions and plans to cut the number of employ-

ees in the executive office from 4,200 to 1,700 were the only ones mentioned by the President in his address. Reports in Congress say that the budget will also call for drastic cuts in many social programs.

The budget cuts he is proposing do not mean a cut in progress, Mr. Nixon said. He said some of the money saved would stay in people's pockets for them to spend as they saw fit, much of it would go back to state, county and municipal governments, and some would be shifted to other federal programs.

At this point Mr. Nixon told of proposed increases, giving percentages but not the specific programs. He said he would ask for doubled spending "for major pollution control programs," an 8 per cent increase to fight crime and drug abuse, a 20 per cent increase in research to meet the energy crisis and a 21 per cent increase to fight cancer and heart disease.

While the President did not say so, the Administration reportedly plans to seek special revenue-sharing legislation giving states and localities block grants to use as they please for various purposes.

The President put his impending fight with Congress in personal terms for his listeners:

"In holding down spending, what is at stake is not just a big, impersonal Federal budget. What is at stake is your job, your taxes, the prices you pay, and whether the money you earn by your work is spent by you for what you want, or by Government for what someone else wants."

"Enormous Pressure"

While urging that the "struggle to hold the line against bigger Government not become a contest which pits one branch of Government against another" the President ended his speech with an appeal for support for Representatives and Senators, whether Democrats or Republicans, who vote against higher spending.

He said that every member of Congress "gets enormous pressure from special interests to spend your money for what they want." He did not name any of these special interests.

While the speech was being broadcast, Mr. Nixon was on Grand Cay in the Bahamas, at the home of a friend, Robert Abplanalp, a New York industrialist.



# Text of Nixon's Radio Address on His Plans for the Federal Budget

Special to The New York Times

KEY BISCAYNE, Fla., Jan. 28.—Following is the text of President Nixon's radio address as taped for broadcast to the nation today:

At noon tomorrow, I will send to the Congress one of the most important documents I will sign as President — my budget proposals for the coming fiscal year.

This budget will not require higher taxes. It will not drive prices higher. And it will give us the chance I spoke of in my inaugural address to make our new era of peace a new era of progress.

In the last few decades, the cost of Government has skyrocketed. For every \$1 we were spending in 1952, we are spending nearly \$4 today. If the budget continues to double every 10 years, it will be over a trillion dollars by the nineteen-nineties—20 years from now — or, as big as our entire economy is now.

## 'A Tight Lid'

We must resist this trend, for several reasons; the first involves your taxes.

Since 1950, the share of personal income taken for taxes by all levels of government has doubled—to more than 20 per cent of your family budget. This growing burden works to dull individual incentive and discourage individual responsibility. As government takes more from people, people can do less for themselves. The only way to restrain taxes is to restrain spending.

In the campaign last fall, I promised I would not pro-

pose any new tax increases. By keeping a tight lid on spending, my new budget keeps that promise.

The second reason for resisting bigger Government is its impact on our economy. We saw in the nineteen-sixties what happens when Government spends beyond its means. The result is run-away inflation; the most insidious of all taxes, which begins by picking your pockets, goes on to threaten your very jobs. Not only the size of your tax bill—but also the size of your grocery bill and the security of your job itself—all of these are at stake when we draw up the Federal budget.

In the past four years, we have put our economy back on course again. Since 1969, inflation has been cut nearly in half. Jobs increased more rapidly last year than at any time since 1947—25 years ago. Real spendable weekly earnings—that is what you have left to spend after paying your taxes and after allowing for inflation—showed their greatest improvement since 1955.

Best of all, the prospects for the coming year are very bright. 1973 could be our best year ever, ushering in a new era of prolonged and growing prosperity.

The greatest threat to our new prosperity is excessive Government spending. My budget calls for spending \$250-billion in the current fiscal year, \$269-billion next year, and \$288-billion in fiscal year 1975. These are large amounts — but they would

growth of Government is that relying on bigger Government is the wrong way to meet our nation's needs. Government has grown by leaps and bounds since the nineteen-thirties; but so have problems — problems like crime and blight and inflation and pollution. The bigger Government became, the more clumsy it became, until its attempts to help often proved a hindrance.

The time has come to get rid of old programs that have outlived their time, or that have failed. Whenever the return on our tax dollars is not worth the expenditure, we must either change that program or end it.

In the next few days, you will hear from some very sharp reductions in some very familiar programs, some have been regarded as sacred cows in the past. No matter what their real value, no one dared to touch them. Let me give you just a few examples.

Last year we spent nearly \$200-million on the Hill-Burton program to help build more hospitals, but today the shortage of hospital beds which existed through the fifties and the sixties has been more than met. And yet, the Hill-Burton program continues to pour out funds, regardless of need.

## 'Our Search for Waste'

Or take some of our urban renewal programs; they have cost us billions of dollars, with very disappointing results, and little wonder, how can a committee of Federal

own executive office from 4,200 to 1,700. That is a 60 per cent reduction.

We also found we could save \$2.7-billion in the projected defense budget for 1974 and \$2.1-billion in the projected agricultural budget.

But after talking about these cuts, let's get one thing straight. Cutting back on Federal programs does not mean cutting back on progress. In fact, it means a better way to progress. When we cut a million dollars from a Federal program, that money is not lost and its power to do good things eliminated; rather that money is transferred to other budgets where its power to do good things is multiplied. Some of it will stay in family budgets where people can use it as they, themselves, see fit.

Much will go back to state and county and municipal governments, back to the scene of the action, where needs are best understood, where public officials are most accessible and, therefore, most accountable.

And finally, some of the money we save will be shifted to other Federal programs—where it can do the most good with least waste for the most people.

I am proposing, for example, to double spending for major pollution control programs. I am asking for an 8 per cent increase to fight crime and drug abuse; for a 20 per cent increase in research to meet the energy crisis; for a 21 per cent increase to fight cancer and

tailed messages on specific subjects. Together, these statements will chart a new course for America—a course that will bring more progress by putting more responsibility and money in more places.

In holding down spending, what is at stake is not just a big, impersonal Federal budget. What is at stake is your job, your taxes, the prices you pay, and whether the money you earn by your work is spent by you for what you want, or by Government for what someone else wants.

It is important that the struggle to hold the line against bigger Government not become a contest which pits one branch of Government against another, but one which joins the President and the Congress in meeting a common challenge. And those in the Congress who enlist in this struggle need your support.

Every member of the Congress gets enormous pressure from special interests to spend your money for what they want. And so I ask you to back up those Congressmen and those Senators, whether Democrats or Republicans, who have the courage to vote against higher spending. They hear from the special interests; let them hear from you.

It is time to get big Government off your back and out of your pocket. I ask your support to hold Government spending down, so that we can keep your taxes and your prices from going up.

# Southwest Council of La Raza

## MEMORANDUM

Henry Santiestevan  
Executive Director

National Services Office:  
Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

Central Office:  
Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

To: SWCLR board, affiliates, and SWCLR employees  
From: Linda B. Major, Communications Sections Officer  
Date: January 30, 1973  
Subject: Job opening in Washington, D.C.



The Council has an opportunity to introduce into the journalism community a person seeking a career in communications. The position of editorial assistant is open in the Communications Section, Washington, D.C. The SWCLR seeks someone who is fluent in Spanish and has newswriting and editing ability.

If you know of a young college graduate with a journalism or related degree, or someone who has worked on a newspaper or in TV/radio and wants to increase his or her skills, please encourage the applicant to send a resume as soon as possible to me at the Washington office. The job is flexible enough to attract a person with a year or two of work experience, but clerical work is included in the position. Salary commensurate with ability, experience, and commitment.

A brief job description follows.

### SWCLR EDITORIAL ASSISTANT.

Applicant should have demonstrated talent and commitment to the pursuit of a professional career in the mass media.

Editorial Assistant will perform tasks, both perfunctory and analytical, establishing the discipline for both the routine and creative. This should lead to a growing role

as part of the Council's communications network.

Responsibilities include: Maintaining, under the direction of the Communications Section Officer, the Council's Communications Section office, its clip files, photo files and correspondence files. The editorial assistant will plan and issue a daily in-house news report.

The assistant will see that media resource notebooks are up to date and keep current the mailing list.

The assistant, working under the direction of the Communications Section Officer, has the potential to increase his or her responsibilities as skills develop. Initially, the assistant will develop a monthly newsletter and participate in the writing and editing of additional newsletters and a quarterly magazine. The assistant will receive training in all phases of magazine, newsletter and brochure production and in public relations.

The assistant will help write and produce news releases and will help disseminate the news. He or she will take part in promotion programs and in any projects involving the Council's use of radio and television.

# Southwest Council of La Raza

Suite 120, 1325 Massachusetts Avenue, N.W.,  
Washington, D. C. 20005 (202) 347-2256



Henry Santiestevan  
Executive Director

National Services Office:  
Suite 120  
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Washington, D. C. 20005  
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Central Office:  
Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

TO: Officers, Board of Directors,  
Executive Directors & Professional  
Staff.

FROM: Henry Santiestevan, Executive Director *HS*

DATE: January 31, 1973

RE: National Council of La Raza

We are pleased to inform you that on the 12th day of January, 1973, the name of the Southwest Council of La Raza has been legally changed to the National Council of La Raza in accordance with the resolution adopted by the Board of Directors meeting in Phoenix, Arizona on December 9-10, 1972.

Enclosed are copies of the legal documents pertaining to this matter. Also enclosed for your information and files, is a copy of the Articles of Incorporation of the National Council of La Raza reflecting all of the amendments to date.

At the direction of the Executive Director, Armando de Leon, Legal Counsel, has informed Facundo Valdez, Chairman of the Bylaws Committee, that he and his committee now have certain tasks to consider concerning amendments to the bylaws pursuant to the actions taken by the Board of Directors at their meeting of December 9-10, 1972.

av

Enclosures

10857

# STATE OF ARIZONA

## Corporation Commission



To all to Whom these Presents shall Come, Greeting:

I, GEORGE M. DEMPSEY SECRETARY OF THE ARIZONA CORPORATION COMMISSION, DO HEREBY CERTIFY THAT the annexed is a true and complete copy of the AMENDMENT to the ARTICLES OF INCORPORATION of SOUTHWEST COUNCIL OF LA RAZA changing the name to NATIONAL COUNCIL OF LA RAZA

which was filed in the office of the Arizona Corporation Commission on the 12th day of January, 1973 as provided by law.



IN WITNESS WHEREOF, I HAVE HEREUNTO

SET MY HAND AND AFFIXED THE OFFICIAL SEAL OF THE ARIZONA CORPORATION COMMISSION, AT THE CAPITOL, IN THE CITY OF PHOENIX, THIS 12th DAY OF January 1973 A. D.

*George M. Dempsey*  
BY SECRETARY



CERTIFICATE OF AMENDMENT  
TO ARTICLES OF INCORPORATION OF  
SOUTHWEST COUNCIL OF LA RAZA

KNOW ALL MEN BY THESE PRESENTS:

That at a special meeting held on December 9th and 10th, 1972, of the Board of Directors of the Southwest Council of La Raza, at the Rodeway Inn (Airport) in Phoenix, Arizona, all notices required by law having been expressly waived by all of the Directors of said Corporation, the following resolution was unanimously adopted:

RESOLVED that the second paragraph of Article II of the Amended Articles of Incorporation be again amended in its entirety and, as amended, reads as follows:

"The name of the corporation shall be:  
NATIONAL COUNCIL OF LA RAZA,  
and its economic and housing program development and operations division and corporate office shall be in Phoenix, Maricopa County, Arizona, and its national center headquarters shall be in Washington, D.C. The corporation may establish branch offices elsewhere, either within or without the State of Arizona, as may be desired."

DATED this 4<sup>th</sup> day of January, 1973.

Maclovio R. Barraza  
MACLOVIO R. BARRAZA, Chairman

ATTEST:




ED GUTIERREZ, Financial Secretary

STATE OF ARIZONA )  
 ) ss.  
 COUNTY OF MARICOPA )

On this the 4<sup>th</sup> day of January, 1973,  
 before me, the undersigned Notary Public, personally appeared  
 MACLOVIO BARRAZA and ED GUTIERREZ, known to me to be the  
 Chairman and Financial Secretary respectively of the SOUTHWEST  
 COUNCIL OF LA RAZA, and that as such officers they are duly  
 authorized to execute the foregoing instrument and acknowledged  
 that they executed the same for the purposes therein contained.

GIVEN UNDER MY HAND AND SEAL of office the day and  
 year first above written.



NOTARY PUBLIC

My Commission Expires:  
Feb 15, 1975

72692

ARIZONA CORPORATION COMMISSION  
INCORPORATING DIVISION

FILED

JAN 12 1973

At 2:10 P. M. at request of  
De Prima, Aranda & deLeon  
Address Suite 1511 Financial Center  
Phoenix, Arizona 85012  
By T. Selonke  
George M. Dempsey SECRETARY

County of Maricopa } ss

I hereby certify that the within instrument was filed and recorded at request of

De Prima, Aranda & deLeon  
JAN 12 '73 -4 40

in Docket 9939  
on page 520-523

Witness my hand and official seal the day and year aforesaid.

Paul N. Marston  
County Recorder

Debra Luster  
Deputy Recorder

*J*

SECOND AMENDED  
ARTICLES OF INCORPORATION  
OF  
NATIONAL COUNCIL OF LA RAZA



SECOND AMENDED  
ARTICLES OF INCORPORATION  
OF  
NATIONAL COUNCIL OF LA RAZA

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned, have associated and do hereby associate ourselves together for the purpose of forming a non-profit corporation without capital stock, pursuant to the laws of the State of Arizona in such cases made and provided as follows:

ARTICLE I

The names, residences and post office addresses of the Incorporators are as follows:

Maclovio R. Barraza	1951 W. Waverly	Tucson, Arizona 85705
Rafael Arvizu, Jr.	3621 S. 14th Ave.	Tucson, Arizona 85713
Trinquilino U. Madrid	12 W. Harwell	Phoenix, Arizona 85014

ARTICLE II

The name of the corporation shall be:

NATIONAL COUNCIL OF LA RAZA

and its economic and housing program development and operations division and corporate office shall be in Phoenix, Maricopa County, Arizona, and its national center headquarters shall be in Washington, D.C. The corporation may establish branch offices elsewhere, either within or without the State of Arizona, as may be desired.

ARTICLE III

The powers of the corporation shall be those granted by Title

10, Chapter I of the Arizona Revised Statutes, under which this corporation is formed and the general business to be transacted by the corporation is in furtherance of and limited by the following objectives:

Further, the purposes for which the corporation is organized are as follows: To operate exclusively for charitable and educational purposes, including, but not limited to improvement of the condition of the Mexican American poor, and the underprivileged as is more specifically set forth hereinafter:

To organize and maintain a National Council as a voluntary and democratic mutual assistance association of affiliated barrio/community development organizations and to establish a membership based organization.

To develop and provide a capability which can coordinate, extend and strengthen affiliated barrio/community development organizations through the delivery of supportive resources and technical and other types of assistance.

To provide a connecting link with groups, organizations, civic and governmental bodies, in both the public and private sectors, through which supportive resources and/or assistance may be obtained for the programs and projects of the National Council and affiliated barrio/community development organizations.

To provide a connecting link available to cooperate with any group or organization engaged in any form of cooperative community organization consistent with the programs and policies of the National Council.

To conduct research and inquiry of the problems and issues that confront, with local variations and particular effects, the Chicano communities.

To prepare from such research, and to provide an information center to disseminate as widely as possible, the information that is relevant to those problems and issues and the possession of which will stimulate enlightened and effective participation.

To promote meetings, conferences, seminars, discussions and other forms of group communication and analysis of the same among those engaged in organizational activity.

