GENERAL REVENUE SHARING: OPINIONS HELD BY NATIONAL, STATE, AND LOCAL LEGISLATIVE OFFICIALS REPRESENTING MONTGOMERY COUNTY, OHIO

by

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A Thesis Submitted to the Faculty of the

DEPARTMENT OF PUBLIC ADMINISTRATION

In Partial Fulfillment of the Requirements
For the Degree of

MASTER OF PUBLIC ADMINISTRATION

In the Graduate College

THE UNIVERSITY OF ARIZONA

1975

STATEMENT BY AUTHOR

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ACKNOWLEDGMENTS

I wish to acknowledge the help and guidance of the thesis committee headed by Assistant Professor Willard Price and originally consisting of Professor David Shirley and Assistant Professor James B. Hogan, The University of Arizona. Dr. Shirley's illness prevented his continuance, and I thank Professor Don L. Bowen for filling in for Dr. Shirley.

I wish to thank Dr. James H. Belote and Dr. Charles Hosmer, Jr. of Principia College for teaching me how to remain confident and competent even when times are most trying.

In addition to thanking all 88 persons who participated in this study as respondents to the questionnaire, I would like to thank the numerous city managers and finance directors of Montgomery County, Ohio, as well as township and village clerks, all of whom helped me with background information.

Special thanks are due to Congressman Clarence J. Brown, Seventh District of Ohio and member of the Intergovernmental Relations Subcommittee, who gave me more time and extra information regarding revenue sharing when I needed it most, and to Congressman

Brown's aide Wayne R. King for his help. Also giving me more time than I asked for and helping me by a thorough questioning of my material was the president of the Montgomery County Commission, Mr. Charles Simms.

Mr. Allen Shephard of the Intergovernmental Relations branch of the Office of Revenue Sharing supplied me with basic data for the Montgomery County, Ohio area. He also sent me numerous government publications.

A particular thanks is due to Mr. Terry L. Draver, a personal friend who works in the office of Indiana Senator Vance Hartke. He not only gave me room and board while I was in Washington, but his knowledge of the Library of Congress saved me a great deal of time while I was there.

The greatest thanks go to my mother and father, who totally financed every phase of this research, and who have sacrificed tremendously to send me through six years of higher education, often wondering if it was worth it.

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ABSTRACT

In this study elected legislative officials of general purpose governments in Montgomery County, Ohio are queried so as to evaluate their opinions of general revenue sharing (GRS) in terms of the concept of federalism. The subject of GRS is studied with the object of finding what officials expect from federal aid and of what they see as shortcomings of GRS to fulfill these expectations.

In a telephone interview with 88 out of 174 (51%) of these officials, it was found that a large majority approve of GRS, but many prefer to have the 1972 law improved if possible. The main objection is that distribution is unfair, but few agree why or how to correct it. Many also oppose the strings, such as spending categories, attached to this supposedly "stringless" form of federal aid. They particularly seem unimpressed with the success of the Planned Use Reports to encourage public participation in budgeting GRS funds.

While most respondents wished to have GRS continue, most either preferred or wanted other programs in addition, especially a tax credit system. The study concludes with recommendations by the author for a program of federal aid to state and local government hopefully to resolve doubts encountered by officials.

CHAPTER 1

INTRODUCTION

This study seeks to discover and, in some instances, to compare and contrast the opinions about general revenue sharing (GRS) held by elected legislative officials representing, in whole or in part, Montgomery County, Ohio. Before the passing of the "State and Local Fiscal Assistance Act of 1972," many concepts of revenue sharing were proposed, with varying degrees of control and purpose. This study seeks to find how local officials view some of these concepts including those not in the final legislation after more than a year's experience with the presently operating system of general revenue sharing.

The purpose of the project is to bring together relevant facts and information about opinions from a metropolitan community which will allow some evaluation of how local officials from different types of governments have reacted to specific provisions of the revenue sharing law in the context of broad concepts of federalism and general revenue sharing. Montgomery County is part of a multi-county metropolitan community. In the county are Dayton, Ohio, nine other cities, eight villages, 13 townships, and all or part of six state house districts, two state senate districts, and three Congressional districts.

As it stands, this study goes as far as it can within the period of time available to conduct it. General revenue sharing funds are distributed within county areas. The county competes with townships and municipalities for a share of funds. Then, within each group (townships and municipalities) the funds are divided on the three-factor formula of population, tax effort, and relative income. This wide metropolitan area with numerous competing governments within a single county area was the ideal method of investigating the basic questions of this study.

Relationships among governments and among levels of government is frequently a news item in Montgomery County as is federal aid of one form or another. With this background, the place was right and the questions were appropriate to the situation. Since legislative bodies made the final approval of the budget in all types of governments represented, the choice of respondents (legislative officials) was appropriate. They carry the political influence in the county, regardless of professional advice, and what these officials think is important.

A questionnaire was based on problems perceived as being possible by some scholars and various federal officials before and since the enactment of revenue sharing. Alternatives and problems have been suggested by several of these scholars and officials, some of which are mentioned in the second chapter. This study will ask if local officials from a variety of types of local governments within a single metropolitan county perceive the same or other problems as others have anticipated, and how they react to the problems they perceive.

Studies completed since the enactment of revenue sharing have sought to explore the truth of some of the expected problems. Most of the studies, such as those by the Advisory Commission on Intergovernmental Relations (ACIR) and the Office of Revenue Sharing (ORS), were preliminary in nature and completed in early 1973, before most officials had had any experience with revenue sharing. There are more studies coming of a thorough nature and should be published soon.

Nearly all studies analyze spending patterns or whether or not officials believe revenue sharing is adequately administered by the ORS. The studies are suggestive of some problems. Most problems perceived by such studies are of an administrative nature such as report filing, but some study the effects of other provisions such as the impact of the five-year limit to the law on local budgeting and planning. Those studies contain little information about recipient governments other than those of states and large cities. None of them seek to find or compare patterns within a county area, or even a state area, to gather reactions among a group of governments most directly in competition for funds. Few are asked about the relationship between federalism and revenue sharing. Also, those studies apparently go to a single administrative source for answers to these questions and never ask a cross-section (or perhaps any) of the legislative officials in a single-county area. This study does.

This study is based on the following four areas of investigation:

(1) The first area of investigation is referred to throughout the study as "approval of revenue sharing; alternatives," and is described by these underlying questions--Do the officials interviewed approve of the concept of general revenue sharing? Are they happy with the present law? And how do they compare GRS with the alternatives?

(2) The second area will be referred to as "publication of use reports," and described by these underlying questions--Do the interviewed officials perceive the publication of use reports as fulfilling its basic purpose to stimulate

public participation in the budgeting processes of local government?

(3) The third area will be referred to as "federalism and general revenue sharing," and is described by these underlying questions--Do the interviewed officials view the shifting of more responsibility for problem-solving to state and local governments as desirable? What other purposes do they perceive to justify any form of GRS? Does the present law have the effect of shifting responsibility? Is there more or less intergovernmental cooperation in Montgomery County as a result of revenue sharing?

(4) The fourth area will be referred to as "the distribution of general revenue sharing," and is described by this question--Are these officials content with the distribution of the funds among the different types of local governments and the division between state and local governments?

Each of these four areas of investigation is used in the following chapters as the basis for analysis.

Many of these issues may appear to be peripheral to the issue of federalism mentioned earlier. The relationship of each area is discussed in Chapter 2. Federalism is perceived differently by different individuals. Many persons favored revenue sharing because they believed it promoted federalism. Others tried to incorporate reforms of state and local government, as they believed that federalism would be harmed without reform regardless of the financial situation.

Still others opposed revenue sharing because they believed it would ultimately encourage dependence by state and local governments upon the national government rather than independence, thus irreparably harming the federal system. Because of these multiple views, the approach this study takes is to investigate aspects of revenue sharing with both general and specific questions which bear upon federalism from different angles. It was expected that questions which ask about specific provisions of the law or specific ideas not included in the law would encourage practical considerations as well as philosophically political considerations by respondents in answering the questionnaire. In this way, general revenue sharing could be judged in terms of its successes and failures to satisfy different goals and subgoals, and not just on the basis of broad conclusions by the respondents.

Chapter 2 explains the development of the questionnaire. Chapter 3 describes the respondents, Montgomery County, and the governments which the respondents represent, and the interview process. Chapter 4 analyzes the responses to the questionnaire grouped around the four areas of investigation listed above. Chapter 5 finishes with broad conclusions of what the data reveals and some suggestions by the author for answering the perceived worries and dislikes of the respondents.

CHAPTER 2

DEVELOPING THE QUESTIONNAIRE

This study is to determine the opinions of a particular group of officials and in some instances to compare subgroups of these officials. It was decided that a questionnaire with specific questions and offering specific responses would elicit the appropriate information in a form in which responses could be easily classified, and compared and contrasted. The same 19 questions were asked of all respondents in an interview explained in Chapter 3.

The complete questionnaire, along with tables of the responses is included as Appendix A. The full questions are included in the text below as their development and purpose are explained. Eighteen of the questions have multiple answers supplied, from which the respondents were to select the answer that came closest to describing their beliefs. This results in a classification scale whose purpose is to differentiate and classify the opinions of individuals on the basis of their responses. The only quantitative result is the number of individuals found to select each response.

A couple of the questions leave room for additional comments to help expand the answers and to give more meaning to the analysis. The last question is a completely open question for any comments about general revenue sharing. This, again, should help to expand the analysis and give it additional meaning.

The scope of this study is delineated by its major purposes, by subdivisions of these purposes, and by the smaller sub-topics and questions used to fulfill these purposes. The major purposes are, first, to discuss general revenue sharing (GRS); second, to discuss GRS in terms of the concept of federalism; third, to discuss GRS from the point of view of federal, state, and local elected legislative officials from a single county area; and, fourth, to discuss GRS primarily in terms of the revenue sharing law that became effective in October of 1972, including that law's provisions and alternatives that were left out of that law.

The selection of respondents satisfies the third purpose. The selection is more thoroughly explained in Chapter 3.

Federalism was chosen as a basis for discussing GRS, as revenue sharing has from its inception frequently been justified as a means of strengthening the federal system. There was disagreement over how revenue sharing was to do this, but arguments for or against it included some reference to its impact on the federal structure of government and the responsibilities of each level of government.

The fourth purpose, to discuss GRS in terms of provisions or exclusions from the 1972 law, limits the study to issues debated, discussed, and revised by Congress and its committees. The final limiting factor on the scope of the study was the selection by the author of which provisions or exclusions could best be worked into a logical interrelated whole. This was done by first, listing all those questions that the author could think of asking about general revenue sharing; second, by subdividing the topic of GRS and federalism into related subtopics; third, by classifying questions under those subtopics; and, fourth, by eliminating those questions which are not appropriate to state and local legislators' opinions or which do not get to the point as well as other questions.

The basic issues, the areas of investigation listed in Chapter 1, and the questions on the questionnaire were selected on the basis of potential problems suggested by and concepts developed by scholars and officials during the time when revenue sharing was conceived, developed, and passed into law. In addition to the central issue of federalism and general revenue sharing, three other subdivisions were devised. One is the approval of revenue sharing and its alternatives. Another is the publication of use reports. The other is the distribution of GRS. The questions are developed under each area of investigation and are introduced in the same order as the analysis of Chapter 4 rather than the order in which they were presented to respondents in the questionnaire.

Approval of Revenue Sharing; Alternatives

The first area of investigation concerns the approval given to the concept of general revenue sharing by officials within Montgomery County. This area of investigation provides a background for the discussion of federalism, by first discussing GRS by itself, and then presenting alternatives, reflecting differing views of federalism.

Approval

Question 1 attempts to discover what the officials recall of their opinions before revenue sharing became law. Then, the second question asks if they have changed their opinions with actual experience.

Question 1: Before general revenue sharing was signed into law in October of 1972, were you in favor of, opposed to, or indifferent to the idea of general revenue sharing?

Favored   Opposed   Indifferent

Question 2: Has your actual experience with general revenue sharing changed your opinion so that you are now more favorable, less favorable, or feeling about the same toward it?

More Favorable   Less Favorable   About the Same

This, of course, will not be as accurate as if the first question had been asked in 1972 and the second now. But, these questions are based on perceptions the officials hold of GRS and their own effectiveness in working with it. As this study was necessarily of short duration, this appeared to be the best way to determine a "change" of opinion based on experience.

These two general questions were asked first so that general impressions of GRS would not be affected by respondents' reactions to more specific questions. Other questions dealing with approval are more specific in nature. Those questions used to analyze why respondents approve or disapprove of GRS are the 11th, the fairness of distribution, the 13th, division of the state area allocations, and the 14th, alternative formulas. These questions are more fully a part of the section on distribution, and are more completely discussed in that section.

Alternatives

The eighteenth question asks respondents to choose among alternative methods of federal aid to state and local governments. It is at the end of the questionnaire as it is the one question about which the author sought answers based on consideration of the other questions and less off-the-cuff. It is a fitting end to the questionnaire as it covers a broad spectrum of issues in federal aid and federalism.

Question 18: With 1976 approaching, which of the following would you favor?

(A) _____ Renewing general revenue sharing with the same conditions;

(B) _____ Renewing general revenue sharing but with some changes--list changes ______________;

(C) _____ Instead of general revenue sharing, replace it with more categorical grants;

(D) _____ Instead of general revenue sharing there should be a block grant system or special revenue sharing;

(E) _____ Instead of general revenue sharing there should be a credit against federal income tax in favor of state and local taxes;

(F) _____ Some combination of the above. Specify: ______________________________

(G) _____ Other. Specify: ______________________.

The next few paragraphs explain the background of each alternative and why that alternative was included.

Each of the first five alternatives are ideas advocated by one or more groups of scholars, Congressmen, or professional organizations. The alternatives were to be chosen by each respondent on the basis of what he saw as the purpose of federal aid to state and local governments balanced by what he saw as good or bad side effects of each alternative.

Nearly every one of the "experts" agrees that local governments tend to need financial help to meet the broad range of their responsibilities. Fewer believe that state governments need help. However, the major argument is over how the financial aid should be given. Here, other goals become important. Some feel that our federal system has become too centralized with state and local governments bent to the will of the national government by the numerous strings and matching fund requirements of categorical grants. Those persons advocate general revenue sharing (GRS), tax credits, federal tax reductions, or a combination of these, and perhaps some block grants.

The difference of opinion as to which of these to use varies with what officials perceive to be the possible long range effects of each. Some view GRS as a means of sharing power as well as money, if there are no strings attached.[1] Others see this as a way that local

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[1]Richard E. Thompson, Revenue Sharing: A New Era in Federalism (Washington: Revenue Sharing Advisory Service, 1973), p. 26; Walter W. Heller, New Dimensions of Political Economy (Cambridge: Harvard University Press, 1966), pp. 147, 164, 168, 170; and Michael D. Reagan, The New Federalism (New York: Oxford University Press, 1972), p. 95.

and state governments might come to depend upon the federal government even more than in the past, eventually succumbing to revised and more restricted regulations.[2] These people prefer federal tax cutbacks or tax credits, or no program at all, leaving state and local governments to solve their own problems.[3]

Many who did approve of GRS did so only when it was accompanied by a set of strings that would "encourage" local and state reform.[4] Still others like GRS but propose different methods of distributing the funds. There are particularly complaints that the rule allowing all general purpose governments to receive funds allows communities "without need" to benefit at the expense of those that have "need."[5] These last two groups of people justify including the alternative of "revenue sharing with some changes" in question 18.

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[2]Thompson, Revenue Sharing, p. 68, and Reagan, The New Federalism, pp. 102-103.