To provide technical assistance to affiliated barrio/ community development organizations and to encourage, promote and facilitate mutual aid and assistance among them in order to strengthen each of them through the moral, technical and material resources of all.

To explore by research, information and discussion those areas of critical social concern in which organization and programs are needed, and to recommend the nature of such action.

To assist in developing, on behalf of community organizations and groups, program proposals in those areas of critical social concern, and to explore possible sources for funding.

To encourage and assist the development of the moral, technical and material resources of the barrios and colonias.

To organize, exist and function as a charitable, non-profit, non-political 501 (c) (3) tax-exempt organization, with priorities as follows:

The priorities of the National Council's core program are:

To serve as the organizational developmental, administrative and communications secretariat, or 'nerve-center', of a network linking affiliated autonomous barrio/community development organizations.

To serve as the national program advocate and mobilizer of resources and support for barrio/community development programs.

To deliver program support and technical assistance services to barrio/community development programs in the following priority areas:

- A. Housing Development
- B. Economic Development
- C. Educational Opportunities

The Council will add the following priority program areas as resources permit:

- A. Manpower Development
- B. Health Care and Services

The priorities of the Council's supportive operations are:

- A. Program Advocacy Development and Coordination
- B. Resource Development
- C. Program Evaluation and Monitoring
- D. Training
- E. Administrative and Fiscal Services

The foregoing expressed powers shall not empower this organization to engage otherwise than as an insubstantial part of its activities and activities which in themselves are not in furtherance of one or more exempt charitable purposes under the provisions of Section 501(c)(3) of the Internal Revenue Code as amended.



#### ARTICLE IV

This corporation shall be organized without capital stock, and its membership shall consist of a single class; provided, however, that the Board of Directors, by Bylaws or otherwise, may establish one or more auxiliary classes of membership and confer thereon such rights and privileges as the Board may determine, other than voting rights. The term of active membership shall be for a period of two years, except as hereinafter set forth, but any member may be elected to additional terms upon expiration of the term for which he was originally chosen. Vacancies may be filled by majority vote of the membership within the guidelines as prescribed in the corporation Bylaws and other applicable administrative directives.

#### ARTICLE V

Provisions for the regulation of the internal affairs of the corporation, except as provided in these Articles, shall be determined and fixed by the Bylaws as adopted by the Board of Directors.

At all times, and notwithstanding change of name, merger, consolidation, reorganization, termination, dissolution, or winding up of this corporation, voluntary or involuntary or by operation of law, or any other provisions hereof:

- A. The corporation shall not possess or exercise any power authority either expressly, by interpretation, or by operation of law that will prevent it at any time from qualifying, and continuing to qualify, as a corporation described in Section 501 (c) (3) of the Internal Revenue Code of 1954 as amended (hereafter referred to as "the

Code"), contributions to which are deductible for Federal Income Tax purposes; nor shall it engage directly or indirectly in any activity which would cause the loss of such qualification.

- B. No part of the assets or net earnings of the corporation shall be used, nor shall the corporation ever be organized or operated, for purposes that are not exclusively charitable, scientific, or educational within the meaning of Section 501 (c) (3) of the Code.
- C. The corporation shall never be operated for the primary purpose of carrying on a trade or business for profit.
- D. No part of the activities of the Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation as these prohibited activities are defined by law; nor shall it participate or intervene in any manner, or to any extent, in any political campaign on behalf of any candidate for public office, whether by publishing or distributing statements, or otherwise.
- E. At no time shall the corporation engage in any activities which are unlawful under the laws of the United States of America, Arizona, or any other jurisdiction where its activities are carried on; nor shall it engage in any transaction defined at the time as "prohibited" under Section 503 of the Code.

- F. No compensation, loan or other payment shall be paid or made to any officer, board member, creator, or organizer of the corporation, or substantial contributor to it, except as reasonable compensation for services rendered and/or as a reasonable allowance for authorized expenditures incurred on behalf of the corporation; and no part of the assets or net earnings, current or accumulated, of the corporation shall ever be distributed to or divided among such person, or inure, be used for, accrue to or benefit any such person or private individual (under the prohibition contained in Section 501 (c) (3) of the Code).
- G. No solicitation of contributions to the corporation shall be made and no gift, bequest or devise to the corporation shall be accepted, upon any condition or limitation which, in the opinion of the corporation, may cause the corporation to lose its Federal income tax exemption.
- H. The corporation shall distribute its income for each taxable year at such time and in such manner as not to subject the corporation to tax under Section 4942 of the Code.
- I. The corporation shall not engage in any act of self-dealing, as defined in Section 4941 (d) of the Code.
- J. The corporation shall not retain any excess business holdings, as defined in Section 4943 (c) of the Code.
- K. The corporation shall not make any investments in such manner as to subject the corporation to tax under Section 4944 of the Code.

- L. The corporation shall not make any taxable expenditures as defined in Section 4945 (d) of the Code.
- M. Corporation shall have no capital stock and no dividends or pecuniary profits shall be declared or paid to the members of this corporation or to any individual and no part of the net earnings, if any, shall enure to the benefit of any member or individual.
- N. The corporation shall have the right to receive donations, endowments, devises and bequests.

Upon the termination, dissolution or winding up of the corporation in any manner or for any reason, its assets, if any, remaining after payment (or provision for payment) of all liabilities of the corporation, shall be distributed to, and only to, one or more organizations described in Section 501 (c) (3) of the Code or for only exempt purposes as described in Section 501 (c) (3) of the Code.

#### ARTICLE VI

The time of the commencement of this corporation shall be the day these Articles are filed and a certified copy of the same are recorded in accordance with law and a Certificate of Incorporation is delivered by the Corporation Commission, and the termination thereof shall be twenty-five (25) years thereafter, with the privilege of renewal as provided by law.

#### ARTICLE VII

The control and management of the affairs of the corporation shall be vested in the Executive Committee of Directors, which Executive Committee of Directors shall consist of such officers of the corporation, together with directors as are designated by the Board of



Directors in conformity with and in the manner prescribed in the By-Laws. The officers and directors of the corporation shall be elected bi-annually at the annual meeting of the corporation as set forth in the By-Laws of the corporation

#### ARTICLE VIII

All corporate meetings, whether of the membership at large, the annual meeting of the corporation, or the Board of Directors or the Executive Committee of Directors or any other bodies established by the Corporation, may be held either within or without the State of Arizona.

#### ARTICLE IX

The officers and directors of this corporation were elected at the meeting held on the 10th day of February, 1968. The annual meeting date shall be the third Saturday in February.

#### ARTICLE X

The highest amount of indebtedness or liability, direct or contingent, to which this corporation may be subjected at any one time is Ten Million Dollars.

#### ARTICLE XI

The private property of the directors, officers, and members of this corporation shall forever be exempt from its debts and obligations.

#### ARTICLE XII

Armando de Leon, whose address is 6245 W. Wolf Street, Phoenix, Maricopa County, Arizona, who has been a bona fide resident

of the State of Arizona for at least three years prior to the date hereof, is hereby appointed and made a lawful agent for and on behalf of this corporation in and for the State of Arizona, to accept and acknowledge service of, and upon whom may be served, all necessary process or processes in any action, suit or proceeding that may be had or brought against the said corporation in any of the Courts of said State of Arizona, such services of process or notice, or the acceptance thereof by him endorses thereon to have the same force and effect as if served upon the President and Secretary of the corporation. This appointment may be revoked at any time by filing the appointment of and to another agent.

IN WITNESS WHEREOF, we hereunto affix our signatures this 16th day of February, 1968.

/s/ Maclovio R. Barraza

/s/ Rafael Arvizu, Jr.

/s/ Trinquilino U. Madrid

STATE OF ARIZONA     )  
                          )  ss.  
County of Maricopa    )

This instrument was acknowledged before me this 16th day of February, 1968, by MACLOVIO R. BARRAZA, RAFAEL ARVIZU, JR., and TRINQUILINO U. MADRID, known to me to be the person whose signatures are subscribed to be the foregoing Articles of Incorporation, who personally appeared before me and acknowledged that they executed the same for the purpose therein expressed.

Given under my hand and seal of office the day and year in the certification above written.

/s/ Armando de Leon  
Notary Public

My Commission Expires:  
February 15, 1971

# Southwest Council of La Raza

## MEMORANDUM



Henry Santiestevan  
Executive Director

To: Board Members and Affiliates

National Services Office:  
Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

Date: February 5, 1973

From: Roberto "Olly" Olivas

Subject: Revenue Sharing

Central Office:

Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

Pursuant to our previous conversations and your request to be kept informed of Revenue Sharing information I am enclosing some material that I am certain you will find very enlightening regarding this subject.

Additionally I have just received from the office of Representative Joe L. Evins a list of impoundment of funds appropriated by Congress. This may give you a clear indication of the type of adjustments that will be taking place on program activities and the additional burden that will be placed on Revenue Sharing funds and local Revenue funding resources.

The categorical amounts should be viewed not by the mass amount in millions but by the distributive affect said amounts will have on the administration's program.

I would appreciate any information regarding job cutbacks that might take place in your areas due to impoundment or cutbacks of Federal funds. This information coupled with the statistics of returning Southeast Asian veterans and its cumulative affect on local social services which will inflate the unemployment roles may have a significant impact in our presenting a case in support of categorical social programs at the Federal level.

Sincerely,

*Roberto Olly Olivas*

Roberto "Olly" Olivas  
National Services Officer

ROO/df



# Top Treasury Aide Stresses That Phase 3 Won't Allow Renewal of Wage-Price Spiral

By JAMES P. GANNON

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The Treasury's new No. 2 man, concerned about a revival of inflationary expectations, warned that "Phase 3 is going to get tough if toughness is warranted."

William E. Simon, the new Deputy Secretary of the Treasury, said he was surprised when financial-market reaction to the new quasi-voluntary controls systems indicated widespread skepticism that the government could keep the lid on inflation without mandatory controls.

Many investors, he commented, apparently "thought it was a cop-out, that we are walking away from controls." He added: "Nothing could be further from the truth. We are deadly serious about controlling inflation." Warning that the Nixon administration won't hesitate to use its powers to stop or roll back wage or price actions inconsistent with the anti-inflation program, he said that, "if people think they've been given a free rein" under Phase 3, "they had better think again."

## First Interview in Office

The 44-year-old former bond dealer, who has spent the past six weeks devouring Treasury briefing papers and otherwise cramming for his new job, ranged over a wide variety of topics in his first interview with a newsmen since taking office. Alternately pacing the floor and sitting in front of an elegant antique rolltop desk, Mr. Simon made these other points:

—He wants the Treasury to lengthen the average maturity of federal debt issues by issuing more long-term securities so that the government won't be constantly competing for funds with private borrowers.

—He expects to play a policy-making role in such areas as tax revision, foreign trade and energy policy. He also will assume much of the day-to-day burden of running the Treasury, while Treasury Secretary Shultz devotes much time to his broader role of overseer of all economic policy.

—The administration's new economic policy-making structure is still in a shakedown period during which the specific roles of key men and their agencies will evolve gradually.

Mr. Simon previously had avoided speaking out publicly pending his confirmation by the Senate, which came last week. In a style that associates say is typical of the man, he has been putting in 12-hour days at the Treasury since the day after his appointment was announced by the White House on Dec. 6. Mr. Simon remarked that his boss, Mr. Shultz, "was a little surprised when he got in at 8 o'clock the next morning and I was here" already at work.

Mr. Simon said he has been "doing the homework necessary to dry myself out behind the ears." He has severed all ties to Salomon Brothers, the big New York investment house where he was senior partner and head of the government and municipal bond departments, and has placed his financial holdings in a "blind trust" controlled by a third party.

## Inflation Battle Undiminished

Speaking unhesitatingly, he repeatedly stressed the Nixon administration's determination to run the Phase 3 controls program so that "this battle against inflation isn't diminished by one iota."

"We have the cooperation of labor and management" in the new program, he said. "I think people who say labor negotiations this year are going to be out of control are mistaken," he added. Whereas unions were "playing catch-up ball" in previous rounds of bargaining while the inflation rate was accelerating, as this year's talks begin "we have cut the inflation rate from close to 6% to 3%," he said, suggesting this would soften labor's demands.

But if labor or management "violates the responsibility" of adhering to self-administered wage and price standards, he warned, "We're going to come down on them and come down hard."

Turning to federal debt management, Mr. Simon noted that the average maturity of all public debt issues is three years and three months. "There is an obvious need to extend it," he asserted. "We must begin to stretch

some of this debt out so we aren't coming to market so often and preempting the demands of the private sector" for funds, he added.

In March 1971, Congress authorized the Treasury to issue up to \$10 billion of Treasury bonds at interest rates exceeding the statutory ceiling of 4½%. Mr. Simon said that more than 75% of this authorization has been used up. "I would imagine that we'd go up (to Congress) for an additional authorization so we could continue to probe this long-term area," he commented.

## Treasury Bond Auctions

Mr. Simon said he is "completely satisfied" with the results of the recent public offering of \$625 million of 6¾%, 20-year bonds, though somewhat surprised at the response to the new "Dutch auction" technique used to sell them. Unlike the usual auction method, where some buyers pay higher prices than others, the lowest accepted bid becomes the uniform price for all buyers in the "Dutch auction."

Though the new auction technique was used to attract bids from pension funds, personal trusts and other investors who might hesitate to bid against more sophisticated bond "professionals," results indicate that "the professionals stepped up and bought most" of the new bonds, Mr. Simon said. The issue was apparently attractive enough to spur "very heavy buying" by dealers from resale to investors, he added.

Remarking that "one time doesn't tell the story," he indicated the Treasury is still open to using the new auction technique in the future.

As for his own role in the Nixon administration, Mr. Simon said he "will become involved in all the broad areas of administration and policy" in the economic sphere. The "exact roles" of the newly formed Council on Economic Policy, headed by Mr. Shultz, the Council on International Economic Policy, headed by Peter Flanigan, and the Council of Economic Advisers, headed by Herbert Stein, are still being sorted out, he said.

"A great deal of the administrative role of running the Treasury will fall into my area," he said, especially since Mr. Shultz must divide his time between his Cabinet post and his White House assignment as overall coordinator of economic affairs.

# Discloses

## Budget

W. Post 1-23-73

### Outlay to Be \$268.7 Billion; No New Taxes

By David S. Broder  
Washington Post Staff Writer

President Nixon told congressional leaders yesterday his Fiscal 1974 budget will call for spending \$268.7 billion. There will be a deficit of \$12 billion and no new taxes.

He won bipartisan pledges of support to hold the spending to that level—and to the \$250 billion ceiling he has set for the current fiscal year, ending June 30.

The President briefed the congressional leaders after sending to Capitol Hill a reorganization plan that would abolish three White House agencies—as an economy move—and transfer their essential functions to other departments.

The reorganization plan—which becomes effective unless Congress intervenes within 60 days—would eradicate the Office of Emergency Planning, the Office of Science and Technology, and the National Aeronautics and Space Council.

The Chief Executive said the shifts would eliminate 389 White House staff jobs and save about \$2 million a year, but it is only the first step in a plan to cut the overall Executive Office staff from 4,250 to fewer than 2,000.

Mr. Nixon went through a busy round of budget-related meetings yesterday morning before flying to Florida for the weekend. He recorded an 11-minute radio speech on the budget, which will be broadcast at 6:05 p.m. EST Sunday.

The full budget message will be released on Monday. But the President scooped himself on the key number when he broke away from his meeting with the congressional leaders for a visit with the board of the National League of Families of American Prisoners and Missing in Southeast Asia. With newsmen present, Mr. Nixon said he was beginning "a new battle—the battle of the budget" and said his goal was to hold spending next year to \$268 billion.

Later, Senate Majority Leader Mike Mansfield (D-Mont.) and House Speaker Carl Albert (D-Okla.) supplied a few more details about the exact spending total and the size of the projected deficit.

Mansfield said the budget for the current (1973) fiscal year projected a deficit of \$25 billion—just what had been estimated.

He said almost three-quarters of the projected fiscal 1974 spending of \$268.7 billion—\$202 billion—is essentially uncontrollable. Only \$66 billion represents discretionary spending.

Mansfield said he was "sorry" to learn that military spending was slated to rise to about \$79 billion.

See NIXON, A4, Col. 1

## '74 Budget Ceiling Disclosed by Nixon

NIXON, From A1

But he and Albert both affirmed that Congress would seek to hold overall spending to the amount the President has recommended.

In a meeting with newsmen before the White House briefing, Mansfield said it was "mandatory" that Congress exert budgetary discipline on itself, because "the American people are being taxed to death."

Mansfield's comments put him in close agreement with the President, who, according to White House press secretary Ronald L. Ziegler, "made it very clear" to the congressional leaders "that spending must be held down in order to prevent any tax increases."

But despite the agreement on their objective, there are still obvious, unresolved conflicts between the administration and the Congress over the places where the budget ax will cut.

Apparently there was no detailed discussion of the specific domestic cuts the President has in mind during the 90-minute meeting with the Chief Executive.

But at breakfast Mansfield had told reporters that slashing domestic spending is not the way to "end the divisiveness" that has grown up in the United States during the Vietnam war.

"These cuts will create dissonance," Mansfield said, "because people will get the idea they are being forgotten."

Mansfield said he thought Congress could stay within the budget ceiling and still save some domestic programs ticketed for cuts by the President by reducing federal civilian employment, overseas military bases and personnel and by cutting the foreign aid, space and military budgets below the President's figures.

Many members of Congress have already protested administration actions freezing spending on various farm, housing and social programs in order to hold the Fiscal 1973 spending to the \$250 billion level.

When the budget is released, the howls are expected to increase.

Yesterday, Roy L. Ash, the new head of the Office of Management and Budget, confirmed that the President will recommend abolition of the Office of Economic Opportunity, pilot agency of the anti-poverty program. The decision was reported by The Washington Post last Wednesday. OEO's functions will be redistributed to other agencies, Ash said, eliminating about 2,

000 jobs now counted on the Executive Office payroll.

The other three White House agencies fated for oblivion, if the reorganization plan submitted yesterday is not disapproved by Congress, involve fewer jobs.

The President's message said the abolition of the Office of Emergency Preparedness, the Office of Science and Technology and the National Aeronautics and Space Council reflected his belief that "the Executive Office . . . should no longer be encumbered with the task of managing or administering programs which can be run more effectively by the departments and agencies."

The Office of Emergency Preparedness, whose head, Gen. George A. Lincoln, has already announced his retirement, will be split three ways. Its disaster relief functions will be sent to the Department of Housing and Urban Development; its stockpiling and emergency civil government functions, to the General Services Administration; and its import control studies and role in oil policy to the Treasury Department.

The 10-year-old Office of Science and Technology's work will be taken over by the National Science Foundation. Dr. Guyford Stever, head of the NSF, will also become the President's science adviser, replacing Dr. Edward E. David Jr., who has resigned.

The National Aeronautics and Space Council, an inter-agency committee created in 1958 and headed by Vice President Agnew, will be abolished because "needed policy coordination can now be achieved" through the National Aeronautics and Space Administration and other departments, the President said.

Ash said 323 of the 389 Executive Office employees whose jobs will be abolished by the reorganization plan will be transferred to other agencies, meaning only 66 slots will disappear from the federal payroll.

FOR IMMEDIATE RELEASE  
January 15, 1973

CHAIRMAN EVINS RELEASES PARTIAL LISTING  
OF IMPOUNDMENT BY OFFICE OF MANAGEMENT AND BUDGET  
OF FUNDS APPROPRIATED BY CONGRESS

Representative Joe L. Evins (D-Tenn.), a member of the Committee on Appropriations and Chairman of the Subcommittee on Public Works and Atomic Energy Commission Appropriations, today released a partial listing of funds totaling more than \$12 billion appropriated by the Congress for Fiscal Year 1973 and which are being withheld, frozen and impounded by the Office of Management and Budget.

Evins said OMB had refused to release the information and that some Departments and agencies had complied with his request for the amount of funds withheld.

Funds withheld and impounded by OMB include the following:

DEPARTMENT OF AGRICULTURE -- \$1,267,076,900

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT -- \$523,200,000

DEPARTMENT OF TRANSPORTATION -- \$2,000,000,000 (for Federal-aid highways, including Interstate)

DEPARTMENT OF DEFENSE (CORPS OF ENGINEERS) -- \$20,462,000  
(for construction and planning on public works projects)

DEPARTMENT OF COMMERCE -- \$243,000,000 including \$109,555,000 for water, sewage and industrial expansion grants by the Economic Development Administration

ENVIRONMENTAL PROTECTION AGENCY -- \$6,000,000,000

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE -- \$57,197,490

DEPARTMENT OF THE TREASURY -- \$24,134,197

ATOMIC ENERGY COMMISSION -- \$15,400,000

DEPARTMENT OF DEFENSE -- MILITARY -- \$1,940,448,924

VETERANS ADMINISTRATION -- \$111,786,000 (including \$46,786,000 for reduction in apportionment)

APPALACHIAN REGIONAL COMMISSION -- \$65 million

(Further details on impoundments are attached to the release)

Chairman Evins made this comment:

"It is interesting to note that the OMB continued its pattern of cavalier treatment of the Congress by refusing to release public information. I am advised by officials of these Departments and agencies that many of the figures provided will probably have been increased by the time the Fiscal Year 1974 budget is submitted to the Congress.



-3-

INFORMATION ON IMPOUNDMENTS PROVIDED BY OFFICIALS  
OF DEPARTMENTS AND AGENCIES

DEPARTMENT OF AGRICULTURE:

Office of Secretary.....	\$	500,000
Agricultural Research Service:		
Agricultural Research Service (Annual).....		8,048,000
Agricultural Research Service (No-Year).....		1,650,000
Animal and Plant Health Inspection Service.....		2,046,000
Cooperative State Research Service.....		1,500,000
Extension Service.....		3,000,000
Statistical Reporting Service.....		50,000
Economic Research Service.....		275,000
Farmer Cooperative Service.....		100,000
Agricultural Stabilization and Conservation Service:		
Rural Environmental Assistance Program.....		210,500,000
Water Bank Program.....		10,000,000
Rural Electrification Administration:		
Loans.....		456,028,000
Farmers Home Administration:		
Rural Water and Waste Disposal Grants.....		120,000,000
Rural Housing for Domestic Farm Labor.....		3,147,000
Salaries and Expenses.....		500,000
Rural Housing Insurance Fund.....		367,500,000
Soil Conservation Service:		
Conservation Operations.....		5,000,000
Resource Conservation & Development.....		6,000,000
Watershed Planning.....		500,000
Watershed and Flood Prevention Operations.....		17,412,500
Great Plains Conservation Program.....		62,500
Agricultural Marketing Service:		
Marketing Services.....		36,000
Payments to States and Possessions.....		900,000
Total, USDA, Excluding Forest Service.....	\$	1,214,755,000
Forest Service:		
Forest Protection and Utilization (Annual).....	\$	21,720,000
Construction and Land Acquisition.....		12,601,900
Forest Roads and Trails.....		18,000,000
Total, Department of Agriculture.....	\$	1,267,076,900



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:

Rental and Cooperative Housing for Lower Income Families (Sec. 236).....	\$25,000,000
Nonprofit Sponsor Loan Fund (Sec. 106a), technical assistance grants.....	1,000,000
Nonprofit Housing Sponsor Loans (Sec. 106b), planning projects for low and moderate income families.....	3,600,000
New Community Assistance, supplementary grants for public facilities.....	7,500,000
Rehabilitation Loan Fund.....	86,000,000
Water and Sewer Facilities Grants.....	400,100,000
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.....</b>	<b>\$523,200,000</b>

Additional funds expected to be impounded before  
submission of Fiscal Year 1974 budget for HUD:

Open Space Land Programs.....	\$50,000,000
Public Facility Loans.....	\$20,000,000

DEPARTMENT OF TRANSPORTATION

Federal Highway Administration Federal-aid highways.....	\$2,000,000,000
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DEPARTMENT OF DEFENSE -- CIVIL:

Planning Starts.....	\$ 5,040,000
Construction Starts.....	15,422,000
<b>TOTAL, CORPS OF ENGINEERS.....</b>	<b>\$20,462,000</b>

FEDERAL SERVICES ADMINISTRATION:

GSA indicated "nothing of significance" is impounded. List has not  
been made available at this time to Congressman Evins

DEPARTMENT OF COMMERCE:

Economic Development Administration.....	\$109,555,000
Maritime Administration.....	55,000,000
National Oceanic and Atmospheric Administration.....	30,000,000
Miscellaneous.....	48,445,000
<b>TOTAL DEPARTMENT OF COMMERCE.....</b>	<b>\$243,000,000</b>

ENVIRONMENTAL PROTECTION AGENCY:

Waste Treatment Grants (two year authorization for Fiscal Years 1973 and 1974).....	\$6,000,000,000
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY.....</b>	<b>\$6,000,000,000</b>

DEPARTMENT OF HEALTH, EDUCATION AND WELFARE:

Direct Federal Construction (apportionment awaits development of approved plans and specifications).....	\$44,892,087
Post Secondary Innovation.....	10,000,000
Higher Education Insured Loans.....	1,905,401
Social and Rehabilitation Service.....	200,000
<b>TOTAL DEPARTMENT OF HEALTH, EDUCATION AND WELFARE.....</b>	<b>\$57,197,490</b>

DEPARTMENT OF THE TREASURY:

Federal Law Enforcement Training Center, Construction....	\$21,517,395
Bureau of the Mint, Construction.....	2,516,802
<b>TOTAL DEPARTMENT OF THE TREASURY.....</b>	<b>\$24,134,197</b>

ATOMIC ENERGY COMMISSION:

<u>Operating Expenses</u>	
Thorium Utilization.....	\$ 2,000,000
Gas Cooled Fast Breeder Reactor.....	1,000,000
Space Propulsion.....	4,000,000
Plowshare.....	3,200,000
Assistance Payments to Richland, Washington.....	200,000
<u>Plant and Capital Equipment</u>	
Cascade Improvement Program.....	5,000,000
<b>TOTAL ATOMIC ENERGY COMMISSION .....</b>	<b>\$15,400,000</b>

ADMINISTRATION:

(Funds impounded by OMB)

Hospital Construction, major construction.....	\$ 60,000,000
Hospital Construction, minor construction.....	5,000,000
(Reduction in Quarterly Apportionment by OMB)	
Medical Care.....	44,000,000
Medical and Prosthetic Research (artificial limbs, etc.)	2,430,000
Medical Administration.....	356,000
<b>TOTAL VETERANS ADMINISTRATION.....</b>	<b>\$111,786,000</b>

DEPARTMENT OF THE INTERIOR:

BUREAU OF RECLAMATION

Loan Program.....	\$ 1,320,000
Construction and Rehabilitation.....	3,115,000
Upper Colorado River Storage Project.....	1,170,000
<b>TOTAL BUREAU OF RECLAMATION.....</b>	<b>\$ 5,605,000</b>

OTHER INTERIOR PROGRAMS:

Department indicates only two small items in reserve. Efforts secure listing have not revealed these items.

APPALACHIAN REGIONAL COMMISSION:

Development Highway Program.....	\$25,000,000
Airport Program.....	40,000,000
TOTAL, APPALACHIAN REGIONAL COMMISSION.....	\$65,000,000

DEPARTMENT OF STATE:

Foreign Buildings Office (not appropriated funds).....	\$2,125,000
Excess Currency -- New Embassy in Yugoslavia.....	2,950,000
Radio Free Europe and Radio Liberty.....	275,000
East-West Center in Hawaii.....	200,000
TOTAL, DEPARTMENT OF STATE.....	\$5,550,000

DEPARTMENT OF JUSTICE:

No funds impounded at this time

DEPARTMENT OF LABOR:

No funds impounded at this time

SMALL BUSINESS ADMINISTRATION:

Direct and Immediate Participation Loan Funds.....	\$55,000,000
Administrative Expenses.....	2,700,000
TOTAL, SMALL BUSINESS ADMINISTRATION.....	\$57,700,000



## GENERAL REVENUE SHARING

The next few months---from now until July 1 when state and local governments adopt their budgets for the next fiscal year---are critical for local community groups if they are to have a hand in planning for the expenditure of Federal dollars parceled out under the revenue-sharing program enacted late last year.

The reasons calling for prompt activity by local community organizations are two. By April 15 of this year, many local and most state governments will hold extraordinarily large amounts of cash in hand since they will have received Federal revenue sharing dollars for the whole of 1972 and the first quarter of 1973. Moreover, once the budget for Fiscal 1974 is adopted, chances are decisions made on programs to be paid for by revenue sharing monies will hold true for the life of the program.

The stakes are high: about \$7 billion will have been passed on to the state and local units by this April. The five-year program calls for returning a total of \$30.2 billion of Federal dollars to states, counties and municipalities.

Neither the law nor regulations issued by the Treasury Department governing its implementation requires citizen participation in determining how this money will be spent. Nor are state and local governments required to file extensive reports on how the funds have been expended and which programs and persons have been affected.

(The general outlines of the revenue sharing act have been spelled out in previous issues of this publication: see MONITOR, Oct/72 and Dec/72.)

Local community action groups can receive revenue sharing funds for their programs directly from state and local governments, provided officials in these jurisdictions can be persuaded to make such commitments. One example: the experience of Southwestern Indian Development Inc., which received funds from the city of Phoenix for social services programs.

In light of these facts, the burden of protecting the interests of the minority poor and other disadvantaged groups falls on community action groups.

Of the \$30.2 billion to be returned to state and local units over the five years from the effective date (January, 1972), one-third will go to state governments, the remaining two-thirds to local units (counties, villages and towns).

While \$20 billion in revenue sharing checks will go to more than 36,000 local governmental units, roughly half of that amount will go to the 50 largest cities.

Under the program, states have been allocated funds based on either of two formulas, whichever is greater: a five-factor formula that considers population, urbanized population, population weighted inversely for per capita income, income tax collections and general tax effort, or a three-factor formula which takes into account population, general tax effort and per capita income.

Local units have received funds based on three factors: population, per capita income and general tax effort.

Indian tribes and Alaskan native villages which have recognized governing bodies performing substantial governmental functions have received an allocation from their county's total. This special allocation is based on population of that tribe or village in relation to the population of the county area.

The purpose of the formulas is simple: to put the money where it's most needed. The avowed purpose of the act is also simple: to help ease the financial burden on states and local communities.

General revenue sharing funds may not represent a net increase in Federal dollars flowing from Washington. Many groups

fear the present Administration might well cut other programs, advising local and state units to make up the difference with revenue sharing dollars.

These fears are not groundless. MONITOR has learned that in Newark, for example, Federal funds supporting a health clinic operated by the North Jersey Community Union were cut back sharply. U.S. officials urged Newark to replace these funds with money funnelled to the city in the form of revenue sharing.

#### RESTRICTIONS ON REVENUE SHARING FUNDS

The uses to which revenue sharing dollars can be put vary as between the states and local units. The 50 states, for example, can use the funds for any legal expenditure except to match Federal grants.

Local units, on the other hand, must spend the money for what the act calls "high priority expenditures." The list of priorities is broad, however, and permits great leeway in the manner local units use the dollars.