[3]U. S. Congress, House of Representatives, Committee on Ways and Means. State and Local Fiscal Assistance Act of 1972: Report with Supplemental, Additional, and Dissenting Views, 1972, pp. 88, 190-191.

[4]Henry S. Reuss, Revenue-Sharing: Crutch or Catalyst for State and Local Governments? (New York: Praeger, 1970), pp. 125-126.

[5]Richard H. Leach, American Federalism (New York: W. W. Norton, 1970), pp. 215-217.

A substantial group strongly believes that "national priorities" should be reflected in any form of federal aid and that categorical grants with the attached regulations are the best way to solve the most important domestic problems of the nation. A few of these do agree that the multiplicity of grants may be confusing and contradictory, and they would support some grant consolidation to simplify the process.[6]

Publication of Use Reports

The second area of investigation is the one that may appear most peripheral to the theme of federalism. The connection is Senator Russell Long's insistence on their inclusion in order to encourage public participation in the budgeting process. This could be considered as a question of federalism since the supporters of stronger state and local governments argue that these governments are "closer" to the people and as a result more responsive to the people. If this is true, one evidence of this would be public participation in making budgetary decisions. This is not to say that public apathy disproves that local governments are closer to the people, but that public participation and its encouragement is one means of

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[6]Leach, American Federalism, p. 218, and Thompson, Revenue Sharing, pp. 78-79.

determining the responsiveness of state and local government to local problems.

Senator Long's first suggestion was to have local governments submit plans for spending revenue sharing to a referendum of the people. He finally settled for two use reports--one on planned use and one on actual use--and both to be published in a local newspaper.[7]

To discover the success of the use reports in stimulating public participation, the 3rd, 4th, and 5th questions were developed.

Question 3: (A) In your opinion, was the publication of the Planned Use Reports responsible for any letters, telephone calls or visits to you by residents of your (city, etc.) about the spending of revenue sharing funds? Yes________ No________

(B) How would you describe the response? Heavy________ Light________ Practically None________

Question 4: (A) Did your (city council, etc.) hold public meetings, either as a part of regular meetings or in special meetings, for the purpose of receiving input on how to spend the revenue sharing funds for the first four entitlement periods? Yes_______ No_______

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[7] Thompson, Revenue Sharing, p. 111.

(B) If yes, were the meetings regular or special (for revenue sharing only)? Regular______ Special______

Question 5: If there was response from the public (in questions 3 and 4), did it change the plans that you had originally favored for revenue sharing? A Great Deal_______ Some_______ Not Much_______ Not At All_______

Question 3 questions whether publication of use reports actually encouraged response from citizens. An earlier preliminary study by Technology Management Incorporated for the Office of Revenue Sharing indicated that there was likely to be more public participation where it was encouraged by the local government.[8] Question 4 is included to see if Montgomery County governments did encourage participation. Even if there is public response, it does not mean that suggestions by the public will alter or influence the decisions of local government officials. Question 5 attempted to find out what effect public response, if any, had on the decisions of the respondents on decisions about revenue sharing.

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[8] David A. Caputo and Richard L. Cole in a report prepared for Technology Management, Inc. for the Office of Revenue Sharing, Preliminary Survey of General Revenue Sharing Recipient Governments (Washington: 1973), p. 9.

Federalism and General Revenue Sharing

The third area of investigation directly concerns federalism and asks about the purposes of implementing a revenue sharing program. This develops more detailed response about issues discussed earlier among the alternatives to revenue sharing. Relevant to this area of investigation are questions that discuss the expectations of officials and others that discuss the effects of con-cepts and specific provisions.

Question 6: (Adapted from ACIR Information Bulletin 73-3)[9] (A) Does uncertainty about the future of general revenue sharing have an important bearing on the way you believe your government should spend its revenue sharing funds? Yes_______ No_______ Undecided_______

(B) If yes, is it correct to assume that this uncertainty influences you to favor using general revenue sharing funds for nonrecurring expenses such as capital outlay or debt retirement? Yes_______ No_______ Undecided_______

State and local ability to plan for the future is one reason given for providing a five-year appropriation in the 1972 law. An ability to plan beyond a single year, without having to wait for federal

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[9] Advisory Commission on Intergovernmental Relations (ACIR), Information Bulletin 73-3, "Revenue Sharing: View from the Field," March, 1973, p. 6.

decisions on a multitude of categorical grant programs would leave the state and local governments freer from dependence on Washington. In this sense, the provision of advance appropriations is related to federalism. In the early development of GRS, it was suggested that the funding would be of a "permanent" nature by tying allocations to a percentage of the federal income tax base (not to the taxes collected), rather than providing a fixed amount over a fixed period of time.[10]

The question has now arisen whether five years is long enough. Do governments fear becoming dependent when the possibility exists that the funds could be cut off after five years or if the requirements or formulas were drastically changed? Question 6 is used to discover the side effects of a five-year limitation of the program.

Since some of those not especially interested in federalism do agree with the concept of allowing more advance planning of local budgets so that government would be more effective, question 6 precedes any reference to state and local power. Asking questions about power distribution before asking Question 6, may have made the

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[10]Heller, New Dimensions of Political Economy, pp. 146-147; Leach, American Federalism, p. 213; and Thompson, Revenue Sharing, p. 121.

purpose of question 6 appear to be oriented toward political philosophy, requiring certain answers to be consistent with implied political views. As there can be other reasons for differing responses, the author did not wish to influence the responses in this way. By placing this question before references to state and local power, the respondent may feel free to answer from either the practical or the philosophical view.

Questions 16 and 17 are included as a part of a group of questions aimed at the future.

Question 16: Assuming that general revenue sharing is renewed beyond 1976 in its basic principles, would you anticipate that--(A) The formulas will be changed?

Yes________ No________ Undecided________

(B) That the new law would be

(1) ________ more advantageous to your (city, village, etc.)

(2) ________ less advantageous to your (district, etc.)

(3) ________ about the same in its advantages

(C) That the federal government will

(1) ________ attach more strings

(2) ________ attach fewer strings

(3) ________ attach about the same requirements as at present

Question 17: In your opinion, will there be general revenue sharing after 1976? Yes_______ No_______ Undecided_______

These two are especially geared to the expectations officials hold for the future--not what they want, but what they believe is likely to occur in the future. This can corroborate any uncertainty or "fears" on the part of these officials indicated by question 6. The answers do not indicate specifically what changes will or will not occur, but do indicate the directions these officials expect the future to take.

Questions 7 through 10 ask about how revenue sharing affects or ought to affect aspects of federalism. Questions 7 and 8 are general questions which, in addition to their own value, give the analysis of question 9 more meaning.

Question 7: Is there, in your opinion, a need for local and state governments to have more decision-making power? Yes_______ No_______ Undecided_______

Question 8: Do you believe that sharing federal funds with a minimum of strings has the effect of increasing or decreasing state and local decision-making power or does it have no effect? Increasing_______ Decreasing_______ No Effect_______

Question 9: (Abbreviated) Of the following possible purposes to which general revenue sharing could be put, select as many or as few as you feel that you would agree with:

(A)______ To help state and local government to finance legitimate functions;

(B)______ To give state and local governments more independence and responsibility in the federal system;

(C)______ To encourage state and local governments to reform their tax systems by rewarding those who adopt certain types of taxes;

(D)______ To encourage joint action among state and local governments by rewarding those involved in certain forms of regional planning;

(E)______ To encourage local governments to consolidate into larger units.

Question 9 asks respondents to choose among five possible purposes to which GRS could be put. Those with a purely practical bent might select only the purpose of aiding state and local government to finance legitimate functions (A). Those who favor "returning" power to state and local governments without attaching strings will pick B, perhaps combined with A. Those who believe that a "stronger" federalism is good only if there are reforms might select all five choices or at least one of C, D, or E in addition to B. Those who are against giving more power to state and local governments might pick nothing at all, only C, D, or E (to discourage GRS), or A (favoring a limited form of revenue sharing).

The "reforms" listed in question 9 are derived from what critics of state and local governments most often cite as weaknesses of these levels of government--inequitable tax systems, lack of regional cooperation on "regional" problems, and the inefficiencies of fragmented government.[11] Those who wanted to encourage regional cooperation believed that the final provisions of the revenue sharing law would actually discourage cooperation, in the belief that with federal funds going to all general purpose governments there would be less reason for regional cooperation as economies of scale would be viewed as less necessary. Question 10 was devised to investigate this issue in Montgomery County.

Question 10: In your opinion, which of the following describes how general revenue sharing has affected relationships among governments in Montgomery County?

(A)_______ Encouraged them to cooperate more;

(B)_______ Encouraged them to act more independently;

(C)_______ Has had no noticeable effect on intergovernmental relations.

ACIR hearings revealed evidence that GRS has encouraged cooperation in some places, evidence to the contrary in other places, and still more evidence that it has no effect one way or the

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[11]Reuss, Revenue-Sharing, pp. 125-126.

other.[12] All three responses are offered to Montgomery County officials.

The Distribution of General Revenue Sharing

The fourth area of investigation concerns opinions of Montgomery County officials about the distribution of the revenue sharing funds. Attitude toward distribution can affect other responses as well. The opinions that officials of different types of governments hold toward distribution of funds may affect how much they are willing to cooperate, or how they view the cooperation of others in question 10.

Questions 11, 13, and 14 ask respondents to state how fair they consider the distribution of GRS and to suggest how to improve the formula within the county area.

Question 11: (A) Do you believe that the distribution of general revenue sharing funds is fair to all forms of government, including central cities, suburban cities, villages, townships, counties, and states? Yes_______ No_______ Undecided_______

(B) If no, which of the above forms of government is getting the most advantage? ______________________________

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[12] ACIR, Information Bulletin 74-4, May, 1974, p. 12.

(C) If no, which form of government above is getting the least advantage? ______________________________

Question 13: (Abbreviated) Do you believe that state area allocations should be divided

(A) To give state government a greater share;

(B) To give local governments a greater share;

(C) As it is presently divided?

Question 14: The basic formula for dispersing local general revenue sharing funds within a single county area is population x tax effort x relative income. Under the law, the Ohio General Assembly could change that formula during the remaining entitlement periods. The formula could be: only the factors of population and tax effort; or population and relative income; or all three factors, but weight them differently than at present.

(A) Do you believe that the General Assembly should change the formula, using one of the allowed alternatives?

Yes________ No________ Undecided________

(B) If so, how should it be done?

(1) ______ Population x Relative Income
(2) ______ Population x Tax Effort
(3) ______ Population x Tax Effort x Relative Income, but weighted differently.
Assign weights ________________

(C) Comments

In searching for a means of further analyzing general revenue sharing and federalism it was apparent that satisfaction or dissatisfaction with the current formula might influence officials' opinions about GRS. What officials determined was fair could be based on any conception of fairness the respondent wished. Question 11 asked about simple fairness without imposing any standards of fairness on the respondent. Questions 13 and 14 ask respondents what changes, if any, they would make in the distribution. Question 14 limits possible changes to those allowed to state legislators in the federal law.

Question 12 asks for a judgment of state GRS expenditures, which may help to evaluate these officials' opinions about the division of funds between state and local government.

Question 12: Do you believe the state's share of federal revenue sharing funds has been spent in such a way as to benefit the residents of your (city, district, etc.)? Yes_______ No_______ Undecided_______

Question 15 is a look into the future, and asks <u>who</u> should decide the formula for the local distribution of funds. In other words, once Congress has distributed funds to state areas, and perhaps determined how much of it was to go to local governments, either Congress itself, or an independent body, or state legislatures could be empowered to divide the money among the local governments.

Question 15: Assuming that general revenue sharing is renewed, who should be responsible for working out the formula for distributing funds at the local level?

(A)______ Should Congress write the distribution formula into the law?

(B)______ Should Congress delegate this responsibility to each state government?

(C)______ Should Congress delegate this responsibility to some independent body or commission set up for this purpose?

The questions were arranged in the questionnaire so as to avoid having specific questions influence the response to the more general questions. Initial, off-the-cuff preferences were sought on all questions but question 18, in the belief that it would result in more honest responses. Care was taken however to see that the questions were fully understood. A more careful response to question 18 was sought. It was placed near the end so as to give respondents the opportunity to consider all concepts and ideas presented in the questionnaire thus giving a thoughtful response based on concern for the future and the welfare of their own jurisdictions.

Question 19 is included solely to provide any information that may help to close the gaps created by classification or expand on the information so as to help explain the results.

Question 19: Do you have any other comments on the subject of general revenue sharing that you have not already made?

In the next chapter, the respondents themselves and the governments they represent will be described.

CHAPTER 3

RESPONDENTS AND GOVERNMENTS

In this chapter, the respondents will be described by identifying the governments they serve. The size of the universe, and the number of actual respondents are discussed. The types of governments and the numbers of respondents from each are listed. In this chapter responsibilities of each type of local government are described. Data from the Office of Revenue Sharing is incorporated in Table II which lists amounts of entitlements for the third and fourth entitlement periods and lists the per capita income and adjusted taxes for the third entitlement period.

Respondents

The universe to be considered in this study includes all elected, legislative officials who represent general purpose governments all of which or part of which are located in Montgomery County, Ohio, including representatives of the state and federal governments, who have served in office at least two months. As one purpose of this study is to gain insight into opinions of individuals who have experience with general revenue sharing, the two months served in office is necessary. As several respondents began a regular term in office in January and have dealt with the budget and the effects of GRS on the budget, it was considered appropriate to include them, but no one who had been appointed since. The two-month limit allows this, yet effectively eliminated those with no budget experience involving GRS.

There are 178 legislative positions in Montgomery County general purpose governments. These positions are listed in Table I which shows the categories of respondents as described by the type of government they serve. The table shows the numbers of each type of government; the number of positions filled at the time of the study; and the actual number of responses.

The universe is 174 instead of 178 since, at the time of the interviews, one village position was vacant, two positions were recently filled, and one city position was recently filled. Since all ten cities are under the city manager system, and since most mayors have a vote on councils, all mayors are classified as legislative officials.

Of the 174 respondents in the universe, 88 actually responded, which is 50.6%. The interviews were conducted by

Table I. Respondents and Governments

Type of Government	Number of Governments of this Type	Number of this Type Represented[a]	Number of Possible Respondents[b]	Number of Actual Respondents
Central City	1	1	5	4
Suburban City	9	9	61	40
Village	8	7	53	19
Township	13	9	39	15
County	1	1	3	2
State	1	1	8[c]	5
Federal	1	1	5[d]	3
Total of County Area	34	29	174	88

[a]No one from the village of New Lebanon, and no one from the townships of Butler, German, Jackson, and Perry responded.

[b]There was one suburban appointee of less than 2 months, 2 village appointees of less than 2 months, and one village vacancy.

[c]There are 6 state representatives and 2 state senators.

[d]There are 3 U. S. Representatives and 2 U. S. senators.

telephone for a period averaging roughly twenty minutes each, between May 20 and June 19.[13]

The sample sizes, except for the classification of "suburban city," are inadequate to lead to statistically strong conclusions. However unsatisfactory this may be to the behavioral scientist, decision makers in public and private fields often must make the

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[13]The interviews were conducted by telephone for a period averaging roughly twenty minutes each, between May 20 and June 19 of 1974. A personal interview of individuals in widely separated locations would have wasted a great deal of time and scheduling interviews would have been nearly impossible. Most respondents hold government positions as a "second job," and are only available during those evenings when they were not attending council meetings, other meetings related to government, or involved in personal activities. This limited most interviews to the period of time from 4:00 P.M. to 11:00 P.M. To have attempted personal interviews, no matter how desirable, in places as much as 45 minutes apart would have required several additional weeks, possibly invalidating the results over such a period of time. It would also have been impossibly expensive.