The local priorities are maintenance and operating expenses for public safety (including law enforcement, fire protection and building code enforcement); environmental protection



(including sewage disposal, sanitation and pollution abatement); public transportation (including transit systems and streets and roads); health; recreation; libraries; social services for the poor and the aged, and financial administration.

And finally, the statute permits local units to make "ordinary and necessary capital expenditures authorized by law."

Local units may not expend revenue sharing dollars for education, general administration or matching other Federal funds.

One major loophole: local governments can substitute revenue sharing dollars to pay for programs now financed with locally-raised revenues.

Local and state governments both are free to reduce taxes, if they so choose. They have been cautioned by the Treasury Department, however, that a reduction in their tax efforts could reduce allocations to them under the formula in future years.

If many communities cut local taxes, however, Congress is certain to protest since its members will see themselves cast as villainous tax-raisers and local officials will appear to be heroic tax-cutters.

All levels of government are required to place revenue sharing dollars into separate trust funds and account for them separately from other funds.

The law requires that no person shall be excluded from participation in or be denied the benefits of a program funded in whole or in part with revenue sharing monies on the basis of race, color, national origin or sex.

Lastly, each governmental unit must agree that persons employed in jobs financed in whole or in part out of the revenue sharing trust fund are to be paid wages not lower than the prevailing rates of pay for persons employed in that government.

FOR CDC's: BONANZA OR BANE?

There are opportunities and pitfalls in the program, insofar as local community development corporations are concerned.

To begin with, many public interest organizations, the Center for Community Change among them, believe the interim guidelines set last fall by Treasury are drawn far too ambiguously. The section governing anti-discrimination, for example, is not self-enforcing.

"Effective enforcement," according to the comments made by a civil rights task force, "demands at a minimum that states and localities be advised of their substantive obligations under the law, and that workable procedures be developed for the Federal government to detect and remedy non-compliance.

"The proposed regulations do not address these issues in any serious way," the statement continued.

Another shortcoming in the program is the absence of strict regulations requiring public notice and consultation with all segments of a community before final decisions are made on how to spend the money.

Such a failing presents a serious problem for local community groups of the minority poor since many local and state officials will feel free to ignore the needs of these, our most disadvantaged citizens.

If, after all, there is no requirements that a city council, for example, hold public hearings to determine the greatest needs of all segments of the community, or that representative groups be given a chance to participate in the decision-making process, it is almost certain that the minority poor will not receive a fair portion of the benefits made possible by revenue sharing.

Under the guise of uncertainty on the long-term operation of revenue sharing, many state and local government officials are proposing to spend their allocations on buildings and hardware, not for the services which will meet the genuine needs of the community.

general revenue sharing, page 8.

A GUIDE FOR ACTION BY LOCAL GROUPS

Given all of this, what can local community organizations do to assure that their constituents are not denied the benefits of the revenue sharing program?

First, it should be understood that there is widespread ignorance of the law and its provisions among many state and local government officials as well as ordinary citizens.

Thus, it is important for local organizations to find out precisely what monies will be allocated to their state and local governments, the basis of distribution of funds within the several governments, what plans have been made for use of the funds, how government officials intend to publicize the entire planning and expenditure process so that the people can be informed, what plans each unit has for accounting on the use of the funds, and what effects the revenue sharing dollars will have on each segment of the community.

On reporting: each state and local government must submit a report to the Treasury Department which outlines the amounts and purposes for which the funds have been spent or obligated. Also, before the beginning of each entitlement period, each governmental unit must file with the Secretary of Treasury

a report which sets forth the amount and purpose for which it is planned to spend or obligate revenue sharing dollars for that period.

Treasury has announced that its Office of Revenue Sharing will have a skeleton staff of about 25 persons to check the audits supplied by state and local units. It is expected this staff will be able to check only 300 or so units annually.

Thus, each state and local unit must perform the audits, according to the system in effect in each government. In addition, Treasury will be relying on regular state audits of local governments as well as reports filed by reputable accounting firms.

#### FAILINGS IN THE REPORTING SYSTEM

The reporting system as set up does not provide for a sufficient degree of accountability by state and local units. The Federal government, given the small staff in the Office of Revenue Sharing, will be virtually unable to initiate investigations to make certain the law is being complied with.

Local community groups should press for exact details of all reports submitted to the government and for their widespread publication. Only in that way can the community know what officials are doing with the revenue sharing funds.



general revenue sharing, page 10.

Next, it is important for the leadership of local organizations to seek out those officials who will be in charge of planning the use of the dollars.

After this relationship has been established, local groups should take every step to assure their point of view about spending the money is made known. One way to do this: a series of public hearings, with broad publicity in advance, at which representatives of the entire community can present their ideas for the expenditure of the funds.

All of this can be made to work. To cite the example noted earlier, of the Southwestern Indian Development Inc., that group was able to persuade, not without some difficulty, the city council of Phoenix to set aside revenue sharing funds for SID's programs.

According to the Arizona Republic, "most members of the council believe(d) that money should be used for one-time, non-recurring expenses, with most of the emphasis placed on the capital budget instead of the operating expenditures.

"Representatives of Southwestern Indian Development Inc., met with city officials soon after the federal-revenue-sharing program passed Congress and asked that funds be included for Indians.

"One of the major changes in the revised federal-revenue-sharing budget is the inclusion of \$50,000 for Indian social service programs."

It should be remembered that in almost all cases, before state and local governments can act on the allocation of revenue sharing dollars, legislation in one form or another must be passed, depending on the state constitution or the local charter. It is before that legislation has been enacted that local groups can have the most significant impact.

After the legislation has been enacted, local groups can continue to play an important role by monitoring expenditures carefully. Particular attention must be given to assure that all sectors of the community benefit in an equitable fashion.

#### COALITIONS URGED

To carry out these activities effectively requires a concerted effort probably beyond the capacity of a single group. One way to surmount this is to bring about a coalition of public interest groups in the area, and in the doing, to work out common goals and objectives based on the demonstrated needs of the poor community.

The coalition should make certain the needs are clearly demonstrated by pointing out such matters as the unemployment

rate, the lack of services to the poor and the aged, the extent to which health problems in the ghetto or barrio are not being met, the lack of community facilities for the poor---in short, the dimensions of the social and economic pathology of the minority community.

The local group or coalition of groups which shows minority poor needs persuasively enough can compel government to act to meet the deficiencies. The result will be that revenue sharing dollars will be spent less for frills, new police cars, more weaponry and city halls and more to meet the pressing needs of American society.

# # #

February 1, 1973

general revenue sharing, appendix.

SUGGESTED REFERENCES

"What General Revenue Sharing is All About," published by the Office of Revenue Sharing, Department of the Treasury, Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. A fact sheet on general revenue sharing, makeup of the Office of Revenue Sharing, questions and answers about the law, text of the act and regulations governing its implementation. 55 cents.

"General Revenue Sharing; A Preliminary Checklist of Information Needed for the Monitoring and Evaluation of These Funds," published by the National Urban Coalition, 2100 M Street, N.W., Washington, D.C. 20037.

"History of Federal Revenue Sharing Proposals and Enactment of the State and Local Fiscal Assistance Act of 1972 (Public Law 92-512)," published by Congressional Research Service, Library of Congress, Washington, D.C. 20540.

Comments on Interim Regulations of the Department of Treasury on the administration of the State and Local Fiscal Assistance Act of 1972, issued on January 5, 1973 by the Leadership Conference on Civil Rights, 2027 Massachusetts Ave., N. W. Washington, D.C. 20036.

## Impact of Proposed FY 74 Budget on Economic Development Programs

Economic Development Administration - The authorizing legislation expires on June 30 and the Administration will not seek a renewal of it. The FY 74 budget request is limited to a small amount of funds to close-out already approved public works projects. EDA would disappear as a separate agency. The budget asserts that EDA programs will be picked up by the Farmers Home Administration under the new Rural Development Act and by the Small Business Administration. However, no grant funds were requested under the rural industrialization program; RDA does not authorize technical assistance activity of the type previously funded by EDA; and EDA has not provided loans to businesses eligible for SBA services for years. Preference for CDCs in EDA programs mandated by law last year becomes meaningless with the disappearance of EDA.

Office of Economic Opportunity - Community Economic Development Program (formerly Title 1-D, Special Impact Program) - The budget proposes that the Community Economic Development Program be transferred intact to the Office of Minority Business Enterprise in Commerce. The budget requests \$37,700,000 in grant funds and \$1,600,000 in federal agency administrative funds for the CED Program and former OEO economic development demonstration projects



funded under Section 232 of the Economic Opportunity Act. This represents approximately the same level of funding as in FY 73. However, OMBE's approach to community economic development is to promote individual minority entrepreneurship activity, this in sharp contrast to the OEO emphasis on community ownership and the promotion of CDCs as development vehicles. In addition, the 1972 amendments to the Economic Opportunity Act explicitly prohibit the delegation of the CED Program to any agency other than OEO. OMBE's own situation is adversely affected by several other developments discussed further below. (On first glance the budget appears to contemplate a carryover of \$18,000,000 of funds previously appropriated for the OEO CED Program into FY 74, although OEO CED staff have not been advised that any impoundment of FY 73 funds is contemplated.)

Office of Minority Business Enterprise - The budget shows an increase in OMBE activities during FY 74. However, the FY 74 figure includes what is now OEO's CED Program. The appropriations requested for OMBE-type program activity is down \$9.3 million from the FY 73 figure of \$52.8 million. This will probably not seriously affect OMBE, since the program has grown from roughly \$3 to \$4 million in EDA minority enterprise-oriented grants and contracts to \$52.8 million in OMBE grants and contracts

in the space of 18 months. OMBE is currently making grants under the authority of the Public Works and Economic Development Act, EDA's authorizing legislation, which is to be allowed to die on June 30. Therefore a continuation of OMBE-type grant and contract activity into FY 74 will require new legislation.

Farmers Home Administration (Rural Development Act programs) -

The budget does not request grant funds for the rural industrialization assistance program authorized by the recently enacted Rural Development Act. With the proposed termination of the EDA, Model Cities and HUD water and sewer grant programs on or before June 30, this means that rural communities and small towns will not be able to receive federal funds for industrial park and similar development on a grant basis. Under some circumstances general revenue-sharing funds might be usable for these purposes. The loan provisions of the Rural Development Act would be implemented, except that no loans will be made for waste disposal facilities on the grounds that such facilities were fundable through EPA under the clean water bill passed by the last Congress. However, the Administration has refused to implement EPA's wastewater treatment works program at anywhere near the level proposed by the Congress. Whereas the Rural Development Act authorized a tripling of the Farmers Home Administration water and sewer grant program from \$100 to \$300 million and authorized a doubling

of the FmHA water and sewer planning grant program from \$15 to \$30 million, the budget requests no grant funds for either program in FY 74, and terminated grant activities for FY 73 on January 1.

Small Business Administration - A cursory inspection of the budget information for SBA reveals a modest expansion in loan activity, with continued heavy emphasis on guarantees and participation loans, as distinct from direct loans. The budget appears to be unclear on Administration intentions with respect to implementation of the preferred stock purchase arrangement authorized for MESBICs under 1972 amendments to the Small Business Investment Act in order to reduce the capital strain on these instrumentalities.

"The continued freezing, impounding and withholding of funds represents an encroachment on the constitutional powers and prerogatives of the Congress to appropriate funds in the public interest and this challenge must be met with all means available within the structure of the Congress.

"If this trend is not checked, the legislative and appropriations committees of the Congress could well be reduced to exercises in frustration and futility. OMB has usurped Congressional power to the extent that it substitutes its judgment for the legislative intent of the Congress and substitutes its priorities for legislative priorities established by law by Congress.

"The Administration describes its major domestic program objectives as providing more power to the people. In reality the policies of this Administration are centralizing powers in the Bureau of the Budget and other executive offices of the President.

"With one hand the Administration distributes revenue-sharing checks. With the other hand the Administration takes away far more by eliminating or curtailing Federal programs of assistance to our people in laws passed by Congress.

"Revenue-sharing and revenue-freezing call to mind the old shell game -- now you see it, now you don't. In my view state and local governments are going to see much less overall Federal assistance under this policy of constant cutbacks.

"These practices of OMB are threatening our constitutional system of check and balances.

"As one who has fought erosion of Congressional power and executive encroachment on the Congress for many years, I am delighted to note the strong statements made by the Majority leadership in both Houses of Congress indicating a determination to regain the lost power and prerogatives of the Congress in the public interest."

# legislative reader

A REPORT ON LAST WEEK'S LEGISLATIVE AND ADMINISTRATIVE ACTIONS OF INTEREST TO THOSE ACTIVE IN LOW-INCOME RURAL HOUSING PROGRAMS.

RECEIVED FEB 5 1973

Monday, 5 February, 1973

The other tennis shoe dropped last Monday and as is usual the facts were easier to live with than the uncertainty preceding the budget message. Not perhaps pleasant facts, but at least as one OEO employee said, "We know for sure where the battleground is." Strangely enough, however, the Pentagon does not seem to be involved in the battle. As the President said in his message, "It provides amply for America's security . . ."

## The FmHA Budget Request Program levels 1972-1974 (\$ in thousands)

	1972 Actual	1973 Estimate	1974 Estimate
<b>Farm Programs:</b>			
Farm ownership loans	\$ 348,835	\$ 340,000	\$ 340,000
Non-farm enterprise loans	6,669	10,000	10,000
Operating loans	337,166	350,000	350,000
Soil and water loans	5,433	4,000	4,000
Recreation loans	1,808	2,000	2,000
Emergency loans	108,912	350,000	100,000
Grazing loans	7,265	4,000	4,000
Subtotal, Farmer Programs	\$ 816,088	\$1,060,000	\$ 810,000
<b>Rural Housing Programs:</b>			
Low income housing loans	1,061,171	842,000	--
Moderate income housing loans	500,049	1,084,000	1,084,000
Very low income repair loans	5,399	10,000	10,000
Rural rental housing loans	40,118	70,000	44,000
Farm labor housing loans	2,693	10,000	--
Farm labor housing grants	6,683	2,176	--
Rural housing site loans	966	5,000	5,000
Self-help housing land development loans	79	900	900
Mutual and self-help housing grants	1,618	3,729	3,832
Subtotal, Housing Programs	1,618,776	2,027,805	1,147,732

OLLY OLIVAS



	1972 Actual	1973 Estimate	1974 Estimate
<u>Community Programs:</u>			
Water and sewer grants	42,000	30,000	--
Water and sewer loans	299,999	300,000	345,000*
Indian land acquisition loans	1,990	10,000	10,000
Loans for SCS programs	5,983	24,039	24,000
Community facility loans	--	--	100,000
Rural industrialization loans	--	--	200,000
Subtotal, Community Programs	349,972	364,039	679,000
Total, FmHA	\$2,784,836	\$3,451,844	\$2,636,732

\* Water system loans only.

The figures given for FY 1973 vary slightly from those given in the President's budget message. These more recent figures from FmHA reflect a slightly higher level of obligation prior to January 11, 1973 than had been estimated. FmHA has also modified slightly its total freeze, and announced that builders who had received a verbal commitment from the local office prior to January 8th, might still qualify for interest credit loans until their projects were sold.

Such commitments are expected to keep rural subsidy housing programs going in some areas until late May or June. It seems quite clear, however, that by the beginning of fiscal 1974, the rural housing programs for low income families will be dead.