The interviewer called potential respondents explaining the project (most had received an earlier letter), and arranging a time to call back for the interviews at the respondents' convenience. Several respondents had to postpone their interviews, often beyond the time in which the interviewer had to complete the study. The "pretest" of the questionnaire consisted of the first few interviews. As the final wording was accepted by and responded to roughly the same by all, there was no reason to further reword the questionnaire. Questions were frequently repeated, but only five times was it necessary to explain some questions in different words. In each of these questions, respondents seemed to have a "mental block" against certain phrases that were used. After the explanation the interviewer was satisfied that at least four, and maybe all five of the respondents understood the questions in the same context as had other respondents.

best choice on the basis of incomplete or uncertain information. The decision maker must draw whatever conclusions he can from the information he has and act on it.

In his book, Basic Research Methods in Social Science, Julian Simon makes the following comments on drawing conclusions in terms of cause and effect relationships.

> Some _scientists_ react to the difficulties of establishing cause and effect by withdrawing into their shells and refusing to say that the relationships they find are anything more than correlations. But _decision makers_ cannot avoid making judgments about cause and effect even if they wish to weasel out of it. The decision maker wants to know what to change so that he can achieve the effect he wants.
>
> The decision whether or not to call a relationship "causal" is indeed a delicate matter. Statistical techniques alone cannot guarantee that an observed nonexperimental relationship is causal. Statistics would not reveal the flaw in the reasoning that soda causes inebriation. The only protection that the researcher can give himself is to _saturate himself_ in the complicated and detailed richness of the phenomenon he is working on.[14]

The conclusions in this study link frequency of responses to the categories in which it occurs. It is not, as was stated, scientifically accurate to generalize for all 53 village officials (as an example) on the basis of only 19 responses in the village classification. But 17 out of 19 believing that Planned Use Reports generated no

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[14]Julian L. Simon, Basic Research Methods in Social Science: The Art of Empirical Investigation (New York: Random House, 1969), pp. 70-71. Emphasis in original.

public response is sufficient to lead a decision maker to believe that Planned Use Reports have gathered no response from Montgomery County villagers. The decision maker, with no further information, can cross-check himself by noting that 7 out of 8 villages are represented in the sample and that respondents in other classifications responded in a similar manner. It would also be noted, as mentioned in the section on governments, that villagers vote for township trustees of the township in which their village is located, and these trustees responded in a similar fashion.

Conclusions drawn in this study are drawn only for the total universe of legislative officials in Montgomery County general purpose governments.

Dayton, Ohio, is what would generally be referred to as the "central city" in this metropolitan area. The metropolitan area extends into several counties. Montgomery County alone has a population of 608,413. All population figures are those used by the Office of Revenue Sharing for determining entitlements for the third entitlement period, and do not include any changes made since to reflect annexations by any of the municipalities. Table II lists all general purpose governments in Montgomery County except for two which are only partially in the county. Each government has a number to correspond to the same number on the map following

Table II. General Purpose Governments in Montgomery County

Jurisdictions[a]	Population	Per Cap Income	Adjusted Taxes	3rd Entitlement $ Amount	3rd Entitlement Per Cap	4th Entitlement $ Amount	4th Entitlement Per Cap
Montgomery Co.	608,413	$3,624	$20,356,039	$1,448,767	$ 2.38	$2,746,535	$ 4.51
1. Dayton	242,917	$3,078	$28,177,000	$2,306,928	$ 9.50	$4,127,440	$16.99
Suburban City							
2. Centerville	10,333	$4,310	$ 251,912	$ 15,241	$ 1.47	$ 42,151	$ 4.08
3. Englewood	7,885	3,907	114,727	11,630	1.47	23,898	3.03
4. Kettering	71,864	4,621	5,091,513	184,949	2.57	296,691	4.13
5. Miamisburg	14,797	3,415	874,483	58,163	3.93	101,956	6.89
6. Moraine	4,898	3,299	2,178,755	52,378	10.69	107,630	21.97
7. Oakwood	10,095	7,311	1,425,936	20,707	2.05	31,777	3.15
8. Trotwood	6,996	4,176	273,361	12,159	1.78	25,838	3.69
9. Vandalia	10,796	3,883	811,821	41,764	3.87	75,380	6.98
10. W. Carrollton	10,748	3,577	651,977	39,525	3.68	115,114	10.71
Village							
11. Brookville	4,403	3,319	56,273	6,494	1.47	22,771	5.17
12. Clayton	773	3,106	3,854	1,140	1.47	2,342	3.03
13. Farmersville	865	3,219	13,761	1,276	1.48	3,859	4.46
14. Germantown	4,088	3,510	59,677	6,030	1.48	12,389	3.03

Table II. General Purpose Governments in Montgomery County--Continued

Jurisdictions[a]	Population	Per Cap Income	Adjusted Taxes	3rd Entitlement $ Amount	3rd Entitlement Per Cap	4th Entitlement $ Amount	4th Entitlement Per Cap
15. New Lebanon	4,248	$3,014	$ 30,849	$ 6,266	$ 1.48	$ 12,874	$ 3.03
16. Phillipsburg	831	3,783	11,802	1,226	1.48	2,520	3.03
17. Riverside	1,107	3,112	50,271	4,026	3.64	15,523	14.02
18. Union	3,654	3,210	48,583	5,390	1.48	11,073	3.03
<u>Township</u>[b]							
19. Butler	19,890	3,893	86,786	29,338	1.48	26,933	1.35
20. Clay	7,438	3,486	39,736	10,971	1.47	22,543	3.03
21. German	7,102	3,347	37,454	10,473	1.47	21,527	3.03
22. Harrison	34,176	4,277	456,894	50,409	1.47	103,588	3.03
23. Jackson	5,823	3,130	29,664	8,589	1.48	17,649	3.03
24. Jefferson	11,790	2,939	184,920	21,001	1.78	35,232	2.99
25. Madison	29,087	3,456	309,435	42,903	1.47	88,163	3.03
26. Mad River	39,389	3,071	292,333	58,098	1.47	119,388	3.03
27. Miami	43,881	3,607	439,365	64,724	1.47	133,002	3.03
28. Perry	6,620	3,154	27,694	9,764	1.47	20,066	3.03
29. Randolph	20,971	4,006	210,002	30,932	1.47	63,561	3.03

Table II. General Purpose Governments in Montgomery County--Continued

Jurisdictions[a]	Population	Per Cap Income	Adjusted Taxes	3rd Entitlement		4th Entitlement	
				$ Amount	Per Cap	$ Amount	Per Cap
30. Washington	24,497	$5,155	$ 476,460	$ 36,133	$ 1.47	$ 74,251	$ 3.03
31. Wayne	27,975	3,541	322,690	41,263	1.47	84,791	3.03

[a] All numbers refer to positions shown on Figure 1. Other locations on the following map are also numbered. Two municipalities are only partially in Montgomery County and their populations are not allocated to that county. They are: 32.--Verona, and 33.--Carlisle. Other numbers are: 34.--Wright-Patterson Air Force Base, 35.--Cox Municipal Airport.

[b] Townships include the populations of the cities and villages within them. Those cities and villages divided by township lines have their populations divided for the sake of township population.

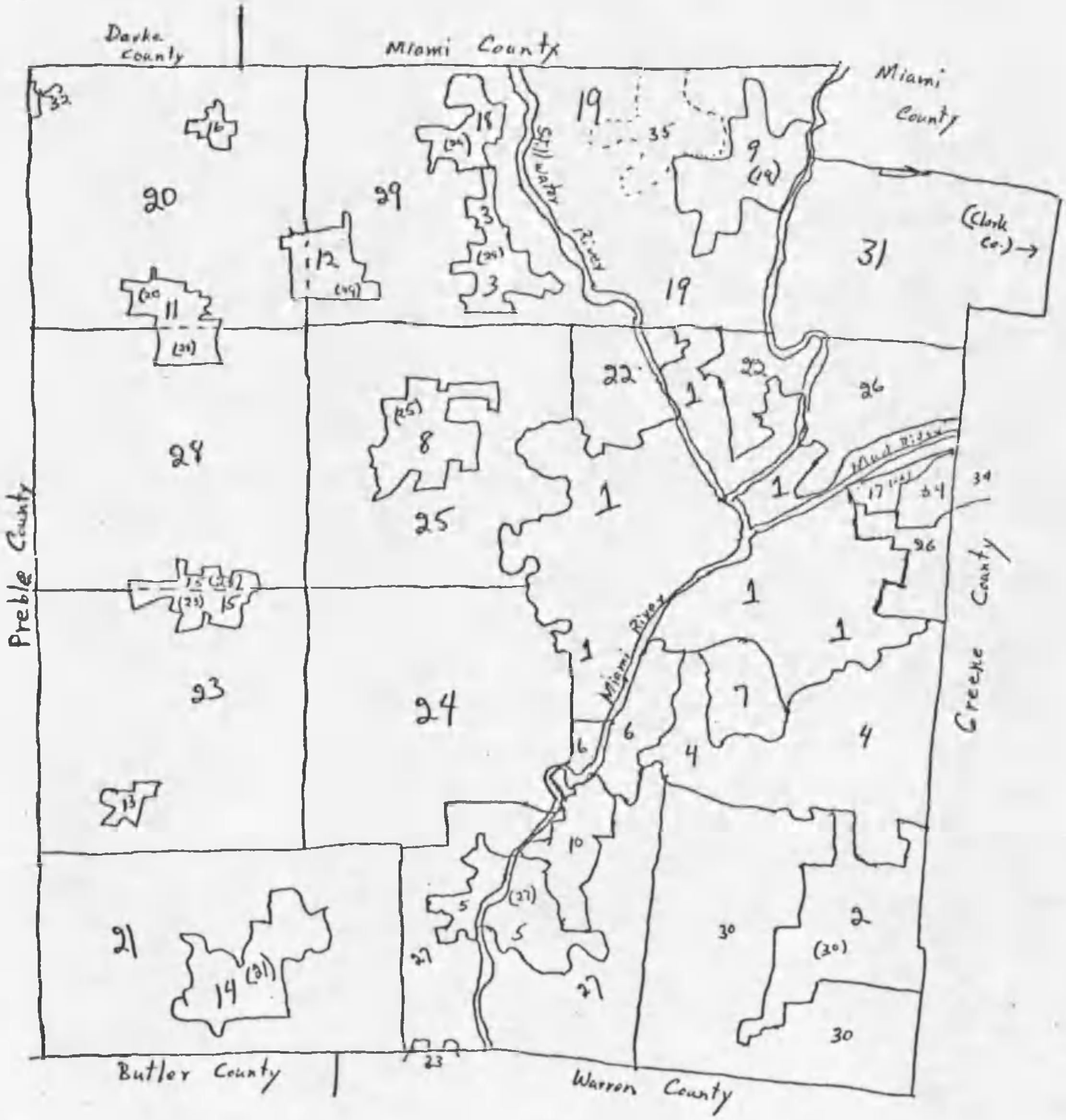

Figure 1. Montgomery County, Ohio

Table II, on pages 36-38. In addition, the table lists population, per capita income, and adjusted taxes for the third entitlement period. Also included is the amount received by each jurisdiction for the third and fourth entitlement periods and the per capita receipts. The map is drawn only roughly to scale and is based on information about boundaries in 1973.

Governments

A description of the metropolitan character and of the types of governments is necessary to help the reader to understand the analysis of the study, especially for non-Ohio residents.

The powers of counties, cities, villages, and townships in Ohio in all their technicalities are numerous and somewhat complicated. The difference will be described as briefly and simply as possible.

County Government

County government is an administrative unit of state government. All elected officials of the county have their duties and responsibilities assigned directly by state statutory authority. Any action taken by county officials is within guidelines established by state law. For example, County Commissioners must approve or disapprove of annexation petitions. But the decision must be based on procedures set down in state law. If those cities seeking annexation, or opposing it, believe that those guidelines were not followed, they can have the decision reversed in court. The commissioners do not take their actions by ordinance--they act on behalf of the state, to see that state procedures are carried out. They have only a small amount of independence, legislatively. Administratively, there is much they can do. State law says what they can and cannot do. Within what they can do, they often do it in different ways.

For example, in delivering services to unincorporated areas, they can hire it done by private interests or by municipal services or they can build their own facilities and supply their own services. They can, through political pressure, decide to build or not to build a road. The commissioners can set a budget for all county services, which can encourage or restrict their effectiveness.

The county may provide services under the direction of state law and be organized under state law, but the extent and, to a degree, the form of services are up to the initiatives of, and based on the resources of, each county commission. The services cover a fairly full range including not only "brick and mortar" but also "human" services. The most important limits on counties are that they cannot pass ordinances and they are limited in their ability to tax.

Township Government

Townships are smaller subdivisions of the counties and governed under strict guidelines as are the counties. They have only four elected officials; three trustees appoint any additional officers necessary. Townships may supply police protection to their local area above and beyond that of the county sheriff. This may be done with their own police, a contract with the police of a city or village within the township, or a contract for additional protection from the county sheriff. Townships supply fire protection, maintain local roads (beyond county roads), sometimes provide parks and recreation, and other services as needed if within their powers. Townships also may not pass ordinances and are limited in taxing powers. Townships provide zoning, if they have any at all, and have rules for development. These provisions may be overridden in any area within three miles of a city by that city's government. Some activities of townships must have approval from the appropriate county officials.

Townships sometimes provide services within a city (usually fire protection). Sometimes there is cooperation on special projects.

Municipal Government

Municipalities are limited also by state law, but they have the authority to impose an income tax and they may pass ordinances so long as they do not conflict with the general law. Cities may choose from several forms of government, if they have a charter, while villages are more restricted. All cities in Montgomery County have the city manager form of government.

In Ohio, a municipality of over 5,000 in population, and so certified, becomes a city, and a municipality under 5,000 is a village. Moraine City is listed as having a population of 4,898. This was according to the 1970 census. Moraine made efforts to increase its population, had a special count by the state, and has saved its city status.

Also, until all of a township has been annexed or incorporated, any cities or villages within its boundaries are a part of that township and the municipality residents may vote in township elections, receive some township services, and pay township taxes. If a city of independent status annexes a part of the township, the residents of the annexed area cease to be a part of the township. But, if a municipality that is part of a township annexes an area, the residents remain a part of their township, until such time, if ever, that the city withdraws from the township.

This is relevant since a township population, for the purposes of dividing revenue sharing, includes the population in both the incorporated and unincorporated areas. This upsets some city officials, some of whom believe township government to be obsolete and therefore depriving municipalities of additional funds. It should also be noted that township trustees are elected by all residents of a township, including the residents of cities and villages within the townships.

With this explanation of who the respondents are, and what they represent, the next chapter analyzing the responses can gain greater meaning. This explanation also allows the reader to decide whether or not Montgomery County is enough like his own community or enough like any part of the nation he is studying to find this study useful.

CHAPTER 4

THE RESULTS AND THE ANALYSIS

While brief tables are used here to clarify the text, complete tables of responses to each question on the questionnaire are arranged in Appendix A. Those tables include the number of responses for each category headed under each possible answer, along with its appropriate percentage of the total number of responses to that question in each category. Question 19 is not included as comments are varied and will be included as they help to elucidate the following analysis. The basic figures (sometimes rounded) are used where tables would be excessively long for the little information they would give.

Each of the nineteen questions was asked of the same set of respondents except for those listed below. The "federal" category is not involved in questions 3, 4, 5, 6, and 10. This was because this group does not have the problems asked about or would not be expected to have a basis for forming an opinion. In some questions, there was a failure to respond by a few persons. The change in totals for any given category may be seen in any of the tables pertaining to the question.

The results of the first eighteen questions of the questionnaire are analyzed in terms of the four basic areas of investigation presented in Chapter 1. The analysis does not go through the questions of the questionnaire in the same order, but are grouped to fit the basic areas of investigation. This is the same grouping used in Chapter 2. First is an analysis of respondents' approval of revenue sharing and reaction to alternatives. This is followed by a discussion of use reports. Then the topic of federalism and general revenue sharing (GRS) is analyzed, finishing with the distribution of GRS.

A study seeks information for a purpose. As mentioned in Chapter 1, a purpose for this study is to be of some help in making decisions concerning GRS. Local government officials in Montgomery County, Ohio, can judge their own opinions and expectations in light of how other local officials in the area think. State officials can compare their thoughts with those of officials at the local level. Most importantly, Congressmen representing the Montgomery County area can compare their own opinions with those of state and local officials in their own districts. Congressmen may also consider the concepts and problems of these officials when evaluating GRS for renewal, replacement, or elimination.

Conclusions from the following analyses are drawn on the basis of being useful to government decision makers who ask themselves these questions (though modified to fit individual circumstances) about GRS: From the point of view of Montgomery County officials, is GRS satisfactory? Is the concept acceptable? Does GRS meet the political needs of local governments in a federal system from the conceptual viewpoint? Does the 1972 law, as written, meet the specific needs of the communities represented by the respondents? Are there any problems presented by the current law that offsets the good being done? What changes, additions or deletions would preserve what was good, improve the mediocre, and eliminate the effects of the present law in a way that would meet the objections or reservations of Montgomery County officials? The purpose of the study is to provide the kind of information that will help to answer these questions.

Here the reader is reminded to remember that sample sizes are not always adequate for statistically strong conclusions, but do give all the indication available of the opinions of legislative officials in Montgomery County, Ohio, general purpose governments.

It should also be pointed out that the "central city" category received four responses for most questions. There are only five legislative positions in Dayton. Thus, if 50% of the respondents (though only two in number) agree on something, and 50% (two) disagree, it is still strong evidence of how city commissions feel about an issue. The fifth commissioner could go either way or pick another answer. In short, an answer of 1 in favor, 2 opposed, and 1 indifferent, could be interpreted as a relatively strong endorsement of the "opposed" position by the "central city" category.

This would not be as true of village and township officials where the number of respondents is well less than half the universe and the sample size still too small. Conclusions drawn for the entire Montgomery County universe of 174 are based on 88 responses, enough of a sample size to justify such conclusions.

Approval of Revenue Sharing; Alternatives

The first area of investigation asks about the popularity of the concept of general revenue sharing (GRS), of the law as it presently exists, and the reactions to alternatives. The following analysis demonstrates that the respondents, as a complete group, approved of the concept of GRS in October of 1972. It also shows that those respondents, as a group, were more favorable to GRS after a year and a half of experience with it. There is a brief analysis of which types of governments became more favorable and less favorable. It also checks to see how the more favorable group answered other questions and how the less favorable group answered those same questions. This section finishes with an analysis of the alternatives the respondents chose among the variety of types of federal aid which have been used or suggested in the past.

Opinions and Changed Opinions

The first question asks what officials remember of their opinions toward the GRS concept before the law was passed in October of 1972. Every respondent seemed to find it fairly easy to recall their early reactions, and by taking time to think back appeared to be making an obvious effort to be accurate. About 57% decided that they had favored it, and 37% believed they had been indifferent to it. Many comments were offered that GRS had come as a surprise and that they really did not know what it was or that it had been discussed for some time in Congress. Others stated that while they knew of it they did not really know what the effect would be. Both of these groups responded "indifferent."

As can be seen in Table III, the central city respondents (Dayton) expressed the largest percentage originally opposed. The suburban cities most often favored the new concept of federal aid (70%) among local governments. Villages and townships were most indifferent.

Table III. Question 1: First Opinions of GRS

Before GRS was signed into law in October of 1972, were you in favor of, opposed to, or indifferent to the idea of GRS?

Type of Government	N	Favored	Opposed	Indifferent
Central City	4	1 (25.00%)	2 (50.00%)	1 (25.00%)
Suburban City	40	28 (70.00%)	2 (5.00%)	10 (25.00%)
Village	19	7 (36.84%)	0 --	12 (63.16%)
Township	15	7 (46.67%)	0 --	8 (53.33%)
County	2	1 (50.00%)	0 --	1 (50.00%)
State	5	3 (60.00%)	1 (20.00%)	1 (20.00%)
Federal	3	3 (100.00%)	0 --	0 --
Total	88	50 (56.82%)	5 (5.68%)	33 (37.50%)

Question 2 brings opinions up to date and here the opinions are based on at least two months' experience, and usually on well over a year's experience with the 1972 law. The question asks if the respondent (as compared to his feelings in 1972) now is more favorable, less favorable, or feels about the same toward GRS.

Full answers may be seen in Table A-2 of Appendix A. Table IV indicates how respondents changed their opinions after the

Table IV. Summary of Question 2: Change of Opinions

Has your actual experience with general revenue sharing changed your opinion so that you are now more favorable, less favorable, or feeling about the same toward it? The table cross-classifies the responses to this question with the responses to question 1.

Previous Opinion[a]	More Favorable	Less Favorable	About The Same	Total
Favored	9 (10.23%)	12 (13.64%)	29 (32.85%)	50 (57.00%)
Opposed	2 (2.27%)	0 --	3 (3.41%)	5 (6.00%)
Indifferent	21 (23.86%)	3 (3.41%)	9 (10.23%)	33 (37.00%)
Total N = 88	32 (36.36%)	15 (17.06%)	41 (46.59%)	88 (100.00%)

[a]The answer the respondents gave in question 1.

1972 law had been in effect for a year and a half. The column on the left of Table IV lists the possible responses to question 1. The possible responses to question 2 are listed across the top. This cross-listing reveals that of the 50 respondents who at first favored revenue sharing, 9 became more favorable, 12 became less favorable, and 29 feel about the same. Of the 5 originally opposed to GRS, 2 now feel more favorable, and 3 about the same. And, of 33 originally indifferent, 21 now feel more favorable, 3 less favorable, and 9 about the same.

Since this does not indicate how much more favorable or how much less favorable respondents feel about GRS, we cannot translate this directly into a number showing who presently favors or opposes GRS. What we can say is that GRS gained in favor with more persons that it lost. That is, 32 are more favorably inclined and 15 are less favorably inclined. As 56.82% favored GRS in 1972 and it gained in favor more than it lost, it can be reasonably inferred that a larger majority presently favors general revenue sharing.

Most of those respondents who answered about the same had originally favored GRS. Thus the greatest changes were among those who had at first been indifferent, most of whom became "more favorable." Another large change was that 12 respondents who at first were in favor of GRS became "less favorable." These changes are discussed below under the subheadings "More Favorable" and "Less Favorable." Tables V and VI indicate who changed their opinions. Table V lists all those becoming more favorable, showing the types of governments and their 1972 positions on GRS. Table VI does the same for those who became less favorable.

More Favorable. Of the 32 respondents who became more favorable in their opinion of GRS, 9 had favored it in 1972, leaving 23 who had been opposed or indifferent. These 23 had the most significant change of opinion in the more favorable group. Why did those

Table V. Question 2: "More Favorable"

This table lists the 32 respondents who stated they have become more favorably inclined toward GRS. It shows which type of government they are from down the left side. Across the top are listed whether they favored, opposed or were indifferent to the idea of GRS when the law was first passed in 1972 (question 1). Percentages are a percent of all respondents in each classification for question 2.

Type of Government	N	Favored	Opposed	Indifferent	Total
Central City	4	0	1	1	2 (50.00%)
Suburban City	40	4	1	4	9 (22.50%)
Village	19	1	0	7	8 (42.10%)
Township	15	3	0	7	10 (66.70%)
County	2	1	0	1	2 (100.00%)
State	5	0	0	1	1 (20.00%)
Federal	3	0	0	0	0 --
Total	88	9	2	21	32 (36.40%)

Table VI. Question 2: "Less Favorable"

This table lists the 15 respondents who stated they became less favorably inclined toward GRS. It shows which type of government they are from and whether they favored, opposed, or were indifferent to the idea of GRS when the law was passed in 1972. Percentages are a percentage of all respondents in each classification who answered question 2.

Type of Government	N	Favored	Opposed	Indifferent	Total
Central City	4	0	0	0	0 --
Suburban City	40	9	0	2	11 (27.50%)
Village	19	3	0	1	4 (21.10%)
Township	15	0	0	0	0 --
County	2	0	0	0	0 --
State	5	0	0	0	0 --
Federal	3	0	0	0	0 --
Total	88	12	0	3	15 (17.10%)

opposed become more favorable? Why did those who were indifferent (or uninformed) become more favorable rather than less favorable? The answer sheets of these 23 respondents were separated from the other answer sheets to see how they answered other questions and to see if a common pattern emerged or if there were a variety of reasons for a more favorable opinion.

The other questions considered here are questions 11 (fairness of distribution), 14 (should state change the formula? how?), and 18 (alternative forms of intergovernmental aid). One table or a series of tables here would be confusing. I will summarize (briefly) the opinions of these 23 who had been opposed or indifferent and are now more favorable. Question 18 is fully analyzed in this section at a later point. The other questions are fully analyzed in the fourth major section of this chapter.

As can be seen in Table V, two central city respondents (50% of that classification) became more favorable. One had been opposed, the other indifferent. The biggest gain in favor of GRS came from village and township officials who had at first been indifferent. There was a concentration of three respondents from the village of Phillipsburg who became more favorable to GRS. Other than the two city commissioners and the three village councilmen from Phillipsburg, <u>no concentration</u> of respondents could be found in any one political jurisdiction who had become more favorable, meaning that no one jurisdiction was responsible for a gain of favor toward GRS. Each of the other 18 "more favorables" came from a different political jurisdiction.

Of the 23 more favorable respondents being analyzed in this section, 14 believed that the distribution of funds was fair, 6 believed it was not fair, and 3 were undecided. A variety of opinions occur as to who received the most or the least advantage (question 11). Only 4 believe the state should change the formula and are not all from the same 5 who believed the formula was unfair. Three (3) of these appear to want a new formula, not because they are unsatisfied with the present formula, but because they believe some factors are more genuinely indicative of need, therefore deserving more weight than others. Fourteen (14) of the 23 oppose the state changing the formula and 5 are undecided.

Nineteen (19) of the 23 who are now more favorable chose either A or B in question 18 as one of their choices; specifically, 12 chose A, to leave GRS as is (some added other alternatives in combination with A), and 8 chose B, GRS with changes (some in combination, also). Three (3) did not choose GRS at all, even though they feel more favorable toward it. This pattern of responses from those who became more favorably inclined to GRS are interesting to contrast to the pattern of responses from those who became less favorably inclined, as discussed below.

Less Favorable. No one who opposed GRS in 1972 became less favorable to it, so all 15 of those who did become less favorable had been either indifferent or favorable. In this case, 12 had been favorable and 3 indifferent. Of the 15, 11 came from suburban cities, and 4 from villages.

The same questions (11, 14, and 18) are used to analyze the "less favorable" as were used in the analysis of the "more favorable." First, though, there is one important difference. One full third of the "less favorable" group came from the single city of Englewood. Two (2) came from Trotwood, and one each from four other cities and four villages. As may be seen in Table II of Chapter 3, Englewood, most villages, and a couple of other cities received far less than the average per capita, and frequently, in terms of per capita income, appeared to have greater "need."

All five of the Englewood councilmen who became less favorable believed that the distribution of funds is unfair. They are joined by others, making 11 out of 15 who believed the distribution of funds is unfair. There were two who were undecided, and two who believed distribution was fair. All 11 who said distribution was unfair also said the "central city" was receiving the greatest advantage. The choice for "least advantage" was varied (question 11).

Of the 15 "less favorable," 12 believed that they favored the state government changing the formula in some way. There was wide disagreement as to how the formula should be changed. Several did comment on tax effort, however, and many respondents other than these 15 agree. They believe that tax effort is not fairly measured in Ohio. City income taxes go only to those cities in which a person works, and there is no reciprocation to the city in which that person lives. Thus, even if two cities have equal tax rates, the city that collects the largest amount of money (the same which has the most employment) receives the benefit of the tax effort factor.

The opinion of the "less favorable" group has been reversed, so far, from those of the "more favorable" group. There is a different pattern for question 18 also. None of the 15 who became less favorable selected A on question 18, where they had a choice of alternative forms of federal aid. Answer A is to keep GRS as it is. Seven (7) did select B, which was to keep GRS, but with changes. Four (4) more selected B in combination with another choice. This shows that most of those disappointed with GRS agree with the concept, but are unhappy with the present law. Answer E (tax credits) was mentioned four times (once alone, three times in combination). Answers C (categorical grants) and D (block grants) were each mentioned three times, always in combination.

One village official appeared to be the biggest opponent of GRS. He did not like any possible formula and selected only E in question 18 (tax credits). In his final comments (question 19), he stated that revenue sharing is "a form of being bribed with your own money. We should immediately have a tax reduction at all levels. The state has a surplus to play with. No government should be operated at a profit."

At the other end, one who feels less favorable still believes GRS "is a good concept and even the small amount the village got was beneficial. It just needs more equity." Most of those with whom revenue sharing lost favor made comments similar to this one.

Summary, Questions 1 and 2. Overall, those who had favored general revenue sharing in question 1 (1972) continued to support it as much in question 2 (May, 1974). A total of 38 increased or maintained support. A total of 12 who had favored it were now less favorable. But, 21 out of 33 who had been indifferent became more favorable, and 2 who had opposed it became more favorable. Generally then, it can be said that these representatives of Montgomery County governments favored the concept of GRS, and this favor has somewhat increased after experiencing the 1972 law for a year and a half.

Alternative Forms of Federal Aid
to State and Local Government

Question 18 asks respondents to select from five choices the form of federal aid to state and local government that they would favor, or select any combination or suggest something different from the choices offered. The selections offered were the following: (A) renew general revenue sharing (GRS) with the same conditions; (B) renew GRS but with changes; (C) more categorical grants; (D) block grants or special revenue sharing; (E) a tax credit system; (F) some combination of the above; or (G) other.

Table VII shows how many respondents selected one of either A, B, C, D, E, F, or G; and does not show the choices within F, which is some combination of the substantive answers, A through E. A total of 29 (33%) selected F. The most popular substantive selection is B, which was the choice of 23 (26%) of the respondents. A was selected by 19, with C, D, and E receiving minimum support. With A and B combined, general revenue sharing received the support of 42 respondents, or 47.7% of all respondents. This support was for some form of GRS alone, not in combination with categorical or block grants, or tax credits. Answer F allows respondents a

Table VII. Question 18: Alternatives, First Arrangement

With 1976 approaching, which of the following would you favor? A: Renewing GRS, same conditions; B: Renew GRS, some changes; C: More categorical grants; D: Block grants; E: Tax credit system; F: Some combination of the above; G: Other. This table does not allocate the choices within F to the other categories. That is done in Table VIII.