The HUD Budget Request  
Appropriations and Budget Authority (\$ in thousands)

	1972 Actual	1973 Estimate	1974 Estimate
<u>Major Elements of Appropriations:</u>			
Payments for assisted housing	\$1,373,800	\$1,800,000	\$2,100,000
Urban Renewal programs	1,250,000	1,450,000	137,500
Comprehensive planning grants	100,000	100,000	110,000
Special assistance functions	--	--	95,647
Research and technology	45,000	53,000	71,450
Fair housing and equal opportunity	8,250	9,489	9,850
Model cities programs	150,000	500,000	--
Open space land programs	100,000	100,000	--
Rehabilitation loans	90,000	70,000	--
Grants for neighborhood facilities	40,000	40,000	--
Grants for basic water and sewer facilities	500,000	--	--
All other appropriations	175,104	169,019	159,856
Total Appropriations	\$3,832,154	\$4,291,508	\$2,684,303

Selected Summary of Program Levels

HOUSING PRODUCTION & MORTGAGE CREDIT - FHA

<u>Rent Supplement Program:</u>			
Approval of contract authority	\$55,000	\$48,000	*
Reservation of authority			
Number of units	42,384	28,800	*
Use of contract authority	\$54,344	\$36,500	*

Homeownership Assistance Program (235):

Approval of contract authority	\$170,000	\$170,000	*
Reservation of authority			
Number of units	152,135	40,100	*
Use of contract authority	\$121,881	\$ 32,500	*

Rental Housing Assistance Program (236):

Approval of contract authority	\$200,000	\$175,000	*
Reservation of authority			
Number of units	157,541	100,100	*
Use of contract authority	\$141,778	\$ 91,600	*

Low Rent Public Housing:

Use of contract authority			
Production (in year)	\$153,818	\$103,443	\$70,000*
New construction or rehabilitation starts (units)	56,039	75,000	60,000
Made available for occupancy (units)	74,134	92,000	90,000
Units under management	1,019,481	1,111,500	1,201,500
Annual contributions contracts approved (units)	100,862	46,000	29,800*

\* Suspended January 5, 1973.

\*\* Dollars in Thousands.

THE OEO BUDGET REQUEST  
Program Levels 1972 - 1974 (\$ in thousands)

Program by activities:

Direct program:

Research, Development, and evaluation	51,643	61,500	30,000
Community action operations	381,741	317,500	105,980
Health and nutrition	154,256	175,700	70,000
Community economic development	22,498	30,000	18,000
Migrants and seasonal farm workers	36,608	36,300	20,500
Legal services program	65,826	71,500	36,500
Rural economic opportunity loan program	2,500		
General support	18,175	18,700	
Head Start	219,511	22,000	
Follow Through	34,800	3,000	
Work and training programs	32,115	30,000	
<b>Total direct programs</b>	<b>1,019,673</b>	<b>766,260</b>	<b>280,980</b>

Reimbursable program:

Research, development and evaluation	637	400	
Community action operations	280		
Health and nutrition	4,821	3,500	
General support	363		
Total reimbursable programs	6,101	3,900	
Total program costs, funded	1,025,774	770,160	280,980

No funds are requested for the Office of Economic Opportunity for 1974. Effective July 1, 1973, new funding for Community action agencies will be at the discretion of local communities. After more than 7 years of existence, Community Action has had an adequate opportunity to demonstrate its value. In addition to private funds, State and local governments may, of course, use general and special revenue sharing funds for these purposes. With Community Action concepts now incorporated into ongoing programs and local agencies, the continued existence of OEO as a separate Federal agency is no longer necessary.

The Budget for Fiscal Year 1974, p 122

The budget also says that responsibility for certain programs will be assumed as follows:

Migrant Program	- Labor
Indian Programs	- H.E.W.
Community Economic Development Programs	- Commerce
Health Projects	- H.E.W.
Administrative Phaseout	- General Services Administration
Research	- Agencies which have statutory authority in the fields of current OEO activity.

The President's Press Conference

At his first live televised press conference in seven months, the President seemed to refer to the recipients of R.E.A. loans as "dilattentes". The Uproar from rural groups was such that it may be another seven months before we hear more. Secretary Butz later referred to the phase as "an unfortunate choice of words".

Senate acts on Lynn

Late last Wednesday the Senate confirmed, by voice vote, James T. Lynn as Secretary of Housing and Urban Development. There was virtually no discussion though Senator Proxmire (D-Wisc) delivered a lengthy statement against the confirmation. Arguing that the power of advice and consent was intended to serve as a check to the Executive,

he quoted Alexander Hamilton

"He (The President) would be both ashamed and afraid to bring forward, for the most distinguished or lucrative stations, candidates who had no other merit than that of coming from the same State to which he particularly belonged, or of being in some way or other personally allied to him, or of possessing the necessary insignificance and pliancy to render them the obsequious instruments of his pleasure."

Secretary Lynn was sworn in Friday.

#### The R.E.A.P. Program

L.R. reported earlier that while many bills had been introduced to restore funds to various programs, that it would be some weeks before there was any action. Wrong again. The House Agriculture Committee is expected to report the new R.E.A.P. Bill early this week. Speaker Carl Albert promised early floor action.

#### Another Veto?

Among the bills packet vetoed by the President after Congress adjourned was a public works authorization bill. Mr. Nixon said that while it was not a money bill, authorizations led to pressure for appropriations. On Thursday the Senate passed essentially the same bill by an overwhelming majority. 24 Republicans voted in favor of the measure while only 12 opposed it.

Friday the Senate began debate on S-518, requiring confirmation by the Senate of certain executive branch officials, notably the Director of the Office of Management and Budget. A vote is scheduled for February 5.

#### Hearings on Impoundments

The Senate Agriculture and Forestry Committee commenced hearings February 2 on the impact of the freezes, cutbacks and moratoria on rural areas. Most farm and rural organizations will appear. They continue Monday and Tuesday this week.

At the same time Senator Sam Ervin (D-NC), Chairman of the Judiciary Subcommittee on separation of Powers, continued joint hearings with the Ad Hoc Subcommittee on Impoundment of Funds. The hearings are on S-373 limiting the impoundment power of the President. The Ad Hoc housing Coalition will testify Tuesday.

#### House Democratic Caucus

The House Democrats met as scheduled but accomplished little, except to set another meeting for February 21. It is, again, expected they will take up the question of Committee secrecy and the closed rule.

# Southwest Council of La Raza

## MEMORANDUM



Henry Santiestevan  
Executive Director

*National Services Office:*

Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

*Central Office:*

Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

TO: Special Committee Members  
FROM: Henry Santiestevan  
DATE: March 5, 1973  
SUBJECT: Partial Report of the Special Committee

The attached partial report was submitted to the Executive Committee on February 24, 1973 as a result of our Special Committee meeting in Phoenix on February 20, 1973.

jb

Attachment



PARTIAL REPORT OF THE  
SPECIAL COMMITTEE MEETING  
TO THE  
EXECUTIVE COMMITTEE  
FEBRUARY 24, 1973

I. BOARD ORGANIZATION

- A. It was agreed that the respective responsibilities and obligations of Board and staff members were already described in the Constitution, By-Laws, and minutes of the Organization.
- B. The Committee recommends the holding of three (3) Board meetings per year.
- C. The Committee recommends a required orientation session for new Board members.
- D. The Committee recommends the dropping of Board members who either:
  - 1) Miss two (2) successive Board meetings without an excuse or
  - 2) Are absent from Council activities for one year.
- E. The Committee recommends an expanded nominations process which would allow for the opening of nominations one (1) year prior to elections and for the immediate filling of vacancies as they occur.
- F. The Committee recommends quarterly meetings of the Executive Committee.
- G. Consistent with good management practices, the Committee recommends that Board and committee meetings be conducted so as to assure minimum cost and maximum benefit to the Organization.

H. The Committee made the following suggestions as to the format for Board meetings:

- 1) Meeting to open with a short closed informational meeting on the agenda.
- 2) Meeting to then proceed to open sessions.
- 3) Educational Format to begin on Friday evening.
- 4) Friday evening overview will result in the setting of time tables.
- 5) Invitation of guest speakers to be handled by the Board Chairman.

## II. COMMUNICATIONS

A. The Committee made the following four (4) recommendations regarding communications:

- 1) Distribution of a monthly newsletter (one to two pages) to all Board members.
- 2) Distribution of reports to members before meetings.
- 3) Distribution of financial reports to all Board members on a monthly and quarterly basis.
- 4) Distribution of reports from committee chairmen only after proper procedures utilized.

## III. MEMBERSHIP BASE

The Committee felt that a full-scale detailed plan for implementation of the proposed national charter be developed and distributed to all Board members.

A. Implementation of Membership Design

Affiliates and Board members should be billed for membership collection according to the dues and payment schedule adopted by the Board. Some of the revenues derived from the above shall be used to establish an educational loan fund. (75% - 25%).

(See attached sheet on membership.)

- B. The Committee recommends that this Special Committee develop a plan for implementation of the membership provision previously adopted by the Board.

## MEMBERSHIP

The establishment of a membership base for the National Council would foster relationships among those seeking to better the lives of Chicanos nationally.

The National Council proposes to establish the following categories of membership:

### A. Organizational Members

1. Affiliated barrio/community development organizations which shall pay an annual membership fee of \$100;
2. Organizations officially designated by the Council as special projects, which shall pay a membership fee of \$10 for the year during which they are so designated;
3. Related tax-exempt organizations associated with the National Council whose policies, programs and objectives are in general agreement with the Council, which shall pay an annual membership of \$100; and
4. Corporate sponsors which make a contribution of not less than \$500 annually to the Council shall be entitled to auxiliary organizational membership.

### B. Individual Membership

1. Individual memberships originating from affiliated organizations, special projects or related tax-exempt organizations who contribute a minimum of \$5.00 a year;
2. Individual members from the general public who contribute a minimum of \$10.00 a year;

3. Lifetime members: Individuals who contribute a minimum of \$100 and submit an annual membership contribution of \$2.50

The benefits of membership shall be as follows:

A. Organizational Members

1. Organizations with official affiliate status shall be entitled to receive the technical assistance, informational and other services of the Council, participation in Council meetings and other activities in accordance with Council bylaws and a Certificate of Affiliation from the Council suitable for framing.
2. Organizations with official special project status shall be entitled to receive informational services and such technical assistance as deemed necessary by the Council, participation in Council meetings and other activities in accordance with Council bylaws, and a Certificate of special project of the Council suitable for framing.
3. Related tax-exempt, associated organizations shall be entitled to the informational services of the Council and shall be given favorable consideration for assistance from the National Services Office of the Council. They shall receive a Certificate of Associate Organization of the Council suitable for framing.
4. The corporate sponsors shall be entitled to receive up to 25 copies of the Southwest Council's newsletters, a recognition scroll suitable for framing and other selected publications and materials produced by the Council.



**B. Individual Members**

All individual members shall be entitled to receive the Council's newsletter and other selected publications of the Council and a membership card.

**C. General Conference**

Affiliated, special project and associated tax-exempt organizations shall be entitled to participate in a (biannual) general conference to be called by the Council, to discuss issues and public policies of interest to la raza.

# Southwest Council of La Raza

## MEMORANDUM

Henry Santiestevan  
Executive Director

National Services Office:  
Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

Central Office:  
Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

TO: Affiliates, Board Members and SWCLR Staff  
FROM: Henry Santiestevan  
DATE: March 6, 1973  
RE: Assistance for Typhoid Victims



A typhoid outbreak at a migrant labor camp in Homestead, Fla., warrants immediate attention and help from you and local community groups.

I urge you to undertake with speed, financial contribution to assist some 2,000 residents of the migrant labor camp exposed to or stricken by typhoid fever.

Rudy Juarez, executive director of Organized Migrants in Community Action (OMICA), our affiliated group in Homestead, has established an emergency fund to assist the workers now unable to pay rents, buy food and financially care for their families.

Help is desperately needed for la raza in the camp. Please do what you can and please do it today.

Money should be sent to: Typhoid Emergency Fund  
P.O. Box 1351  
Homestead, Florida 33030

av

# Southwest Council of La Raza

C.V. sent 3-20-73

*[Handwritten signature]*



## MEMORANDUM

Henry Santiestevan  
Executive Director

To: Affiliate executive directors  
and SWCLR board members

National Services Office:  
Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

From: Linda B. Major, Communications officer,  
and Elvira Valenzuela Crocker,  
Communications staff writer

Central Office:

Re: Agenda contributions

Luhrs Central Building  
Suite D

Date: March 9, 1973

132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

You're about to see Agenda again and in a new form we hope will be more helpful than ever. The publication will be coming across your desks each month as a four-page newsletter and then four times a year as a quarterly magazine.

This production takes a great deal of effort and can be improved only with your help.

To present your best image, we'd like to have more information about you in our files. Chiefly, we're interested in what you are doing. Will you take a minute to jot down your projects, their status and results. The notes don't have to be written in story form. Just list them with a brief summary, if you'd like. We'll take it from there.

Also, we'd like to have a biography or resume from each of you affiliate directors and board members. If you have an up-to-date black and white glossy picture you'd prefer us to use, mail it along, too, protected by cardboard. If you're in the habit of photographing your projects, please send along any extra pictures you have for our use. Be sure to include names, titles and places. What your staff people are doing is important to our round up of people in the news.

By having this information at our fingertips, we can provide a better picture of what you are doing. We can tell the Council's and your story as it really is.

Beyond that, we invite you to call our office when you think there's a hot news item for either the newsletter or the magazine. You're our line as to what's happening. So keep in touch, please.

# Southwest Council of La Raza

Suite 120, 1325 Massachusetts Avenue, N.W.,  
Washington, D. C. 20005 (202) 347-2256



Henry Santiestevan  
Executive Director

March 22, 1973

*National Services Office:*

Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

Mr. John W. Ward, President  
Amherst College  
Amherst, Massachusetts 01002

*Central Office:*

Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

Dear Mr. Ward:

Thank you for your letter of March 15th regarding identification of qualified candidates for appointments to positions on your faculty.

Please be advised that our office can assist you in this process. All we would need are the precise qualifications, details and other relevant information for dissemination. In reference to professional organizations devoted to the interests of Latinos, I would like to suggest that you also contact the following:

Dr. Edward J. Casavantes, President  
Association of Psychologist for La Raza  
11912 Reynolds Avenue  
Potomac, Maryland 20854  
ph. (202) 254-6677

Dr. Julian Samora  
Department of Sociology and Anthropology  
P.O. Box 534  
Notre Dame, Indiana 46556  
ph. (219) 283-6197

Mr. Jack Sandoval  
1413 K Street, N.W.  
Washington, D.C. 20005  
ph. (202) 347-4100

Mr. Robert Aguilar, State President  
Association of Mexican American Educators  
99 Norte Dame Avenue  
San Jose, California  
ph. (408) 299-3802

Mr. Mannie Carrillo, Director  
Office for Spanish Surnamed Americans  
HEW, Rm. 4544  
330 Independence Avenue  
Washington, D.C. 20201  
ph. (202) 963-6952

Mr. Porfirio Miranda  
U.C.L.A.  
School of Social Welfare  
405 Hilgard Avenue  
Los Angeles, California 90024  
ph. (213) 825-2892

Mr. Pepe Barron  
Office of Spanish Speaking Fomento AACJA  
# 1 Dupont Circle, N.W.  
Suite 410  
Washington, D.C. 20036  
ph. (202) 293-7053 ext. 59

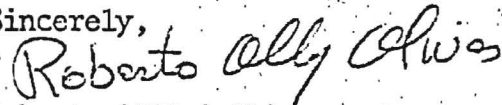
Mr. Tomas Villareal, Director/ or Mr. Tomas Saucedo  
Spanish Speaking Affairs, National Education Association  
1201 16th Street, N.W.  
Washington, D.C. 20036  
ph. (202) 833-5464

The aforementioned are just a few of the several professional organizations and individuals devoted to the identification and placement of qualified Spanish Surnamed candidates in the fields of Education, Industry and other professional fields.

I wish to commend you for recognizing that the responsibility is yours to pursue in regard to having a representative faculty and it is hoped that the same applies to your recruitment policies and programs regarding the student body.

If we can be of any further assistance, I am confident that our office, as well as those individuals mentioned earlier, will do their utmost to assist you in this endeavor.

Sincerely,



Roberto 'Olly' Olivas  
National Services Officer

Roo/df

cc: Dr. Edward J. Casavantes, Dr. Julian Samora, Mr. Jack Sandoval,  
Mr. Robert Aguilar, Mr. Mannie Carrillo, Mr. Porfirio Miranda,  
Mr. Pepe Barron, and Mr. Tomas Villareal, or Mr. Tomas Saucedo.



# Southwest Council of La Raza

## MEMORANDUM

Henry Santiestevan  
Executive Director

National Services Office:  
Suite 120  
1525 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

Central Office:  
Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

TO: Board of Directors

FROM: Henry Santiestevan, National Director

DATE: April 10, 1973

SUBJECT: Forthcoming Board of Directors Meeting

This is to inform you that the National Council of La Raza is holding its coming Board of Directors meeting on the 28-29 of April, 1973 at the following address:

Camino Real  
Pronaf Center  
Juarez, Chih, Mexico

Please fill in and return to us the enclosed postcard as soon as possible.

Looking forward to seeing you the end of this month.

jb  
Enclosure





# University of San Diego

OFFICE OF UNIVERSITY RELATIONS

Mr. Henry Santiestevan  
April 5, 1973  
Page Two

We would sincerely appreciate any advice and help you might offer.

Cordially,

A handwritten signature in cursive script that reads "Gilbert L. Brown, Jr.".

Gilbert L. Brown, Jr.  
Director of University Relations

GLB/jh

# Southwest Council of La Raza

## MEMORANDUM

Henry Santiestevan  
Executive Director

National Services Office:  
Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

Central Office:  
Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

TO: Education Task Force  
FROM: Henry Santiestevan *HS*  
DATE: April 17, 1973  
RE: Attachment



Attached is a letter from Mr. Gilbert L. Brown, Director of University Relations at the University of San Diego, concerning a proposed program at the University which I thought would be of interest to the members of our Education Task Force. Perhaps we can all discuss it later and come up with some possible suggestions that would be helpful.

av

Attachment

April 17, 1973

Mr. Henry Santlestevan  
National Director  
National Council of La Raza  
Suite 120  
1325 Massachusetts Avenue  
Washington, D. C. 20005

Dear Henry:

Again I am sorry to tell you that I will not be able to attend the meeting of the Board of Directors which will be held in Juarez on April 28 and 29.

I noted in some of the materials that have come across my desk, concerning the Board of Directors of the National Council, that it is proposed that if a board member misses a certain number of meetings he should resign from the board. I have missed several committee meetings as well as other meetings, and as a matter of fact, the last meeting I attended was in December, 1972. Perhaps you might be thinking in terms of my replacement if it looks as if I will not be able to attend other meetings this year.

Would it be possible for the Council to establish their meetings a year in advance so that those of us who do a lot of traveling can work around those dates and give them high priority rather than having to renege on the meeting because of previous commitments.

I do hope you have a good meeting in Juarez, and I am terribly sorry that I will not be able to attend.

Sincerely yours,

JS:em

Julian Samora



# University of San Diego

OFFICE OF UNIVERSITY RELATIONS

Mr. Henry Santiestevan  
April 5, 1973  
Page Two

We would sincerely appreciate any advice and help you might offer.

Cordially,

A handwritten signature in cursive script, appearing to read 'Gilbert L. Brown, Jr.'.

Gilbert L. Brown, Jr.  
Director of University Relations

GLB/jh



The Mexican/American students on this campus are planning a two-day festival to coincide with the Cinco de Mayo weekend next month. The two-day festival will be supported county-wide by the entire Mexican/American community, including the MECHA organizations on the seven San Diego county campuses, as well as such community organizations as G I Forum, the Chicano Federation, the Guadalupanas, and the Hidalgo Center. All the proceeds from the festival will go to the USD Mexican/American Scholarship Fund to provide scholarships for needy Mexican/Americans of the San Diego community, to attend the University of San Diego and its School of Law.

Our plans call for raising some \$18,000 from the two-day festival which includes a raffle, a dance, a rock concert for the young people, and a Mexican-style fiesta with games, music and food. If we are successful in raising our projected \$18,000, the money will provide for ten full tuition scholarships at the University for worthy Mexican/American students.

# Southwest Council of La Raza

## MEMORANDUM

Henry Santicstevan  
Executive Director

TO: Board and Affiliates

National Services Office:  
Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

FROM: Olly Olivas

DATE: April 30, 1973

SUBJECT: Better Communities Act

*Central Office:*

Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

Enclosed is some additional information on  
Revenue Sharing and distribution among states.



NATIONAL SERVICES INFORMATION BULLETIN  
BETTER COMMUNITIES ACT  
ALLOCATION OF FUNDS

The Better Communities Act is a major element in President Nixon's endeavor to strengthen State and local governments. Under the Act, State and local governments will receive \$2.3 billion and are authorized to use the funds for those community development activities that they consider top priority. The Act replaces a number of HUD categorical grant-in-aid programs that had grown top-heavy with cumbersome and often inappropriate federal regulations.

The funds will be disbursed according to four general guidelines:

- 1) a four-factor formula based upon objective standards. The factors are poverty—which is double weighted—overcrowded housing and total population;
- 2) no community will receive less money under the Act in the years immediately following enactment than it had been receiving under the categorical programs replaced;
- 3) funds will be disbursed automatically, without the need for costly and time-consuming application and review procedures; and
- 4) only general purpose governments—the ones closest to the electorate—will receive funds.

What follows is a State-by-State tabulation showing the distribution of funds among States, Standard Metropolitan Statistical Areas (SMSAs), urban counties, and cities in the first year of Better Communities Act funding. Also shown is the "Prior Program level," that is, the funding level for the categorical programs replaced by the Better Communities Act, as determined by prior program funding levels during the Fiscal Years 1968-1972.

State Share: Of the total amount available to a State, one half of that amount, shall be made available to fund community development activities by any unit of local general purpose government within the State, less reasonable state administrative costs as determined by the Secretary. The second half of that amount is to be made available for use by local general purpose governments only within Standard Metropolitan Statistical Areas.

City and county shares: Cities and urban counties will receive direct funding. The actual funding level for each recipient is formed under the column entitled "Better Communities Act".

SMSA Codes: The Directory codes cities and counties within SMSAs as listed at the beginning of each State section. For example, Bay Minette, Alabama has an SMSA Code "F" indicating it is within the Mobile SMSA. Bay Minette is eligible to receive a share of the funds restricted to use within the Mobile SMSA, along with all local general governments within the Mobile SMSA.

ARIZONA

Total State Discretionary Funds

\$1,304

Better Communities Act  
(\$ in thousands)

SMSA Discretionary Funds

A. Phoenix \$ 458  
B. Tucson 194

<u>Cities and Counties</u>	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	
* Gila River Indian Comm.		\$ 879	\$ 879
Mesa	A	24	275
Phoenix	A	1,166	2,710
Scottsdale	A	1,833	1,833
Tempe	A	853	853
Tucson	B	5,556	5,556

\*Hold Harmless -- Non-Metropolitan City



CALIFORNIA

Total State Discretionary Funds

\$24,478

Better Communities Act  
(\$ in thousands)

SMSA Discretionary Funds

A. Anaheim - Santa Ana - Garden Grove	\$ 529
B. Bakersfield	596
C. Fresno	654
D. Los Angeles - Long Beach	3,528
E. Modesto	303
F. Oxnard-Simi Valley-Ventura	289
G. Riverside - San Bernadine - Ontario	1,547
H. Sacramento	817
I. Salinas - Seaside - Monterey	231
J. San Diego	796
K. San Francisco - Oakland	1,362
L. San Jose	415
M. Santa Barbara - Santa Maria - Lompoc	206
N. Santa Cruz	173
O. Santa Rosa	292
P. Stockton	340
Q. Vallejo - Fairfield - Napa	161

<u>Cities and Counties</u>	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	
Alameda County	K	\$ 0	\$ 800
Alameda	K	4	274
Alhambra	D	0	206
Anaheim	A	4	528
Bakersfield	B	324	352
Bellflower	D	0	190
Berkeley	K	2,482	2,482
Buena Park	A	143	208
Burbank	D	98	283
Carson	D	119	303
* Chino	G	474	474
Chula Vista	J	25	270
* Colton	G	273	273
Compton	D	5,100	5,100
Concord	K	17	228
Contra Costa County	K	460	1,118
* Corona	G	328	328

<u>CALIFORNIA (Cont'd)</u>	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	<u>Better Communities Act (\$ in thousands)</u>
Costa Mesa	A	\$ 0	\$ 236
* Crescent City		247	247
Daly City		48	212
Downey	D	0	264
* East Palo Alto	K	1,241	1,241
El Cajon	J	0	201
El Monte	D	16	386
* Eureka		764	764
Fairfield	Q	30	179
* Fontana	G	114	114
Fremont	K	207	296
Fresno	C	9,555	9,555
Fresno County	C	297	1,656
Fullerton	A	0	259
Garden Grove	A	19	378
Glendale	D	2	444
Hawthorne	D	20	182
Hayward		124	351
Huntington Beach	A	460	460
* Indio	G	542	542
Englewood	D	1,851	1,851
Kern County	B	0	1,525
Lakewood	D	40	239
Lompoc	M	27	105
Long Beach	D	1,514	1,514
Los Angeles	D	39,155	39,155
Los Angeles County	D	14,990	14,990
Marin County	K	466	841
* Merced		286	286
Modesto	E	112	247
Monterey	I	17	86
Mountain View	L	101	171
Napa	Q	2,196	2,196
* National City	J	838	838
Norwalk	D	205	391
Oakland	K	9,953	9,953
Ontario	G	295	313
Orange	A	0	230
Orange County		27	1,426
Oxnard	F	1,641	1,641
Palo Alto	L	28	159
Pasadena	D	2,562	2,562
Pico Rivera	D	0	265
* Pittsburg	K	3,039	3,039
Pomona	D	45	414

<u>CALIFORNIA (Cont'd)</u>	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	<u>Better Communities Act (\$ in thousands)</u>
* Port Hueneme	F	\$ 1,615	\$ 1,615
* Redding		1,200	1,200
Redondo Beach	D	849	849
Redwood City	K	968	968
Richmond	K	1,859	1,859
Riverside	G	1,357	1,357
Riverside County		300	1,533
Sacramento	H	3,579	3,579
Sacramento County		172	1,323
Salinas	I	250	279
San Bernardino	G	3,325	3,325
San Bernardino County	G	234	1,973
San Diego	J	9,616	9,616
San Diego County	J	0	1,903
San Francisco	K	28,524	28,524
San Jose	L	6,059	6,059
San Leandro	K	28	199
San Mateo	K	481	481
San Mateo County	K	1,015	1,015
Santa Ana	A	139	723
Santa Barbara	M	558	558
Santa Clara	L	158	281
Santa Clara County	L	17	1,104
Santa Cruz	N	217	217
* Santa Fe Springs	D	557	557
Santa Maria	M	860	860
Santa Monica	D	265	383
Santa Rosa	O	1,326	1,326
Seaside	I	1,217	1,217
Simi Valley	F	0	162
South Gate	D	0	228
Stockton	P	1,726	1,726
Sunnyvale	L	28	261
Torrance	D	483	483
* Tulare		505	505
Vallejo	Q	1,312	1,312
Ventura	F	1,354	1,354
* Vizalia		653	653
West Covina	D	0	192
Westminster	A	82	201
Whittier	D	0	212
Willows		74	74

\*Hold Harmless - Non-Metropolitan Cities

COLORADO

Total State Discretionary Funds

\$ 1,498

Better Communities Act  
(\$ in thousands)

SMSA Discretionary Funds

A. Colorado Springs	\$ 145
B. Denver	553
C. Pueblo	51

<u>Cities and Counties</u>	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	
Aurora	B	\$ 22	\$ 212
Boulder	B	184	259
Colorado Springs	A	1,793	1,793
Denver	B	16,166	16,166
* Ia Junta		734	734
Lakewood	B	0	231
* Littleton	B	104	104
* Longmont	B	749	749
* Louisville	B	200	200
Pueblo	C	952	952
* Trinidad		495	495
* Walsenburg		375	375
* Wellington		201	201

\*Hold Harmless - Non Metropolitan Cities

FLORIDA

Total State Discretionary Funds

\$11,200

Better Communities Act  
(\$ in thousands)

SMSA Discretionary Funds

A. Daytona Beach	\$ 245
B. Fort Lauderdale-Hollywood	606
C. Fort Myers	149
D. Gainesville	106
E. Jacksonville	0
F. Lakeland-Winter Haven	426
G. Melbourne-Titusville-Cocoa	201
H. Miami	1,345
I. Orlando	578
J. Pensacola	400
K. Sarasota	131
L. Tallahassee	71
M. Tampa-St. Petersburg	757
N. N. West Palm Beach	585

<u>Cities and Counties</u>	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	
* Belle Glade	N	\$ 447	\$ 447
* Brandenton		548	548
Broward County	B	6	1,583
Clearwater	M	305	305
Cocoa	G	105	105
Dade County	H	23,112	23,112
Daytona Beach	A	712	712
Fort Lauderdale	B	528	645
Fort Myers	C	510	510
* Fort Walton Beach		504	504
Gainesville	D	88	373
Hialeah	H	79	532
Hillsborough County	M	175	975
Hollywood	B	218	428
Jacksonville	E	5,203	5,203
Lakeland	F	150	231
Melbourne	G	580	580
Miami	H	1,867	2,796

\*Hold Harmless - Non-Metropolitan Cities



FLORIDA (Continued)

Prior Program  
\$ Level

Better Communities Act  
(\$ in thousands)

Miami Beach	H	\$ 129	\$ 601
Orange County	I	0	1,066
Orlando	I	936	936
* Palatka		835	835
Palm Beach County	N	0	1,320
Pensacola	J	157	395
Pinellas County	M	100	985
St. Petersburg	M	261	1,071
Sarasota	K	966	966
Tallahassee	L	757	757
Tampa	M	4,768	4,768
Titusville	G	1,060	1,060
West Palm Beach	N	134	327
Winter Haven	F	64	103

NEW MEXICO

Total State Discretionary Funds

\$ 442

Better Communities Act  
(\$ in thousands)

SMSA Discretionary Funds

A. Albuquerque

\$ 221

<u>Cities and Counties</u>	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	
Albuquerque	A	\$6,926	\$6,926
* Artesia		1,242	1,242
* Carlsbad		600	600
* Clovis		421	421
* Gallup		463	463
* Las Cruces		1,838	1,838
* Santa Fe		3,164	3,164
* Tucumcari		498	498

\*Hold Harmless - Non-Metropolitan Cities

TEXAS

Total State Discretionary Funds

\$10,174

Better Communities Act  
(\$ in thousands)

SMSA Discretionary Funds

A. Abilene	\$ 64
B. Amarillo	24
C. Austin	79
D. Beaumont-Port Arthur-Orange	183
E. Brownsville-Harlingen-San Benito	217
F. Bryan-College Station	23
G. Corpus Christi	328
H. Dallas	696
I. El Paso	113
J. Fort Worth	365
K. Galveston-Texas City	113
L. Houston	1,127
M. Killeer-Temple	165
N. Laredo	15
O. Lubbock	97
P. McAllen-Pharr-Edinburg	691
Q. Midland	12
R. Odessa	27
S. San Angelo	14
T. San Antonio	375
U. Sherman-Denison	29
V. Texarkana (also in Arkansas)	83
W. Tyler	108
X. Waco	114
Y. Wichita Falls	55