Type of Government	N	A	B	C	D	E	F	G
Central City	4	1	0	0	0	0	3	0
Suburban City	40	5	15	2	0	4	12	2
Village	19	6	3	1	1	3	5	0
Township	15	6	4	0	0	0	4	1
County	2	1	0	0	0	0	1	0
State	5	0	0	0	0	2	2	1
Federal	3	0	1	0	0	0	2	0
Total %	88	19 21.6%	23 26.1%	3 3.4%	1 1.1%	9 10.3%	29 33.6%	4 4.5%

selection of two or more choices such as A and C; B and C; A and E; A, C, and E; or any other combination. Each combination is broken down into its component parts in Table VIII. For example, a selection of A and E would be counted as one A and one E.

Table VIII shows how many respondents selected each of the five substantive answers (A through E) either alone <u>or</u> in combination. The totals do not equal the number of respondents since each respondent could select as many or as few alternatives as they could

Table VIII. Question 18: Alternatives, Second Arrangement

The number of times each alternative is mentioned in any choice is listed in this table. What the alternatives mean is described in Table VII. This table adds the choices of F to those who selected only A, B, C, D, or E.

Type of Government	N	A	B	C	D	E
Central City	4	1	3	0	3	0
Suburban City	40	9	19	6	5	10
Village	19	7	7	3	3	7
Township	15	8	5	1	2	3
County	2	2	0	0	1	0
State	5	1	1	0	0	4
Federal	3	0	3	0	2	1
Total %	88	28 31.82%	38 43.2%	10 11.3%	16 18.2%	25 28.4%

agree with. In this table, selection F is broken into its constituent parts (as may be seen in the complete table of question 18 in Appendix A), and is distributed among A, B, C, D, and E.

The table shows that 66 respondents selected either A or B (no one selected both A and B, as such a choice is illogical and contradictory). This is 75% of all respondents who selected GRS as at least one of their choices for federal aid. Almost as many selected E, tax credits, as A. This makes E the third most popular selection, with 25 (28%) of the respondents having chosen it. Answers C and D must be combined to equal and very slightly surpass E as selections. The categorical grant is the least popular of the selections.

Looking through the table, central city officials preferred block grants and changes in revenue sharing. Suburban city officials preferred some changes in GRS and, in second place, either GRS without changes or tax credits. Village officials selected equally among GRS with changes, GRS without changes, and tax credits. Township officials liked revenue sharing as it is, as did county officials. State officials preferred tax credits.

Interestingly enough, although all three federal officials indicated in the first question that they favored GRS and all three hold "about the same" opinion in question 2, none of them selected revenue sharing as is. One selected GRS with changes by itself. Another selected GRS with changes in combination with block grants. The third selected the same as the second, but added tax credits as well. The fact that Congressmen hold this mixed viewpoint lends credence to the worries of those who are uncertain of the future of GRS.

Summary of Approval and Alternatives

The first chapter listed some basic questions under the first area of inquiry. Here are some answers to those questions.

First, do these officials approve of the concept of general revenue sharing (GRS)? Yes; as seen in question 18, at least 75% of all respondents wish it to continue in some form, although one-third of these may prefer some other alternative. Second, are they happy with the present law? Basically, no; only 22% of respondents did not want to change it in some way. Others prefer some changes or additional means of federal aid. However, there is little agreement on the directions improvements should take. Third, how does GRS compare with the alternatives? Very well; although many seek changes, most want it to continue even if adding other forms of aid. It must be considered that this is to a great extent because GRS is already in place and some say to leave well enough alone. The tax credit proposal is relatively popular; much more so than either categorical or block grants.

Publication of Use Reports

The second area of investigation concerns the effectiveness of the publication of planned use reports, in terms of public participation. This involves the analysis of questions 3, 4, and 5. For the complete tables see Appendix A. Necessary information is included in the text without tables as the information is very brief in this section. Federal officials are not asked any of these questions.

They are not directly involved in receiving public response to local expenditures.

Question 3 asks officials whether they received public input about the spending of GRS funds as a result of the publication of planned use reports. The answer is a strong 88% no. Even among ten officials who answered yes, half gauged the response as "practically none," four said "light," and only one said "heavy."

As mentioned in Chapter 2, it has been suggested that there is more public participation when local officials encourage participation in open hearings. So, the fourth question asks whether the respondent's board or council held public meetings for input on revenue sharing. There was a variety of opinion as to what a public "meeting" was or what was a "special" meeting just for revenue sharing. Officials of the same jurisdiction disagreed in their answers. In every category, however, a majority stated that there had been meetings which included public discussions of GRS spending. Overall, 49 respondents (58%) stated their political jurisdiction held public meetings. Meetings include those which include GRS expenditures as part of the agenda in regularly held public meetings as well as meetings held especially for GRS discussions. The conclusion must be that open meetings, for the most part, encouraged very little public response concerning revenue sharing.

In fact, several comments suggested that the greatest problem the officials faced in all functions of government was receiving public input before making decisions. It was said that nearly all public input came in the form of criticism after some action was taken, and after the problem at issue had previously been discussed at publicized, open meetings.

It is, of course, of interest whether public input affects the decisions of the officials. Question 5 asks whether input (when it was given) changed the intentions these officials originally held about spending GRS funds. Only 39 officials were asked this question since only 39 responded "yes" in either question 3 or question 4.

To question 5, 74% of the respondents answered "not at all"--that public response had not changed their intentions. Another 20-1/2% said not much, and 5% some. No one said it changed their opinions a great deal. There were many comments to explain this. Several stated that the public opinion was much the same as what they had intended anyway. Several more said that the ideas suggested were well beyond what revenue sharing could pay for or that the jurisdiction was capable of doing. It must be recognized that outside of the state, county, and central city, the amount of funds received limits what those funds can be practically spent for. In some cases, the need is so obvious or inescapable that plans for the money are forced by conditions rather than by the wants of groups or individuals.

It would appear that in Montgomery County the publication of the use reports has failed to achieve its purpose of encouraging public participation in the budgeting of revenue sharing funds. In fact, in the case of small jurisdictions, it has been detrimental. The cost of publication is no less for those receiving small allotments than for those receiving large allotments. Many smaller villages spend a large proportion of the funds received for all the paperwork involved (publications and preparation of reports, etc.).[15]

Federalism and General Revenue Sharing

Federalism is used here to connote two closely related, but distinguishable ideas. First, federalism is used to discuss the relative power of federal, state, and local governments to each other.

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[15]It should be mentioned here that the Office of Revenue (ORS) in March, 1974, published a booklet entitled "Getting Involved: Your Guide to General Revenue Sharing." As explained in a May 8, 1974 letter from ORS Director Graham Watt to Congressman Clarence J. Brown, the purpose of this booklet is "to illustrate the opportunities for citizen involvement in local priority-setting. . ." and ORS has ". . . put into operation a nationwide program to publicize and distribute the booklet by TV. . . ." This student, an avid TV fan and newspaper reader, has yet to see any advertisement of the availability of this booklet in the Dayton or Cincinnati area. If the booklet is well distributed, it could change the pattern of answers received in this study.

Secondly, it refers to intergovernmental relations of any form, in terms of cooperation, independence, mutual problem-solving, and relative "need" of funds.

This section asks about general revenue sharing (GRS) in terms of federalism. A brief introduction to the results here is immediately followed by a thorough analysis of the data. The general questions (7 and 8) are analyzed first. In this section it is found that respondents believe that state and local governments need more decision-making power.

"Power" is used here to refer to the relative authority and financial ability of local and state governments to the federal government. Those who respond that they believe that state and local governments need more decision-making power are, in effect, saying that they believe that rules and laws governing federal grants need to be modified or removed, to allow state and local governments to exercise more of their own authority in determining the priorities of spending. This authority could be gained in several ways: the lowering of federal taxes, making a larger tax base available to other governments; the return (in several forms) of federally collected tax monies with little or no regulations restricting the spending of such funds; or modifications of present regulations so that there are fewer conflicting rules, and more coordination of programs.

It should be pointed out that answering "yes" to the question of "need" for more authority in no way suggests that the respondent believes general revenue sharing either does or can increase state and local decision-making power. This question is left to the next question. A small majority of respondents believes GRS has an increasing effect on state and local decision-making power.

On the more specific questions, respondents divide evenly as to how much effect future uncertainty has on decisions to spend GRS (question 6). When looking to the future (questions 16 and 17), there was a differing of opinions with no important distinctions among the types of governments. There were many more "undecideds" on these questions than on most other questions.

Question 9 reveals opinions concerning the reasons for having a program of revenue sharing. Here it is found that nearly everyone agrees with helping state and local governments finance themselves. Many (77% of the total universe) believe GRS should encourage more state and local independence in the federal system. Far fewer agree that GRS should be used to encourage state and local governments to adopt certain types of taxes, to encourage regional planning, or to encourage consolidation. Finally, question 10 reveals that local intergovernmental relations are largely unaffected by general revenue sharing.

General Opinions on
Federalism and GRS

The responses to question 7 are easily summarized and need no table. These responses establish a very strong support (85%; 75 respondents) for more state and local decision-making power than there is at present (the present being May and June, 1974). This was stated as a general principle, not necessarily reflecting an opinion about the current effects of GRS. Each classification supports this idea at a rate of 60% or better. Only 6 (7%) do not believe that state and local governments need more power, with 7 (8%) undecided. See Table A-7 in Appendix A.

There are two ways to look at the term "more power." One way refers to the legally conferred authority to make decisions. The other refers to the financial ability to choose among those legally allowed alternatives.

The federal government has been giving what are often large grants of money to state and local governments for many years. However, these grants were legally restricted as to how the money could be spent, usually into very narrow channels and sometimes in contradictory patterns. Requirements for matching funds also forced local and state governments to divert funds that could have been used for other programs into those for which grants were offered. This limited the focus of these governments and often denied them the power to choose among local priorities, many of them pressing needs. While these grants are useful, few are entirely satisfactory.

It was hoped that GRS could give state and local governments more freedom in decision-making. With only a few restrictions, and no matching funds required, it was hoped that these "new" funds would give the state and local governments more choices. Question 8 asks officials whether GRS has increased decision-making power, whether it has reduced this power, or whether it has had no effect. It has been suggested that this form of federal aid could force dependency on the federal government, leading in the long run to less state and local decision-making power as more and more requirements are added.

Question 8 is also easily summarized without a table. Just over 55% of the respondents (48 persons) believe that, in one way or another, GRS does increase state and local decision-making power. Nearly 45% (39 respondents) believe it has no effect. No respondent believes that it decreases power. One official did say that in the future it may decrease power, as local governments become more dependent on it, but not at the present level of funding or under the present regulations. Suburban city and state officials each split evenly between "increasing" and "no effect." All the others gave an edge to "increasing."

This would seem to indicate that local officials do not perceive (under present conditions) the danger that some Congressmen who originally opposed GRS fear--that of long range control by Washington. This is evidence that agrees with a tone throughout this study of pragmatic officials. In the comments and in the responses to specific questions one gathers that philosophy of government was a secondary consideration if it was considered at all by most of the respondents. Most were concerned with "how much" they received, rather than "how" they received it. Only a few appeared concerned over the effects of the method used on government power and federalism as concepts. The rest of the questions are more specific. The next three analyze the effects of future anticipation and uncertainty about the future of GRS.

Uncertainty and Future Expectations

Since the hope of many revenue sharing proponents was that state and local governments would get more freedom in decision-making, methods were proposed to help guarantee this freedom of choice. As explained in Chapter 2, it was believed that a "permanent" allocation would allow local and state governments to plan better for the future giving them a better and longer list of choices among priorities. The final law, however, was limited to five years. Many feel five years is not long enough and that the threat of change in 1976 or 1977 hampers the choices made by local and state officials.

Question 6 asks if uncertainty influences the choices made to spend GRS and then asks if this tends to influence the official to spend for nonrecurring expenses. Table IX reveals that just over 48% (41 respondents) stated that uncertainty did have an important bearing on the way they believed funds should be spent. There were 46% (39 respondents) who said no, with 5 (6%) undecided.

Of those who answered yes, 32 (38%) stated that this uncertainty influenced them to spend funds for nonrecurring expenses. One central city official who answered "no" to part B of the question stated that uncertainty would have affected his position except that Dayton's financial troubles left no alternative than to use the funds for basic operating expenses in most instances.[16]

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[16] In November, 1974, Dayton voters approved raising the city income tax from 1% to 1.75%. This could change opinions of central city officials. As it also affects what other cities in the metropolitan area can receive (see p. 58 about no reciprocity of taxes), it could change their opinions.

Table IX. Question 6: Influence of Uncertainty

6-A. Does uncertainty about the future of GRS have an important bearing on the way you believe your government should spend its GRS funds? B. (If yes) is it correct to assume that this uncertainty influences you to favor using GRS funds for nonrecurring expenses such as capital outlay or debt retirement? Federal officials not included. Only those answering "yes" to A are asked B. "Yes" responses to A are broken down further into responses to B.

Type of Government	N	A. Yes			No	Undec.
		B. Yes	No	Undecided		
Central City	4	1	2	0	1	0
Suburban City	40	11	3	0	22	4
Village	19	7	1	0	10	1
Township	15	7	1	2	5	0
County	2	4	0	0	1	0
State	5	4	0	0	1	0
Total	85	32	7	2	39	5
%		37.7%	8.2%	2.4%	45.8%	5.9%

The county, state, and the townships were those most reluctant to spend funds for other than capital outlay. "You can't trust Congress to keep a good thing, so why depend on it?" was one comment from a township official.

Another way to discover how much certainty there is, is to find out some of the things officials are uncertain about. Are officials uncertain about whether general revenue sharing will continue? And even if GRS is renewed, are they uncertain about what the formula will be in the next law? Can they depend on the continuity of the formula and regulations? If not, will formula and regulations be more or less advantageous to their communities than at present?

Questions 16 and 17, as presented in Tables X, XI, XII, and XIII, ask officials about their future expectations concerning GRS.

Table X. Question 16-A: Will Formulas Be Changed?

Assuming that GRS is renewed beyond 1976 in its basic principles, would you anticipate that the formulas will be changed?

Number of Respondents	Yes	No	Undecided
88	36 40.9%	34 38.6%	18 20.5%

Table XI. Question 16-B: Less or More Advantageous?

Assuming that GRS is renewed beyond 1976 in its basic principles, would you anticipate that the new law would be (1) more advantageous; (2) less advantageous; or (3) about the same in its advantages to your (city, village, etc.)?

Number of Respondents	More	Less	Undecided
77[a]	13 16.9%	13 16.9%	57 66.2%

[a]There are 11 fewer respondents since 11 officials did not even care to try to answer this question. The interviewer takes this as further evidence of uncertainty.

Table XII. Question 16-C: More or Fewer Strings?

Assuming that GRS is renewed beyond 1976 in its basic principles, would you anticipate that the federal government will (1) attach more strings, (2) fewer strings, or (3) about the same as at present?

Number of Respondents	More	Fewer	About the Same
78[a]	26	5	42
	33.3%	6.4%	53.9%

[a]There are 10 fewer respondents since 10 officials did not even care to try to answer this question.

Table XIII. Question 17: Will there be GRS?

In your opinion, will there be GRS after 1976?

Number of Respondents	Yes	No	Undecided
88	55	13	20
	62.5%	14.8%	22.7%

There is no majority opinion in Table X. The largest group of respondents (36; or 41%) believe that, yes, there will be a change in the formulas, with 39% believing there will be no change, and 20% uncertain. With no majority opinion, and with such an even division of opinion, it could be supposed that there is conflicting evidence of the future available to these officials, leading to conflicting opinions about the future.

In Table XII, it can be seen that a majority (42; or 54%) believes that there would be about the same number of strings in a new law. A total of 26 (33%) believes there will be more strings. In question 16-C, ten persons did not wish to respond. It could be that some of those responding might have answered "undecided" if the author had been wise enough to include such a response category. When asked if a new law would probably be more or less advantageous, eleven persons did not even want to try to answer, and 57 (66% of those responding) were undecided (Table XI).

The lack of a majority in question 16-A, the large majority of undecideds in 16-B, and the persons who did not wish to express an opinion in 16-B and 16-C would indicate that there is uncertainty both by individuals and by the universe as a whole, as evidenced by the complexity of its disagreements. The variety of opinions and lack of patterns indicate a sense of uncertainty.

Question 17 (Table XIII) shows a majority (55; or 62%) believing that GRS will be renewed in some form after 1976. This would seem to indicate that officials are worrying more about the form of GRS rather than its continued existence. Yet 20 respondents (23%) are undecided, and 13 (15%) believe it will not be renewed, adding some more uncertainty. Those who are undecided, or do not believe it will be renewed, will act accordingly in planning for the future.

Reasons That Justify
Having GRS

The analysis of the third area of investigation has so far focused on first, the desirability of shifting more decision-making power to state and local governments; second, on the actual effects of this power; and, third, on a discussion of the effect of uncertainty, including the five-year life of the GRS law on the shifting of power. Now, a further discussion on the desirability of shifting this power in terms of the conditions that should or should not be required by the federal government for local or state governments to receive the funds leads to question 9, which is detailed in Table XIV.

Respondents were asked in question 9 to choose among as many purposes to which the federal government could put GRS, or as many reforms GRS could be used to encourage, as the respondents could agree with. Respondents could say that its only purpose should be to help pay state and local expenses; or only that its purpose should be to give state and local governments more independence; or that it should be encouraging one of three specific reforms; or any combination thereof.

Table XIV. Question 9: The Reasons for Having Revenue Sharing

(An abbreviated form of Question 9.) Of the following possible purposes to which GRS could be put by the federal government, select as many or as few as you feel that you would agree with: (A) To help state and local government finance legitimate functions, (B) To give state and local governments more independence in the federal system, (C) To encourage (tax reform). . . , (D) To encourage . . . regional planning, or (E) To encourage local consolidation. As each respondent could select as many answers as he wished, the total number of responses is greater than N. Percentages are the percent of N selecting each response.

Type of Government	N	A	B	C	D	E
Central City	4	4 100.0%	3 75.0%	1 25.0%	3 75.0%	3 75.0%
Suburban City	40	39 97.5%	32 80.0%	12 30.0%	19 47.5%	9 22.5%
Village	19	17 89.5%	14 73.7%	7 36.8%	5 26.3%	1 5.3%
Township	15	14 93.3%	11 73.3%	3 20.0%	6 40.0%	2 13.3%
County	2	2 100.0%	2 100.0%	0 -	0 -	0 -
State	5	4 80.0%	4 80.0%	1 20.0%	0 -	0 -
Federal	3	2 66.7%	2 66.7%	2 66.7%	2 66.7%	2 66.7%
Total	88	82 93.2%	68 77.3%	26 29.6%	35 39.8%	17 19.3%

Over 93% (82 of the respondents) selected A, to help state and local governments finance legitimate functions, as one of their selections. Six persons did not select A in any combination. Some who believe that these governments could fend for themselves, encouraged revenue sharing only as a means of encouraging reforms. Only two saw it solely as a means of giving more power to state and local government at federal expense. Only four persons selected A by itself. It was in combination with some other choice in 78 instances.

Over 77% (68 of the respondents) selected B, to encourage state and local independence and responsibility in the federal system, as one of their choices. This seems somewhat odd as 85% (75 respondents) in question 7 stated that they believed there should be more state and local decision-making power. It may be that the 8% difference is that revenue sharing was not viewed by that 8% as a means of gaining more power or independence, or that they do not view "more power" and "independence" as being closely related. Or, perhaps, they are among those who view revenue sharing as a long-range threat to state and local independence, even though other answers do not show this.

Only one respondent (a state representative) selected B by itself. However, 40 respondents (45%) selected a combination of only A and B, indicating their rejection of the "reforms." Comments show that respondents are not against the actual substance of the reforms. Many stated that they believed that one or more of the reforms was a good idea, but were adamantly opposed to the federal government imposing the reforms. They stated that such reforms must be worked out by the public and the participating local and state governments.

Of course, 27 respondents (30%) selected one of the three reforms, C, D, or E, or a combination of them as well as B. They apparently saw no contradiction between enforced federal reform and local independence. In fact, the one argument is that these reforms will help local government to become more independent and responsible in the long run.

Almost 30% (26 respondents) selected C, encouraging tax reform in state and local governments as one of their choices. As compared to the overwhelming support of A and B, it is not too favorable. Surprisingly, this was supported more by village officials than other local officials. They are often expected to be more "conservative" or against federal interference. Of course, 7 persons is only 37% of the village respondents. It is only half the favorable response given to B.

Selection D, regional planning, received support from 35 respondents (40%). This was particularly well received by the Dayton City Commissioners, 3 of whom selected D. It was surprisingly well received (40%) by some township trustees, as townships presently have little or no input to existing regional bodies. This may change as different regional bodies are created or changed. The sample size of township trustees seems small, but 6 trustees selecting D is 15.4% of <u>all</u> trustees in Montgomery County, and each represents a different township. A seventh trustee said he would have supported D, with some qualifications.

With the sole exception of Dayton officials, consolidation of governments (E) was very unpopular among state and local officials. Two federal officials favored the idea. Of the five answers, E was the least popular with the suburban city, village, and township officials. County and state officials all opposed E as well as D.

<u>Summary Question 9.</u> This ninth question elicited a great deal of information on these officials' concepts of financial need and federalism. Nearly everyone agrees local governments need money and many agreed that the state should receive it as well. A large majority believe that a major purpose of GRS should be to encourage the "new federalism," making state and local governments more independent from the federal government. While many believed in

regional cooperation, comparatively few liked the idea of the federal government imposing any form of regionalization through revenue sharing. Fewer yet liked the idea of federally "encouraged" tax reform. And a large majority of respondents opposed consolidation under any circumstances, federally imposed or otherwise.

Intergovernmental Cooperation

The final question to be discussed in this section is the effect of the present law on intergovernmental cooperation. Question 10 does not specify a definition of cooperation. It can be a cooperative effort in providing services, regional planning, or simply listening to neighbors' complaints. Many earlier supporters of GRS also wanted greater regional cooperation. Many of these same people are afraid that the present law will discourage regional cooperation and encourage governments to go it alone. A table is not necessary for this brief statement. Question 10 shows how state and local officials view the effects of revenue sharing on intergovernmental relations so far. A large 73% stated that GRS has no effect one way or the other. Over 21% believes that revenue sharing has induced more cooperation, and only 6% believed governments to be acting more independently of one another. The reasons given by those who believed there was more cooperation was that some governments now had the funds to enable them to work on joint projects without sacrificing their own needs.

Summary of Federalism and GRS

The conclusion here will be expanded in Chapter 5. At this point is a brief summary answering the basic questions of this area of investigation. Do the interviewed officials perceive the shifting of more responsibility for problem solving to state and local governments desirable? The respondents believe that it is. The heavy response in question 7 in favor of more such responsibility, and the numerous selections of B in question 9, which is to use GRS to encourage state and local independence, tend to confirm this as does the rejection of C, D, and E (the imposed reforms) in question 9.

The rejection of the "encouraged" reforms in question 9 also answers the basic question, what other purposes exist to justify any form of GRS? In terms of specific "reforms" or reasons, the answer is none. As a general reason, the fiscal plight of local governments is the most popular of reasons for GRS.

Finally, does the present law actually have the effect of shifting this responsibility? Opinion on this is divided. A majority of 55% believes that this is the effect. But a large 45% believes there is no effect. The doubt and uncertainty as shown in questions 6, 16, and 17 is probably the main reason for this strong minority view.

The Distribution of General Revenue Sharing

The fourth area of investigation asks officials' opinions of the fairness of distribution and the relationship of distribution to their opinions concerning federalism. In this section opinions are gathered about the fairness of the GRS distribution; about what types of government are perceived to have received the most and least advantages; whether the state share of GRS has been spent so as to benefit the local population in Montgomery County; whether the 1/3-2/3 division of GRS between state and local government should be kept or whether either state or local governments should receive a different share; whether the state legislature should adopt an alternative formula for Ohio local governments; and, finally, who in the future should be responsible for deciding the allocation formula for local governments.

Distribution Among Local Governments

Table XV shows that a plurality of 45-1/2% of the respondents view the distribution of funds as not fair (question 11A). Central city, suburban city, and village officials, in that order, were least

Table XV. Question 11-A: Is Distribution of GRS Fair?

Do you believe that the distribution of general revenue sharing funds is fair to all types of government, including central cities, suburban cities, villages, townships, counties, and states?

Type of Government	N.	Yes	No	Undecided
Central City	4	1 (25.0%)	3 (75.0%)	0 -
Suburban City	40	8 (20.0%)	25 (62.5%)	7 (17.5%)
Village	19	7 (36.8%)	8 (42.1%)	4 (21.0%)
Township	15	10 (66.7%)	1 (6.7%)	4 (26.7%)
County	2	1 (50.0%)	0 -	1 (50.0%)
State	5	1 (20.0%)	2 (40.0%)	2 (40.0%)
Federal	3	1 (33.3%)	1 (33.3%)	1 (33.3%)
Total	88	29 (33.0%)	40 (45.4%)	19 (21.6%)

satisfied with distribution. Only 33% believed the distribution fair, the largest group satisfied being township trustees. A group of 21-1/2% were undecided.

Parts B and C of question 11 were asked of those who answered no in part A. These parts asked who the respondents believed received the most advantage (B) and the least advantage (C) under the present distribution. Tables XVI and XVII allow the reader to compare, at the same time, who selected which type of government to be least or most advantaged.

Table XVI. Question 11-B: Most Advantage

If no (in question 11-A), which of the above forms is getting the most advantage: Central cities, suburban cities, villages, townships, counties, and states?

Type of Government	N	Central City	Suburban City	Village	Township	County	State	Not Sure
Central City	3	0	2	0	1	0	0	0
Suburban City	25	19	0	0	2	1	2	1
Village	8	6	0	0	0	0	0	2
Township	1	0	0	0	0	1	0	0
None of the county officials said no in A.								
State	2	0	0	0	0	0	0	2
Federal	1	0	0	0	0	0	1	0
Total	40	25 62.5%	2 5.0%	0 -	3 7.5%	2 5.0%	3 7.5%	5 12.5%

Remember two items. First, that even though 60% of central city commissioners responded, this is only 3 persons in the total. Second, any one other city in the county has at least equal numbers of councilmen in the total. Suburban city councilmen constitute the largest group of respondents.

Overall, the most advantaged were believed to be (in descending order) the central city, (not sure), the township and the state, and the suburbs and the county. No one believed villages to be most advantaged. The least advantaged were believed to be

Table XVII. Question 11-C: Least Advantage

If no (in question 11-A), which of the above forms is getting the least advantage: Central cities, suburban cities, villages, townships, counties, and states?

Type of Government	N	Central City	Suburban City	Village	Township	County	State	Not Sure
Central City	3	3	0	0	0	0	0	0
Suburban City	26	1	6	8	3	1	0	7
Village	8	0	0	4	0	0	0	4
Township	1	0	0	0	1	0	0	0
None of the county officials said no in A.								
State	2	1	0	0	0	0	0	1
Federal	1	1	0	0	0	0	0	0
Total	41	5 12.5%	6 15.0%	12 30.0%	4 10.0%	1 2.5%	0 -	12 30.0%

(in this order) the villages, (an equal number not sure), the suburbs, the central city, townships, and the county. No one believed the state to be least advantaged by the formula.

The next section discusses the state's share of general revenue sharing.

The State Share

Questions 12 and 13 ask about the division and use of the state's share of GRS funds. While few persons listed the state as

Table XVIII. Question 12: Spending the State's Share

Do you believe the state's share of federal revenue sharing funds has been spent in such a way as to benefit the residents of your (city, district, etc.)?

Type of Government	N	Yes	No	Undecided
Central City	4	2 (50.0%)	0 -	2 (50.0%)
Suburban City	40	9 (22.5%)	13 (32.5%)	18 (45.0%)
Village	19	5 (26.3%)	6 (31.6%)	8 (42.1%)
Township	15	2 (13.3%)	6 (40.0%)	7 (46.7%)
County	2	0 -	0 -	2 (100.0%)
State	5	3 (60.0%)	1 (20.0%)	1 (20.0%)
Federal	3	1 (33.3%)	0 -	2 (66.7%)
Total	88	22 (25.0%)	26 (29.6%)	40 (45.4%)

receiving the "most" advantage (question 11-C), over 57% believed that the local governments should receive more than two-thirds of the state area allocation (question 13). Only 43% wanted to leave the division as is. No one believed the state should receive a greater share. Table A-13 in Appendix A presents complete responses to question 13.

One reason for the preference for increased local aid, is the poor view locals hold of how the state spends its funds. When asked if the state spent its share of GRS in such a way as to benefit the respondents' jurisdictions (Table XVIII), 45-1/2% did not even know how it was spent, and 30% said no. Only 25% said yes, the largest support (as a percentage of each category) coming from state officials and the central city. Comments from those who said no, indicated that most did not know how the state spent its funds, but that they noticed no benefit to their communities. Several commented that this was because local officials received little information from state officials about what the state is doing.

Alternative Formulas

Although 45% of the respondents believed the distribution to be unfair (question 11-A), only 30% favor having the state legislature change the formula in one of the legally allowed ways, as seen in Table XIX. Of those responding, 26% were undecided, and 44% opposed having the state change the formula. Several of the respondents explained that no matter how unfair the formula, they were opposed to changes by either the state or federal governments for fear of coming out worse. Since most appreciated receiving anything they wanted to leave well enough alone.

Most respondents commented that they were unfamiliar with what the effects of different formulas would be. This may explain Tables XX and XXI which show officials from the same city

Table XIX. Question 14-A: Alternative Formula?

Abbreviated form of question: Do you believe that the General Assembly should change the formula, using one of the allowed alternatives?

Type of Government	N	Yes	No	Undecided
Central City	4	2	1	1
Suburban City	40	18	12	10
Village	19	4	12	3
Township	15	1	9	5
County	2	0	1	1
State	5	1	2	2
Federal	3	0	2	1
Total	88	26 (29.5%)	39 (44.3%)	23 (26.1%)

Table XX. Question 14-B: Which Alternate Formula?

If yes in 14-A, should the formula be changed? (1) population X relative income; (2) population X tax effort, or (3) keep all three factors of population X tax effort X relative income, but weight them differently?

Type of Government	N	(1) P X RI	(2) P X TE	(3) P X TE X RI, Assign New Wts.
Central City	2	1	0	1
Suburban City	18	5	2	11
Village	4	0	1	3
Township	1	0	1	0
State	1	0	0	1
Total	26	6	4	16

Table XXI. Question 14-B-3: Assigning of Weights

This table shows how those selecting choice 3 in Question 14-B would weight the 3-factor formula. Across the top are the factors to which respondents would give additional weight. For example: a respondent choosing population would prefer that population be given more than equal weight, leaving tax effort and relative income lower, but equal to each other. A respondent picking population and tax effort would prefer to de-emphasize relative income while give more weight to both population and tax effort.

Type of Government[a]	N	Population	Tax Effort	Relative Income	Pop, TE	Pop, RI
Central City	1	0	0	0	0	1
Suburban City	9	4	3	0	0	2
Village	3	0	2	0	0	1
State	1	0	0	1	0	0
Total	14	4	5	1	0	4

[a]No township, county, or federal officials selected number 3 in 14-B.

with different alternatives even when they would like to see the state change the formula.