<u>Cities and Counties</u>	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	
Abilene	A	\$ 300	\$ 440
* Alice		877	877
Amarillo	B	67	565
* Aransas Pass		94	94
Arlington	J	38	257
Austin	C	6,421	6,421
Beaumont	D	25	671
* Beeville		1,277	1,277

\* Hold Harmless Non-Metropolitan Cities

TEXAS Continued

	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	<u>Better Communities Act (\$ in thousands)</u>
* Brenhan		\$ 1,118	\$ 1,118
Brownsville	E	157	700
Bryan	F	0	224
* Cameron		123	123
College Station	F	97	97
Corpus Christi	G	1,604	1,604
* Crystal City		670	670
Dallas	H	2,624	4,224
Denison	U	179	179
* Eagle Pass		267	267
Edinburg	P	4,185	4,185
El Paso	I	534	2,350
Fort Worth	J	1,472	2,006
Galveston	K	628	628
Garland	H	16	234
* Georgetown		228	228
Grand Prairie	H	3,298	3,298
Harlingen	E	239	389
Harris County	L	0	1,566
* Hearne		467	467
Houston	L	12,935	12,935
Irving	H	7	302
Killeen	M	67	206
* Lancaster	H	750	750
Laredo	N	2,363	2,363
* Los Fresnos	E	4	4
Lubbock	O	5,328	5,328
McAllen	P	116	444
* Marshall		969	969
* Mercedes	P	491	491
Mesquite	H	0	169
Midland	Q	0	273
* Mission	P	1,096	1,096
Odessa	R	0	397
* Olney		752	752
Orange	D	79	145
Pasadena	L	266	301
Pharr	P	110	237
Port Arthur	D	1,324	1,324
* Port Isabel	E	110	110
* Poteet		572	572
San Angelo	S	49	389
San Antonio	T	9,945	9,945
San Benito	E	27	219
* San Marcos		2,848	2,848
* Schertz	T	321	321
Sherman	U	0	115

<u>TEXAS Continued</u>	<u>SMSA Code</u>	<u>Prior Program \$ Level</u>	<u>Better Communities Act (\$ in thousands)</u>
* Sinton	G	\$ 1,103	\$ 1,103
Tarrant County	J	0	861
Temple	M	0	190
Texarkana	V	1,171	1,171
Texas City	K	253	253
Tyler	W	6	267
Waco	X	3,324	3,324
* Whitesboro	U	482	482
Wichita Falls	Y	12	444
* Wink		23	23





# Telegram

SJA001(0225)(1-000974C124002)PD 05/04/73 0224

IGS IPMPFLB PHX

02220 NL PHOENIX AZ 100 05-03 1154PA MST

FON 2192836197 BUSINESS 2722896 RESIDENCE

DR JULIAN SAMORA, FON AND DLR

DEPARTMENT OF SOCIOLOGY AND ANTHROPOLOGY

PO BOX 534

NOTRE DAME IND 46556

MAY 7 - 1973

*SW Council*

FOR YOUR INFORMATION THE FOLLOWING TELEGRAM WAS SENT ON  
MAY 2, 1973 TO MEMBERS OF THE PERSONNEL COMMITTEE:

" I HAVE TODAY MAY 2, 1973) DISCHARGED FRANK OCHOA FOR  
JUST AND SUFFICIENT CAUSE. HE WAS ADVISED OF HIS GRIEVANCE  
RIGHTS AND PROCEDURES BY LEGAL COUNSEL, ARMANDO DE LEON."

HENRY SANTIESTEVEAN

*OUT 18*  
*219-283-6197 TO*  
*BY W AT 4:30 PM*  
*CALLS da-105P*

# Southwest Council of La Raza

## MEMORANDUM

Henry Santiestevan  
*Executive Director*

*National Services Office:*  
Suite 120  
1325 Massachusetts Ave.,  
Washington, D. C. 20005  
(202) 347-2256

*Central Office:*  
Luhrs Central Building  
Suite D  
132 South Central Avenue  
Phoenix, Arizona 85004  
(602) 252-7401

TO: Board Members & Affiliates  
FROM: Henry Santiestevan *HS*  
DATE: June 5, 1973  
RE: Attachments



Enclosed is a copy of a speech on jobs and income delivered at the National Urban Coalition's National Conference on Revitalizing American Cities. Also attached for your information is a newsclipping concerning the Conference, and a newsclipping on employment.

av

Attachments

# Urban Coalition Shows New Signs of Growth

By Susanna McBee  
Washington Post Staff Writer

The National Urban Coalition, which was formed in 1967 in the wake of city riots, expected to draw 500 to 1,000 delegates here this week to its first national conference since its founding, but 1,250 showed up.

"We were deluged and delighted," said Sol M. Linowitz, chairman of the coalition, which consists of business, labor, religious and minority group leaders in 34 cities.

The turnout may represent "a constructive backlash to Watergate," he suggested. "At a time when there is such a sickening loss of confidence in government, elements of the private sector are coming together to try to solve urban problems."

As it grappled with ways to revitalize cities, the coalition seemed to be renewing its own vitality, which has sagged in the last few years.

Directors of the local coalitions passed resolutions urging the Senate to join the House in rejecting President Nixon's attempt to stop appropriations for summer youth jobs, urging it to follow House

action extending major housing programs for a year, and asking Congress to extend manpower and education programs.

The conference also heard repeated criticisms of the Nixon proposals for special revenue sharing—giving federal funds in large grants to states and localities for broad purposes, such as community development, instead of individual programs, such as urban renewal and water and sewer construction. The main complaint was that the proposal doesn't allow the federal government much of a role in how the funds would be spent.

In three days of meetings that ended yesterday at the Sheraton-Park Hotel, delegates heard speeches that were a series of point and counterpoint.

At one session, United Auto Workers President Leonard Woodcock denounced as "utter nonsense" the Nixon contention that for cities "the hour of crisis has passed." He charged that the administration is trying to solve problems "by pretending they do not exist."

At another session, Housing and Urban Development Sec-

retary James T. Lynn insisted that "the federal government is aware of the problems of the cities, that we are making every effort to meet them with constructive solutions—and, certainly, that we do care."

The delegates listened coldly and politely as Health, Education and Welfare Secretary Caspar W. Weinberger declared that the government has not moved away from its commitment to solve city problems—that "what we're doing is finding more effective ways to solve them."

But they cheered loudly as Julian Bond, a Georgia state legislator, following Weinberger to the podium:

"The (administration's) callous castrators moved with cold calculation to kill, freeze or wind down" a variety of urban and education programs and "to impose a 60 per cent national pullback in social services."

Under Richard Nixon, Bond charged, the government's attitude toward the American under class "has changed from benign concern to malignant neglect."

Coalition Chairman Linowitz said that out of the conference will come an "urban agenda" of actions that should be taken to alleviate city problems.

There were plenty of suggestions. Woodcock had 10. Among them was a suggestion to set up a private, nonprofit national "race alert" organization to combat racism.

He also proposed that the National Aeronautics and Space Administration, in addition to its space duties, use its technical expertise to produce decent housing, solve learning problems of school children, develop mass transit systems and attack pollution.

The coalition, as Linowitz admitted, has gone through "some tough periods." After it was first formed, it ran into opposition from President Lyndon B. Johnson, who saw it as an unnecessary competing force in solving social problems, and from some mayors, like Chicago's Richard Daley, who thought city hall was a sufficient coalition in itself.

But in the wake of urban riots, the organization grew rapidly and enlisted some 35 local affiliates. As the violence subsided and friction grew between the national and local coalitions, the number dropped to 20 in 1969-1970.

Now more are being formed—the total is up to 34—and the coalition's national president, M. Carl Holman, is encouraging them to take on more social action programs.

Holman recalled that John Dalessio, executive director of the Los Angeles coalition, told him recently: "For a long time all we did was scream about problems; now we're using people in the coalition to get results."

The L.A. coalition has persuaded the city's planning commission to drop its own 20-year plan for developing the black Watts area and instead consider one that local residents want.

In Oakland, Calif., the local coalition and other groups have convinced contractors they should hire minorities for 70 per cent of the work on part of the new \$147 million City Center Project.

The Racine, Wis., coalition has prodded the business community to provide scholarships for minority students to attend college.

Nationally, the coalition has created two projects that have been spun off as independent agencies—the Minority Contractors Assistance Program, which helps contractors get bonding and money to operate, and the Health Manpower Program, which seeks to get minority people into health professions.

Alluding to its low profile in the last few years, Holman said the national coalition expects, as a result of this week's conference, to raise "our visibility, and, more importantly, our effectiveness."

# Jobless Rate Holds at 5 Employment Up Slightly

## Factory Hours Off in May

By EILEEN SHANAHAN

Special to The New York Times

WASHINGTON, June 1—The unemployment rate remained at 5 per cent of the work force in May, about where it has been for six months.

The Labor Department's monthly report on employment and unemployment, made public today, also showed that there was only a small increase in the number of persons holding jobs in May and no increase at all, for the second straight month, in the total number of persons either working or looking for work.

Thus, the explanation for the persistently high unemployment rate that has been made by Administration officials for the last year was not applicable in May. That explanation was that the basic problem was an unusually large expansion in the number of job-seekers, rather than in a lack of expansion in the number of jobs.

Herbert Stein, chairman of the President's Council of Economic Advisers, emphasized this change in a statement that he made today. He said that the small increase in the number of available jobs in May "constituted another piece of

Continued on Page 38, Column 1

# UNEMPLOYMENT RATE IN MAY REPORTED

Continued From Page 1, Col. 2

evidence" that the growth in the economy "has at least temporarily subsided from the unsustainable and highly inflationary rate of previous months."

Mr. Stein added that he thought available jobs would increase more rapidly in "the months ahead" than they did in April and May, though the increase would not equal "the extreme rates of the period from last November through March."

He said that previous Government reports on retail sales and manufacturers' new orders in April had suggested that a slowdown in the economy was coming.

## Other Hints Noted

There were some tentative additional hints in the employment and unemployment figures, including the following:

¶The average weekly hours of work in manufacturing industries—a statistic that often turns up or down before the economy as a whole—declined from 41 hours in April to 40.8 hours in May.

¶The number of workers in manufacturing industries, a key to the basic trend in the economy, stopped growing in May after rising strongly almost every month since December, 1971.

George Meany, president of the A.F.L.-C.I.O., said that the statistics painted a "dismal record" that was the result of Administration policies that were "inequitable and unfair to workers."

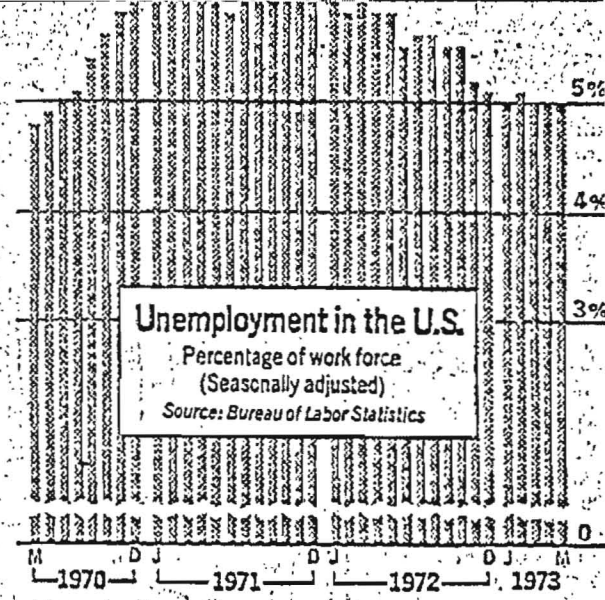
During the same six months that "unemployment has remained stuck at 5 per cent with 4.4 million jobless," he continued, "inflation continued at a rapid rate, profits skyrocketed, interest rates climbed sharply, speculation continued unchecked and corporate executives received more than ever before."

Nonpolitical experts in the Labor Department foresaw a possibility, however, that the unemployment rate would come down in June and stay down in the following months.

A chief reason was what they said constituted an apparent change in work patterns of teen-agers.

Ordinarily, large numbers for jobs. This year, a Labor Department official said, the increase is expected to be smaller than usual because an unusually large number of teen-agers entered the work force earlier in the year as part-time workers.

They will presumably continue to work, either part time or full time, in the summer months, but they will not represent new jobseekers in the June statistics.



The New York Times/June 2, 1973

## Little Over-all Change

There was little change in the over-all patterns of unemployment in May.

Of the total of 4.4 million unemployed (a figure that has been adjusted to eliminate normal seasonal fluctuations), 1.7 million were adult men, 1.4



"JOBS AND INCOME"

by

Henry Santiestevan

Presented to

National Urban Coalition

National Conference

May 30-June 1, 1973



Forty years ago, President Franklin D. Roosevelt told a people caught in the grip of a desperate depression that one-third of the nation was ill-fed, ill-clothed and ill-housed.

One out of three people were unemployed, factories were idle and farms were being abandoned. The pressing need was to get the country moving again.

The New Deal was born, and before it was swept away by the rising winds of World War II it had left to a nation moving rapidly toward affluence some new and historic social institutions defined in land-mark federal legislation.

The nation had turned the great social movements of that generation into new social legislation and institutions designed to extend the general welfare.

But the social revolution that exploded out of the depression was far from complete.

A generation later, it moved massively again.

An America that had become affluent was shaken from its complacency by the "other America" that had been left behind in pools of poverty, deprivation, social and economic injustice and in racial ghettos and barrios.

Michael Harrington, in his brilliant book, "The Other America: Poverty in the United States," sounded one of the first alarms. To express it in terms out of the historical experience of Mexican-Americans he sounded, "el grito."

"The poor are increasingly slipping out of the very experience and consciousness of the nation," Harrington warned. "...The poor still inhabit the miserable housing in the central area, but they are increasingly isolated from contact with, or sight of, anybody else ... Living out in the suburbs, it is easy to assume that ours is, indeed, an affluent society ... Forty to fifty million people are becoming increasingly invisible."

Forty to fifty million people -- one-quarter of the nation's population -- could the nation's conscience really ignore them?

A young and concerned President did not think so. John F. Kennedy urged the nation to get moving again, and called for a War on Poverty.

And the people began to march.

There was a March on Washington, and out of it came a great leader: Dr. Martin Luther King, Jr.

And there was a March from Delano to Sacramento, and out of it came another great leader: Cesar Chavez.

With the broadening of social awareness of poverty, there was also a deepening of racial consciousness which became transformed into a social movement of the magnitude of those that moved the nation out of the depression.

John D. Rockefeller III calls the profound currents of social change of today, "The Second American Revolution."\*

"In my attempts to understand the realities of today," he writes, "I have come more and more to accept the view that in the United States we are in the early stages of a revolution..."

"I have chosen to call the revolution I see emerging the 'Second American Revolution' ... it indicates the fact that its historical roots lie very much in what happened on this continent two hundred years ago. As for the content of this movement, it seems to me most expressive and accurate to refer to it as a humanistic revolution, for it springs from ... the wants and needs and aspirations of people."

He also notes that "the name Rockefeller does not connote a revolutionary, and my life situation has fostered a careful and cautious attitude that verges on conservatism."

---

\*"The Second American Revolution: Some Personal Observations," by John D. Rockefeller III. Harper and Row, Publishers. 1973.

Perhaps this frame of reference of a continuing, humanistic social revolution, springing from the wants and needs of people, can place into an understandable perspective an analysis of the distribution of jobs and income in this nation.