Among those who would make a change, the central city officials would eliminate or de-emphasize the tax effort factor, the suburban officials are divided, and village officials would prefer tax effort over relative income. This seems odd in view of the fact that as one looks through Table II in Chapter 3, it appears that tax effort favors Dayton, Moraine, and West Carrollton more than does the relative income factor. This result could be different in states with taxing systems that more accurately reflect the wealth of the cities' residents.

Who Should Decide Formulas?

Directly relating federalism to distribution, question 15 asked respondents to choose who they believed should devise the formula at the local level. This amounts to asking them who they trust to be fair. The choices were to leave the responsibility to Congress by incorporating the formula into the law, as at present; or to have Congress delegate the responsibility to each state government; or to have Congress delegate the responsibility to an independent body of some sort set up for that purpose. Several respondents suggested an already existing body, although they were not requested to do so. Responses may be found in Table XXII.

A plurality of 42% said that the distribution should be left to the federal government in Congress. About 30-1/2% chose the independent body, and 27% the state government. The central city tended to lean toward the independent body, followed by the state. Suburban officials split between federal and independent. The village officials split between federal and state. The township trustees split

Table XXII. Question 15: Who Should Work Out the Formula?

Assuming that general revenue sharing is renewed, who should be responsible for working out the formula for distributing funds at the local level? (A) Should the federal government write the distribution formula into law; or (B) Should Congress delegate this responsibility to each state government; or (C) Should Congress delegate this responsibility to some independent body or commission set up for this purpose?

Type of Government	N	A Federal	B State	C Independent Body
Central City	3	0	1	2
Suburban City	38	15	8	15
Village	19	8	8	3
Township	15	5	5	5
County	2	2	0	0
State	5	3	1	1
Federal	3	3	0	0
Total	85	36 (42.4%)	23 (27.1%)	26 (30.6%)

evenly among all three. County, state, and federal officials all leaned toward federal as their choice.

Summary Fairness of Distribution

The answers are now available for the basic question for this fourth area of investigation. Are officials content with the distribution? No. A large plurality believes the distribution unfair, and a large group is undecided. Less than a third believe it fair. There is disagreement as to how the distribution is unfair. When offered a choice to correct the formula, many rejected the idea for fear of making bad worse. The remainder disagree on how to correct it.

While most believe that their own government should receive a greater share, there was agreement from the suburban cities that villages received the least advantages and the central city the most advantages. In terms of per capita receipts, this would appear to be a correct appraisal. Table II in Chapter 3 clearly indicates this.

The answers seem to indicate a basic problem of intergovernmental relations: every government believes that it has more problems and has more need for money than any other. This is particularly evident in local opinions of state spending. There is little awareness of how state government spends its money. And many commented that the state does not need money; it has more than it knows what to do with now. Also, even those (in question 15) who believe the federal government should continue deciding the local formula, do so only because they do not think anyone else can do better.

In short, few are very satisfied, but fewer agree on what can be done about it.

CHAPTER 5

SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS

In this concluding chapter is a summary of the major conclusions reached in Chapter 4, somewhat expanded. This is followed by the author's recommendations for improvement of federal aid to state and local governments based on needs perceived by the respondents.

Summary and Conclusions

The summary of the findings in Chapter 4 follows the pattern throughout this study of discussing issues in terms of the four areas of investigation laid out in Chapter 1. First will be opinions about the concept of general revenue sharing (GRS) and alternatives to GRS. Second is a summary of findings about officials' opinions about the publication of use reports. Third is the broader discussion of the federalism issue, discussing opinions concerning state and local power (authority and capability to act); whether GRS expands power of state and local government; whether doubt and uncertainty due to the federal nature of the program affects GRS spending; what doubts and uncertainties there are; and effects of the program on local intergovernmental relationships. Fourth are opinions about the fairness and form of distribution of the funds.

Approval of Revenue Sharing; Alternatives

At the time the questionnaire was presented to respondents (during interviews in May and June of 1974) general revenue sharing was a popular concept. In fact, it was more popular in May, 1974 than it was in October, 1972. The comparison of questions asking about opinions past and present relies on the accuracy of respondents' perceptions.

However, the important question is the second question asked: i.e., "has your opinion of GRS become more favorable, less favorable, or is it about the same?". In this question, it was found that 36% became more favorable and 46% stayed about the same, and only 17% became less favorable. In order to determine what this means it must be compared with what the respondents believed previously.

It was determined in Chapter 4 (under the subtitle "Approval") that of the 32 who became more favorable to GRS, 21 had originally been indifferent. These 21 respondents had moved <u>from</u> a middle ground (not sure whether to favor or oppose) to a position of being favorable. Since 50 had been favorable to GRS to begin with, this would make 71 with favorable opinions. This is partially offset by 12 respondents who at first favored GRS, but had become less favorable. Subtracting those 12 from 71, it would be reasonable to state that at least 59 respondents (67% of the total) are favorably inclined toward general revenue sharing (as of May, 1974).

As 50 (57%) originally stated they were favorable, it can be said that the concept of GRS is more favorably accepted in May, 1974 than it was when passed into law in October, 1972.

It is interesting to contrast this approval with the variety of responses to the question about alternatives. Although about 59 respondents are favorable toward GRS, only 19 (22%) would leave it as is, without changes, or without adding other forms of federal aid in conjunction. Another 23 prefer to continue GRS without additional methods, but do want to change it in some way.

Added together this is 48 respondents (48%) who preferred general revenue sharing over any alternative. They prefer this method to stand alone as the means of federal aid to state and local governments.

Nine (9) respondents wanted GRS, as it currently is, in combination with one or more of these forms of federal aid: categorical grants, block grants, or tax credits. Fifteen (15) respondents wanted GRS with some changes in combination with one or more of these same forms of aid. Altogether then, general revenue sharing was named as an acceptable form of federal aid (alone or in combination; with or without changes) by 66 respondents (75%). Of the 25% who did not select GRS in any form, the largest group selected tax credits as the more popular alternative.

This area of investigation reveals that the general revenue sharing concept is approved by Montgomery County local officials, but that they are not entirely satisfied with the present law. This is evident in the response to the question about alternatives in which most of those who approved of GRS wanted changes in it and/or additional methods of federal aid in combination.

Publication of Use Reports

Actual use reports may or may not be useful in truly determining how general revenue sharing has been spent. Planned use reports are, however, primarily intended to give information to the public in the locality where the funds are spent in order to increase citizen participation in budgeting GRS funds. These reports are required to be published in a local newspaper of general circulation.

Three questions ask about this area of investigation: First, if publication of use reports encouraged public response; second, whether respondents' governments encouraged participation by holding public meetings for the purpose of gathering input on GRS spending; and, third, whether such response (when received) influenced respondents to change their plans for spending GRS.

For the first question, 88% of respondents stated they had received no response from the public about GRS. The publication of reports had produced little participation. Even those who stated there had been response most often said "practically none," as opposed to "light" or "a great deal."

A total of 58% of the respondents stated that their jurisdiction had held public meetings. Only 26% of respondents changed their opinions as a result of such response, but not much.

Comments about use reports were invariably bitter. All comments made (and 62 respondents had comments on this subject) indicated that no one likes using the money to buy newspaper space when almost no one reads it and fewer understand it. Yet, it is required that money be spent for publication. Many used the same expression in describing "useless reports," mostly officials of townships or villages with small populations.

Federalism and General Revenue Sharing

When asked about the specific problem of the law being only for five years, with changes possible, nearly half looked to the future uncertainly. While 62.5% believed there would be some form of GRS after 1976, nearly 49% anticipated changes in the formula, with many undecided, and two-thirds were undecided as to the effects of changes on their jurisdictions. A majority believed the strings would be about the same, but a third believed there would be more strings.

Comments indicate that officials consider most "strings" are presently of no value. They see the reports and categories as paperwork without purpose, achieving nothing. There are a few "unsophisticated" smaller governments who take the guidelines so seriously and interpret them so strictly, that they have complained about not being able to spend money on their greatest community needs. In one small village, the council (and residents) needed the two main streets repaired. This was a major repair. They wanted to use general revenue sharing funds, but their interpretation of the law was that they could only use the funds for "new" projects. It is uncertain how they arrived at this conclusion, except through bad advice, but larger communities have spent revenue sharing funds for exactly the same purposes without complication.

A 55% majority (question 8) concludes that GRS has increased state and local decision-making power. However, question 7 indicates that 85% of the respondents believe that state and local decision-making power ought to be increased. In question 9, 77% of respondents believe that a major purpose of GRS should be to increase state and local independence. In other words, a great many believe that state and local governments should have more decision-making power. Some of these do not appear to believe that GRS is the best or most proper method to expand such power. Fewer believe that GRS has actually had the effect of increasing state-local power.

The Distribution of General Revenue Sharing

On the specific questions about distribution, a plurality (45 1/2%) was unsatisfied with the division among local governments. A 57% majority believes local governments deserve a greater share. Overall, the opinions seem contradictory. Respondents approve of GRS. But, they are unhappy with many of the specifics. However, they do not want to rock the boat as is indicated by the comments reported in Chapter 4 and the answers to question 14 about whether the state should change the formula. They appear to not want to ask for changes, as they are so uncertain of what would result, they might get a less favorable arrangement than they already have.

The question about alternatives reveals that officials prefer something different from what they have now. Only 21 1/2% selected the choice to keep exactly what exists at present. Another 26% would make some changes in revenue sharing, but would not risk recommending alternatives to go with it, for fear of losing GRS in the shuffle. Yet, 33% would pick some combination, usually GRS with some other program.

The following section offers the author's ideas for satisfying Montgomery County concerns.

Author's Recommendations and Conclusions

The elected officials of Montgomery County, Ohio perceived several problems as summarized in the last section. In this section, the author presents his own suggestions for improving federal aid to state and local governments. The suggestions are the author's own, but the purpose of the suggestions is to meet the needs of Montgomery County officials and to eradicate any problems that these officials perceived or expressed in this study. Briefly, the total composition of the suggestions attempts to eradicate the following problems: 1) not enough funding overall; 2) agreement that funds are not fairly distributed; 3) disagreement as to what would be fair, and 4) the effects of uncertainty and the effects of "strings" (e.g., use reports, spending categories) on local governments' perceived need to spend the money for their own needs without being entangled in a web of contradictory regulations. No one portion of the following suggestions is expected to eradicate any one problem, but the combination is expected by its very diversity to help resolve the problems perceived by these local officials.

The author suggests that the best course of action would be a combination of alternatives. Only the most obvious "national priorities" should be continued under conditional grants, funded on an annual basis. Which programs are most obvious may be a matter of debate, but the point is to hold them to a very few that are exceptionally unique and cannot be easily covered by block grants. Less pressing, but nonetheless important "national priorities" should be grouped into flexible block grants, allowing states and localities to respond to these priorities by attacking that portion of them that most affects their locality. To allow for proper planning and intelligent budgeting at all levels, these grants should include two- or three-year appropriations.

Next, general revenue sharing should continue, but with fewer strings. The use reports should be removed, unless they can be demonstrated to be or required to become of genuine help to the state and local governments or to the local populations involved. Priority expenditure categories should be eliminated as causing unnecessary, additional, and expensive paperwork for no real purpose. The categories listed have little meaning and their primary contribution has been confusion at the local level and to the public reading them.

When considering the formula as 1976 approaches, either the Advisory Commission on Intergovernmental Relations or some other commission created for the purpose should investigate every formula submitted to it by Congress or other government and report the results and the effects of each to Congress in detail. Congress should then make the decision, offering several alternatives to state legislatures as the law presently does. This allows for the greatest amount of input and still allows for any unique need or condition that could develop after the law is passed.

The amount of GRS should not be substantially increased. Rather, a system of tax credits against the federal income tax should be started. This means that state and local taxes (up to some maximum) could be subtracted from the amount of federal income tax paid by the individual, allowing states and localities to raise taxes without additional burden on the taxpayer. Next to GRS, question 18 reveals the tax credit was the most popular of the alternatives offered. A tax credit is not an unusual recommendation. As there have been objections to the idea, the full idea suggested here needs to be developed.

Since that idea is not directly related to this paper it is developed in Appendix B. The program described there (not necessarily original) should answer some of the major objections to tax credits. The important point here is that a tax credit supplies money, especially to heavily taxed areas, and it satisfies those who believe state and local governments need to have more power in the federal system, and who believe a greater share of tax funds will help give that power, but who doubted GRS as the best system to accomplish this.

These recommendations, combining GRS with fewer strings, block grants, categorical grants, and tax credits, satisfies most of the needs about which respondents in this study complained. One further condition is necessary. In order to ensure planning capability and state and local independence, GRS should be appropriated for a period of ten years. The tax credit system should be established for a five-year trial period, beginning when GRS is renewed. Then, the tax credits should be <u>re</u>newed every ten years. In this way, either GRS or tax credits would be eligible for review every five years.

This allows Congress an opportunity to review all of these programs periodically, without at one swoop removing planning capability from the state and local government.

This study may not apply to any other county and the author would not attempt to state that the results would be the same nation-wide, but those who live in or represent similar metropolitan areas could use any part of this study as a framework to evaluate their own area. Those who have a more academic and less practical interest in such studies might wish to add such categories as the age, sex, education, and political party affiliation of respondents.

The study was begun when general revenue sharing had been in existence for one year. The questionnaire was submitted to respondents when GRS was a year and a half old. Since that time revenue sharing has been studied from several approaches. This study of a single county area is still unique. Also, preparations have begun for a new debate on whether or not to renew revenue sharing or what changes to make. The termination of the present program is less than two years away as this study is completed. If the program is to be renewed without breaking continuity, it will be renewed by the Congress now in office.

Since the study was completed, the Housing and Community Development Act of 1974 was passed into law and is presently distributing its first funds in a form of block grants, and local governments are asking Congress for extra revenue sharing funds to combat recession in their areas as well as meet inflationary costs. Both block grants and the present economic downturn could affect the opinions of the same officials questioned nine months ago in this study.

APPENDIX A

QUESTIONNAIRE COMBINED WITH TABLES OF RESPONSES

In this appendix are listed all of the questions asked of respondents followed by tables of the responses to those questions. The format is to give each table a title, followed by an explanation including the question as it was asked in the interview.

Table A-1. Question 1: Opinions of GRS in 1972

Before general revenue sharing was signed into law in October of 1972, were you in favor of, opposed to, or indifferent to the idea of general revenue sharing?

Type of Government	N	Favored	Opposed	Indifferent
Central City	4	1 (25.0%)	2 (50.0%)	1 (25.0%)
Suburban City	40	28 (70.0%)	2 (5.0%)	10 (25.0%)
Village	19	7 (36.8%)	0 -	12 (63.2%)
Township	15	7 (46.7%)	0 -	8 (53.3%)
County	2	1 (50.0%)	0 -	1 (50.0%)
State	5	3 (60.0%)	1 (20.0%)	1 (20.0%)
Federal	3	3(100.0%)	0 -	0 -
Total	88	50 (56.8%)	5 (5.7%)	33 (37.5%)

Table A-2. Question 2: Change of Opinions

Has your actual experience with general revenue sharing changed your opinion so that you are now more favorable, less favorable, or feeling about the same toward it? (The table cross-classifies the answers to this question with question 1.)