The statistics, in themselves, are dismal.

Let's look at unemployment.

The statistical patterns of jobs in the United States persistently relegate non-white minority groups into the lowest categories.

#### UNEMPLOYMENT

In the last quarter century (1948 through 1972), the unemployment rate for nonwhite workers has been double or more that of white workers for 16 of the 25 years, including a stretch of ten straight years (1955 through 1964).

During that quarter century, the highest unemployment rate reached by white workers was 6.1%, in 1958. The highest unemployment rate recorded by nonwhite workers was 12.6% (also in 1958). Nonwhite workers have recorded unemployment rates above the top-level mark of white workers 21 times in those 25 years.

A stubborn gap prevails between the unemployment rates of white and non-white workers. The narrowest the gap has been in the past quarter century was in 1953, when the unemployment rate was at the low point for both groups -- 2.7% for white workers and 4.5% for nonwhite workers, a difference of only 1.8%.

But five years later that gap had reached its widest separation in the entire quarter century. In 1958, the unemployment rates for white and nonwhite workers were at their peak - 6.1% for the former and 12.6% for the latter - a difference of 6.5%.

That gap was to remain at 4% or more for a decade. But in 1970, unemployment rates for both groups again began to climb, and the gap between them to widen.

In 1970, the unemployment rate for white and nonwhite workers, respectively, was 4.5% and 8.2% and the gap was 3.7%. In 1971, the respective figures were 5.4% and 9.9%, with the gap at 4.5%.

In 1972, the unemployment rate for white workers had risen to 5%, for nonwhite workers exactly double at 10%, and the breach had widened to 5%.

Will the gap continue to widen?

The experience of the past quarter century indicates that when the unemployment rate for white workers goes up, the proportionate rate of nonwhite workers rises even more and the gap widens.

These statistics, taken from the Manpower Report of the President, 1973, are based on the traditional method of counting the unemployed in the nation's workforce -- those out of work who are actively seeking work.

There is compelling evidence that the unemployment situation for minorities is actually much worse.

In late 1966, the Department of Labor, then under Secretary of Labor W. Willard Wirtz, developed a new measuring rod called the "sub-employment index," which included the underemployed, working poor (on full-time jobs, but earning below the poverty level), discouraged persons no longer looking for work because they could find no jobs available and persons "undercounted."

On the basis of the index, the Department reported that the rate of sub-employment in ten slum areas of selected cities was close to ten times the national average of unemployment tallied in the traditional manner. When the national average unemployment rate is running 5%, the sub-employment rate could be as high as 50% in the poverty-blighted barrios and ghettos of the cities.

Youth unemployment is particularly acute in minority areas. In Mexican-American, Puerto Rican and Black communities, the median age is 18, 19 and 21, respectively. The serious consequences of youth unemployment are apparent.

#### DISTRIBUTION OF JOBS

There is a direct correlation between job classification and unemployment rate. The least skilled workers are always harder hit by unemployment than the most skilled.

Melville J. Ulmer, in an article appearing in the May 5, 1973 edition of "The New Republic", cites figures comparing unemployment rates of the two most highly skilled and the two least skilled of the Bureau of Labor Statistics occupational classifications. His figures show that the unemployment rate for the two highest skilled classifications consistently run below the national average, while for the two least skilled, the rates run consistently higher - in the case of nonfarm laborers, more than twice as high as the national average.

In 1972, the unemployment rate for all workers was 5.6%. For professional and technical workers, it was 2.4% and for managers and administrators, 1.8%. For nonfarm laborers it was 10.3%.

And when it comes to passing out the jobs, nonwhite workers are always found clustered in the lower level classifications.

According to figures issued in March, 1971, 14.5% of employed white workers over 16 were in the professional and technical category. The comparable figures for Blacks, Puerto Ricans and Chicanos were 7.2%, 6.2% and 4.5%. The figures in the managers and administrators classification were 16.1% for white workers, 5.2% for Blacks, 4.8% for Puerto Rican and 5.4% for Mexican Americans.



In the low skilled classification of nonfarm laborer, the figures were 5.9% for white workers, 17.7% for Blacks, 13.5% for Puerto Ricans and 15% for Chicanos.

In 1966, findings by the Equal Employment Opportunity Commission in the five Southwestern states indicated that 79% of employed Mexican American males were in blue collar or service occupations. In 1969, a Bureau of Labor Statistics study of Los Angeles and Houston showed that 87% and 90%, respectively, of employed Chicano male adults were in blue collar or service occupations.

#### INCOME DISTRIBUTION

Now let's look at incomes.

The statistical patterns of incomes (as in jobs) persistently relegate nonwhite minority groups into the lower categories.

The median incomes for both white and nonwhite families rose between 1947 and 1970, but that of white families rose proportionately higher and the gap widened.

The median income for white families in the United States in 1947 was \$3,157, according to the American Almanac, U.S. Book of Statistics and Information for 1973. The median income for nonwhites in 1947 was \$1,614 -- the difference: \$1,543.

For example: Median incomes for white and nonwhite families, respectively, in 1950 were \$3,445 and \$1,869. The gap: \$1,876.

In 1955, \$4,605 and \$2,549. The gap: \$2,056.

In 1960, \$5,835 and \$3,233. The gap: \$2,602.

In 1965, \$7,251 and \$3,994. The gap: \$3,257.

The median income for white families in 1970 was \$10,236; for nonwhite families, \$6,516. The difference: \$3,720.

There has, however, been an improvement in the spread of money income within each group.

In 1947, 9% of the white and 28.8% of nonwhite families were getting a median income of less than \$1,000. In 1970, the comparable figures were 1.4% and 3.4%.

In 1947, 3% of the white and 0.1% of the nonwhite families had median incomes of over \$10,000. In 1970, 27.9% of the white and 17.3% of the nonwhite families had median incomes of \$10,000-\$14,999, and 23.7% of the white and 10.9% of the nonwhite had median incomes of over \$15,000.

But when all families in the United States are divided into five sections and ranked according to the percent of aggregate income received by each fifth, it shows that income distribution has shown virtually no change between 1950 and 1970.

In 1950, the lowest 20%, or fifth, of the families in the United States received 4.5% of the nation's aggregate income. In 1970, that figure was 5.5%.

In 1950, the highest 20%, or fifth, of the families of the United States received 42.6% of the nation's aggregate income. In 1970, that figure was 41.6%.

The second, third and fourth ranked 'fifths' showed no change at all in the percent of aggregate income received in 1950 and 1970. Those figures were 12%, 17.4% and 23.5%, respectively.

What it means is that although the aggregate income 'pie' may get larger, the unequal shares remain the same.

Since the great majority of nonwhite families remain in the lower 'fifths', it means that their percentage share of the nation's aggregate income does not change.

Since white families enjoy considerably more upward mobility, the trend is to leave nonwhite families clustered disproportionately in the lower 'fifths'.

Let's take a separate look at the income status of Spanish-speaking Americans:

In 1970, 2.2 million persons of Spanish origin were below the poverty level. Two-thirds of the poor persons of Spanish origin were of Mexican descent and another one-fifth were of Puerto Rican descent. Persons of Spanish origin represented about 4% of all persons in the United States, but about 9% of the low-income population. About one of every four persons of Spanish origin was below the poverty level in 1970, as compared to one out of ten for all whites and one out of three for Blacks.

Median family income in 1969 was \$5,641 for the Spanish-speaking and \$8,011 for all Americans. In 1970 those figures rose to \$7,334 and \$9,867 respectively. Mexican-Americans and Puerto Ricans fared worse than the overall Spanish-speaking median: Mexican-American median family income was \$7,117 in 1970; for Puerto Ricans in the United States it was \$5,975 (\$300 less than the median for Blacks).

According to the 1970 Census reports, 24.3% of the Spanish-speaking are living in poverty. Of that 24%, 87% are Mexican-American or Puerto Rican. For those two subgroups, the percentages of persons living in poverty were 28% and 29.2% respectively. For all Americans the comparable figure is 12.6%; for Blacks it is 33.6%. Clearly, the Spanish-speaking, particularly Mexican-Americans and Puerto Ricans, are congregated along with Blacks at the bottom of the economic ladder.

The median family income in 1970 for all families of Spanish origin (\$7,330) was lower than the median income for all white families (\$10,240) but a little higher than that for black families (\$6,280). However, there was no detectable difference in median incomes between Black families and families of Spanish origin in which the head was a year-round full-time worker.

The median income for men of Mexican origin was \$6,000, about \$1,000 higher than for Black men and about \$2,200 lower than for all whites. The median income for women of Mexican origin was about \$2,200, not significantly different from the incomes of Black women but lower than the median of \$2,700 for all white women.

Less than one-fifth of the total low-income population resided in the five Southwestern States in 1970. Yet about two-thirds of the poor persons of Spanish origin lived in this part of the country. They accounted for about 32% of all low-income persons in this area. The poverty rate for persons of Spanish origin in the Southwest was 28% as compared to 19% in the remainder of the United States.

Persons of Cuban origin accounted for about 4% of the total population of Spanish origin in 1970, and their poverty rate was 14% as compared to 28% for persons of Mexican origin.

#### EDUCATIONAL ATTAINMENT AND INCOME

Educational attainment has always been closely linked with economic attainment. The better the education, the better the job is accepted as a truism and a basic part of the American Way.

The statistics seem to bear this out. Lifetime and annual mean incomes do climb upward as educational attainment goes up.

According to the Bureau of the Census, both lifetime and mean incomes showed this relatedness to educational attainment in the 20-year period, 1949-1968.

In 1949, lifetime incomes ranged from \$91,000 for adult males with seven years or less of elementary school to \$287,000 for those with four years or more of college.

In 1968, the comparable figures were \$196,000 and \$586,000.

Expressed in annual mean income, the figures in 1949 were \$2,062 for those with an elementary school education of seven years or less and \$6,179 for those with four years or more of college. In 1968, the comparable figures were \$3,981 and \$12,938.

But when you look at the relationship of educational and economic attainment in terms of racial groups the picture shifts, somewhat.

The basic relationship is still there: better education still generally means better income. But the same educational attainment of both groups does not result in the same economic returns.

According to the U.S. Bureau of the Census, white families with heads 25 years of age and older do better than comparable nonwhite families even when both are in the same educational attainment category.

In 1970, for example, the median income for white families headed by a person with eight years or less of elementary school was \$6,933. The figure for a comparable nonwhite family was \$4,930. For four years or less of high school, the comparative figures were \$10,579 for white families, \$7,492 for nonwhite families. The pattern was the same for the college-educated.

Economist Carolyn Shaw Bell made this observation in her book, "The Economics of the Ghetto:"

"Data from the 1960 Census show an association between income and education such that white males with four years of high school could be expected to earn \$253,000 during their lifetime, while nonwhite males with five years or more of college could anticipate lifetime earnings of \$246,000, or \$7,000 less.

"...The 'payoff' from a college education can be estimated. The white man with some college courses can expect to earn \$301,000 during his working years; but if he gets a college diploma, the figure goes up to \$395,000.



"A crude estimate of the return on his investment, therefore, suggests that the white high school graduate will gain almost \$100,000 more over a lifetime.

"But for nonwhites the 'payoff' amounts to much less. The nonwhite male with a high school diploma can expect to earn \$152,000 during his working years, and if he has one to three years of college, he can anticipate some \$162,000 of lifetime earnings. If he graduates from college, the figure goes up -- but only to \$185,000." \*

These figures, it must again be pointed out, come from the 1960 Census. There are some indications of improvement in the job market for nonwhite college graduates. The underlying thesis, however, that nonwhites generally do not receive the same level of economic benefit from the same level of educational achievement as whites undoubtedly still holds.

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\* "Economics of the Ghetto," by Carolyn Shaw Bell. Western Publishing Co., Inc., Pegasus, New York. 1970

## SUMMARY AND CONCLUSION.

The statistical pattern of jobs in the United States as delineated by unemployment, underemployment and job distribution clearly indicates that minority groups have been relegated into the lowest categories over a long period of time.

The statistical pattern of income distribution also makes it clear that minority groups have been clustered into the lower level income categories. And this too has been a situation of many years standing.

It is also evident from the examination of statistical profiles that the same educational attainments of both white and nonwhite workers does not result in equal economic returns, but that whites are rewarded better than nonwhites even when both are in the same educational attainment category.

It is clear that the job and income distribution systems long operative in the economic activities of this nation discriminate against minority groups, particularly the Blacks, Boricuas, and Chicanos.

Surely this situation affecting such massive numbers of people was not a mere matter of accident or the automatic operations of an economic system untouched by human hands. Even the laws of chance would have produced a different--and more equitable--distribution of jobs and income.

The systems arose out of historical and cultural choices, out of a myriad of decisions made by a dominant society over a long period of time. But this is a time of profound currents of social change, and the question no longer is "Should the job and income distribution systems be changed?--but How?"

Many programs have been tried and much experimentation has been done. This nation is in the midst of a tremendous social debate over these programs.

Whatever programs may result, they must include a commitment by both the public and private sectors to:

1. Close the employment gap. Benefits and costs of an imperfect, but tremendously productive, economic system must be more equitably distributed. Much of the closing of this gap can be done at the hiring gate.
2. Close the occupational classification gap. White workers are not innately more intelligent or more skilled than minority workers. Much of the closing of this gap can be done by honest upgrading practices by management.
3. Close the gap in the relationship of educational and income attainment. Why is a white, high school graduate "worth" more than a minority member college graduate? This is an economic decision made on the basis of prejudice, not on the basis of good business.
4. Close the income gap. Income distribution that relegates minority group members in tremendously disproportionate numbers to low-income levels is intolerable.

The policy and program decisions on job and income distribution systems are a function of political and economic power.

The economic and political environment in which the Black, Puerto Rican and Chicano minorities must function is one in which a dominant society, composed principally of European-Anglo-Saxon descendants, has long-since consolidated its control over the basic economic resources of the nation--the land, minerals, transportation and communication systems, industry and financial institutions.

Traditionally, the basic exercise of political and economic power in this nation is done by this dominant group through political and economic

institutions which have become known as the "establishment". Minority groups must become a part of the nation's "establishment," particularly in the private sector.

The attainment of public office and the role of political leadership by members of minority groups is of great importance and must not be neglected.

However, insufficient attention has been given to the importance of positions of influence--and economic security--within the private sector by minority groups.

Federal programs with this objective are given relatively minor support (although much lip service), and meagre resources.

The private sector has been curiously unresponsive to the great efforts being made by a growing number of minority organizations in economic, or business, development.

There is an exciting reservoir of motivation and potential talent in the minority communities which, sadly, is being largely overlooked.

Federal programs, like the Small Business Development Corporations (MESBICs) under the Small Business Administration (SBA), must be given increased support. The Office of Minority Business Enterprise (OMBE) should be strengthened.

The private sector potentially can be even more effective than the public sector in moving the minority groups into effective economic development.

Effective minority organizations with the skills, talent, motivation and disciplines necessary already are in the field. The La Raza Investment Corporation (LRIC), which works closely with the National Council of La Raza to assist business enterprises for Chicanos, is just one example.

John D. Rockefeller III makes this observation in his book, "The Second American Revolution":

"We have an economic system which is the most productive in the world, in all history.

"No one, except the most extreme and disaffected elements of our society, is foolish enough to talk about replacing it, since all other systems have been less successful.

"If we can preserve the successes and yet change the system to resolve its problems, the revolution in our society will remain nonviolent in nature and our prospects for attaining a desirable future will be immeasurably improved."

Mr. Rockefeller might be astonished to hear that his words may be seriously listened to in the barrios.

It depends. Are they being listened to by the Board of Directors behind the closed doors of plush Corporate conference rooms?