Jurisdiction	N	More Favorable			Less Favorable			About the Same		
		Favored	Opposed	Indif.	Favored	Opposed	Indif.	Favored	Opposed	Indif.
Central City	4	0 –	1 25.0%	1 25.0%	0 –	0 –	0 –	1 25.0%	1 25.0%	0 –
Suburban City	40	4 10.0%	1 2.5%	4 10.0%	9 22.5%	0 –	2 5.0%	15 37.5%	1 2.5%	4 10.0%
Village	19	1 5.3%	0 –	7 36.8%	3 15.8%	0 –	1 5.3%	3 15.8%	0 –	4 21.1%
Township	15	3 20.0%	0 –	7 46.7%	0 –	0 –	0 –	4 26.7%	0 –	1 6.7%
County	2	1 50.0%	0 –	1 50.0%	0 –	0 –	0 –	0 –	0 –	0 –
State	5	0 –	0 –	1 20.0%	0 –	0 –	0 –	3 60.0%	1 20.0%	0 –
Federal	3	0 –	0 –	0 –	0 –	0 –	0 –	3 100.0%	0 –	0 –
Sub-totals	88	9 10.2%	2 2.3%	21 23.9%	12 13.6%	0 –	3 3.4%	29 33.0%	3 3.4%	9 10.2%
Totals	88	32 36.4%			15 17.1%			41 45.6%		

Table A-3. Question 3: Public Response to Planned Use Reports

A. In your opinion, was the publication of the Planned Use Reports responsible for any letters, telephone calls, or visits to you by residents of your (city, etc.) about the spending of revenue sharing funds? YES NO B. How would you describe the response? HEAVY LIGHT PRACTICALLY NONE Results of A and B are combined. Federal officials are not asked this question. Responses to A are on top line of headings, B on second line of headings.

Type of Government	N	Yes			No
		Heavy	Light	Practically None	
Central City	4	0 -	0 -	0 -	4 100.0%
Suburban City	40	0 -	3 7.5%	2 5.0%	35 87.5%
Village	19	0 -	1 5.7%	1 5.7%	17 89.5%
Township	15	1 6.7%	0 -	0 -	14 93.3%
County	2	0 -	0 -	0 -	2 100.0%
State	4	0 -	0 -	2 50.0%	2 50.0%
Total	84	1 1.2%	4 4.8%	5 6.0%	74 88.1%

Table A-4. Question 4: Meetings for Public Input on GRS?

A. Did your (city council, etc.) hold public meetings, either as a part of regular meetings or in special meetings, for the purpose of receiving input on how to spend the revenue sharing funds for the first four entitlement periods? YES NO B. If yes, were the meetings regular or special (for revenue sharing only)? REGULAR SPECIAL Responses for A are listed on top line of headings, B on second line.

Jurisdiction	N	Yes		No
		Regular	Special	
Central City	4	3 (75.0%)	0 -	1 (25.0%)
Suburban City	39	15 (38.5%)	6 (15.4%)	18 (46.2%)
Village	19	10 (52.6%)	1 (5.3%)	8 (42.1%)
Township	15	9 (60%)	0 -	6 (40.0%)
County	2	2 (100.0%)	0 -	0 -
State	5	2 (40.0%)	1 (20.0%)	2 (40.0%)
Total	84	41 (48.8%)	8 (9.5%)	35 (41.7%)

Table A-5. Question 5: Impact of Public Response

If there was response from the public (in questions 3 and 4), did it change the plans that you had originally favored for revenue sharing?
A GREAT DEAL SOME NOT MUCH NOT AT ALL

Jurisdiction	N	A Great Deal	Some	Not Much	Not At All
Central City	2	0	1 (50.0%)	0	1 (50.0%)
Suburban City	22	0	0	3 (13.6%)	19 (86.4%)
Village	3	0	0	0	3 (100.0%)
Township	8	0	1 (12.5%)	2 (25.0%)	5 (62.5%)
County	1	0	0	0	1 (100.0%)
State	3	0	0	3 (100.0%)	0
Total	39	0	2 (5.1%)	8 (20.5%)	29 (74.4%)

Table A-6. Question 6: Influence of Uncertainty on GRS

(Adapted from ACIR Information Bulletin 73-3, March, 1973.)
A. Does uncertainty about the future of general revenue sharing have an important bearing on the way you believe your government should spend its revenue sharing funds? YES NO UNDECIDED
B. (If yes) Is it correct to assume that this uncertainty influences you to favor using general revenue sharing funds for nonrecurring expenses such as capital outlay or debt retirement? YES NO UNDECIDED

Jurisdiction	N	Yes			No	Undecided
		Yes	No	Undec.		
Central City	4	1 25.0%	2 50.0%	0 -	1 25.0%	0 -
Suburban City	40	11 27.5%	3 7.5%	0 -	22 55.0%	4 10.0%
Village	19	7 36.8%	1 5.3%	0 -	10 52.6%	1 5.3%
Township	15	7 46.7%	1 6.7%	2 13.3%	5 33.3%	0 -
County	2	2 100.0%	0 -	0 -	0 -	0 -
State	5	4 80.0%	0 -	0 -	1 20.0%	0 -
Total	85	32 37.7%	7 8.2%	2 2.4%	39 45.9%	5 5.8%

Table A-7. Question 7: More State-Local Decision Power?

Is there, in your opinion, a need for local and state governments to have more decision-making power? YES NO UNDECIDED

Jurisdiction	N	Yes	No	Undecided
Central City	4	3 (75.0%)	0 -	1 (25.0%)
Suburban City	40	34 (85.0%)	3 (7.5%)	3 (7.5%)
Village	19	16 (84.2%)	1 (5.3%)	2 (10.5%)
Township	15	15 (100.0%)	0 -	0 -
County	2	2 (100.0%)	0 -	0 -
State	5	3 (60.0%)	1 (20.0%)	1 (20.0%)
Federal	3	2 (66.7%)	1 (33.3%)	0 -
Total	88	75 (85.2%)	6 (6.8%)	7 (8.0%)

Table A-8. Question 8: Effect of GRS on State-Local Decision Power

Do you believe that sharing federal funds with a minimum of strings has the effect of increasing, or decreasing state and local decision-making powers, or does it have no effect? INCREASING DECREASING NO EFFECT

Jurisdiction	N	Increasing	Decreasing	No Effect
Central City	4	3 (75.0%	0 -	1 (25.0%)
Suburban City	40	20 (50.0%)	0 -	20 (50.0%)
Village	19	10 (52.6%)	0 -	9 (47.4%)
Township	15	9 (60.0%)	0 -	6 (40.0%)
County	2	1 (50.0%)	0 -	1 (50.0%)
State	4	2 (50.0%)	0 -	2 (50.0%)
Federal	3	3 (100.0%)	0 -	0 -
Total	87	48 (55.2%)	0 -	39 (44.8%)

Table A-9. Question 9: Reasons for Having GRS

Several Congressmen have suggested that a revenue sharing law ought to include requirements or contain a formula that would encourage what they believe to be proper reforms in state and local government. Others oppose attaching any kind of requirements. Of the following possible purposes to which general revenue sharing could be put, select as many or as few as you feel that you would agree with:

A._____To help state and local government to finance legitimate functions
B._____To give state and local governments more independence and responsibility in the federal system
C._____To encourage state and local governments to reform their tax systems by rewarding those who adopt certain types of taxes
D._____To encourage joint action among state and local governments by rewarding those involved in certain forms of regional planning
E._____To encourage local governments to consolidate into larger units

Jurisdiction	N	A	B	C	D	E
Central City	4	4 100.0%	3 75.0%	1 25.0%	3 75.0%	3 75.0%
Suburban City	40	39 97.5%	32 80.0%	12 30.0%	19 47.5%	9 22.5%
Village	19	17 89.5%	14 73.7%	7 36.8%	5 26.3%	1 5.3%
Township	15	14 93.3%	11 73.3%	3 20.0%	6 40.0%	2 13.3%
County	2	2 100.0%	2 100.0%	0 -	0 -	0 -
State	5	4 80.0%	4 80.0%	1 20.0%	0 -	0 -
Federal	3	2 66.7%	2 66.7%	2 66.7%	2 66.7%	2 66.7%
Total	88	82 93.2%	68 77.3%	26 29.6%	35 39.8%	17 19.3%

Table A-10. Question 10: Intergovernmental Relations

In your opinion, which of the following describes how general revenue sharing has affected relationships among governments in Montgomery County? A. Encouraged them to cooperate more; B. Encouraged them to act more independently; C. Has had no noticeable effect on intergovernmental relations.

Jurisdiction	N	A	B	C
Central City	4	1 (25.0%)	1 (25.0%)	2 (50.0%)
Suburban City	40	5 (12.5%)	2 (5.0%)	33 (82.5%)
Village	19	3 (15.8%)	1 (5.3%)	15 (79.0%)
Township	15	6 (40.0%)	1 (6.7%)	8 (53.3%)
County	2	2 (100.0%)	0 -	0 -
State	5	1 (20.0%)	0 -	4 (80.0%)
Total	85	18 (21.2%)	5 (5.9%)	62 (72.9%)

Table A-11(A). Question 11: Distribution Fair? Whose Advantage?

A. Do you believe that the distribution of general revenue sharing is fair to all types of government, including central cities, suburban cities, villages, townships, counties, and states? YES NO UNDECIDED

B. If NO, which of the above forms is getting the most advantage? ____________

C. If NO, which form is getting the least advantage? ____________

Jurisdiction	N	Yes	No	Undecided
Central City	4	1 (25.0%)	3 (75.0%)	0 -
Suburban City	40	8 (20.0%)	25 (62.5%)	7 (17.5%)
Village	19	7 (36.8%)	8 (42.1%)	4 (21.0%)
Township	15	10 (66.7%)	1 (6.7%)	4 (26.7%)
County	2	1 (50.0%)	0 -	1 (50.0%)
State	5	1 (20.0%)	2 (40.0%)	2 (40.0%)
Federal	3	1 (33.3%)	1 (33.3%)	1 (33.3%)
Total	88	29 (33.0%)	40 (45.5%)	19 (21.6%)

Table A-11(B). Most Advantage

Juris-diction	N	Central City	Suburban City	Village	Town-ship	County	State	Not sure
Central City	3	0 -	2 66.7%	0 -	1 33.3%	0 -	0 -	0 -
Suburban City	25	19 76.0%	0 -	0 -	2 8.0%	1 4.0%	2 8.0%	1 4.0%
Village	8	6 75.0%	0 -	0 -	0 -	0 -	0 -	2 25.0%
Township	1	0 -	0 -	0 -	0 -	1 100.0%	0 -	0 -
None of the county officials said no in A.								
State	2	0 -	0 -	0 -	0 -	0 -	0 -	2 100.0%
Federal	1	0 -	0 -	0 -	0 -	0 -	1 100.0%	0 -
Total	40	25 62.5%	2 5.0%	0 -	3 7.5%	2 5.0%	3 7.5%	5 12.5%

Table A-11(C). Least Advantage

Juris-diction	N	Central City	Subur-ban City	Village	Town-ship	County	State	Not Sure
Central City	3	3 100.0%	0 -	0 -	0 -	0 -	0 -	0 -
Suburban City	26	1 4.0%	6 24.0%	8 32.0%	3 7.5%	1 4.0%	0 -	7 28.0%
Village	8	0 -	0 -	4 50.0%	0 -	0 -	0 -	4 50.0%
Township	1	0 -	0 -	0 -	1 100.0%	0 -	0 -	0 -
None of the county officials said no in A.								
State	2	1 50.0%	0 -	0 -	0 -	0 -	0 -	1 50.0%
Federal	1	1 100.0%	0 -	0 -	0 -	0 -	0 -	0 -
Total	41	5 12.5%	6 15.0%	12 30.0%	4 10.0%	1 2.5%	0 -	12 30.0%

Table A-12. Question 12: Spending the State's Share

Do you believe the state's share of federal revenue sharing funds has been spent in such a way as to benefit the residents of your (city, district, etc.)? YES NO UNDECIDED

Jurisdiction	N	Yes	No	Undecided
Central City	4	2 (50.0%)	0 -	2 (50.0%)
Suburban City	40	9 (22.5%)	13 (32.5%)	18 (45.0%)
Village	19	5 (26.3%)	6 (31.6%)	8 (42.1%)
Township	15	2 (13.3%)	6 (40.0%)	7 (46.7%)
County	2	0 -	0 -	2 (100.0%)
State	5	3 (60.0%)	1 (20.0%)	1 (20.0%)
Federal	3	1 (33.3%)	0 -	2 (66.7%)
Total	88	22 (25.0%)	26 (29.6%)	40 (45.4%)

Table A-13. Question 13: Division of State Area Allocation

General revenue sharing funds awarded to each state area are presently divided to give state governments one-third of the total and local governments two-thirds of the total allocation. Do you believe that state area allocations should be divided A. To give state government a greater share; B. To give local governments a greater share; C. As it is presently divided?

Jurisdiction	N	A	B	C
Central City	3	0 -	2 (66.7%)	1 (33.3%)
Suburban City	39	0 -	29 (74.4%)	10 (25.5%)
Village	18	0 -	8 (44.4%)	10 (55.6%)
Township	13	0 -	6 (46.2%)	7 (53.9%)
County	2	0 -	0 -	2 (100.0%)
State	4	0 -	0 -	4 (100.0%)
Federal	3	0 -	2 (66.7%)	1 (33.3%)
Total	82	0 -	47 (57.3%)	35 (42.7%)

Table A-14(A). Question 14: Alternative Formula?

The basic formula for dispersing local general revenue sharing funds within a single county area is population X tax effort X relative in come. Under the law, the Ohio General Assembly could change that formula during the remaining entitlement periods. The formula could be: only the factors of population and tax effort; only the factors of population and relative income; or all three factors, but weight them differently than at present.

A. Do you believe that the General Assembly should change the formula, using one of the allowed alternatives? YES NO UNDECIDED

B. If so, how should it be done?

1. ______Population X Relative Income
2. ______Population X Tax Effort
3. ______Population X Tax Effort X Relative Income but weighted differently . . . assign weights.

Comments: Comments not included in tables.

Responses to A are on top line of headings, B on second line of headings.

Type of Government	N	Yes			No	Unde-cided
		1. P X RI	2. P X TE	3. Assign New Wgt.		
Central City	4	1 25.0%	0 -	1 25.0%	1 25.0%	1 25.0%
Suburban City	40	5 12.5%	2 5.0%	11 27.5%	12 30.0%	10 25.0%
Village	19	0 -	1 5.3%	3 15.8%	12 63.2%	3 15.8%
Township	15	0 -	1 6.7%	0 -	9 60.0%	5 33.3%
County	2	0 -	0 -	0 -	1 50.0%	1 50.0%
State	5	0 -	0 -	1 20.0%	2 40.0%	2 40.0%
Federal	3	0 -	0 -	0 -	2 66.7%	1 33.3%
Total	88	6 6.8%	4 4.6%	16 18.2%	39 44.3%	23 26.1%

Table A-14(B). Assigning Weights

This table shows how those picking YES-3 would assign the weights to the formula. The column headings which of the factors the respondent chose to emphasize over the remainder in giving answer #3 to question 14-B.

Type of Government	N	Population	Tax Effort	Relative Income	Population Tax Effort	Population Rela. Inc.
Central City	1	0	0	0	0	1
Suburban City	9	4	3	0	0	2
Village	3	0	2	0	0	1
Township	0	0	0	0	0	0
County	0	0	0	0	0	0
State	1	0	0	1	0	0
Federal	0	0	0	0	0	0
Total	14	4	5	1	0	4

Questions of Future. The following paragraph was read to respondents before asking the last five questions: General revenue sharing is scheduled to end on December 31, 1976. Shortly before or after that time the Congress will decide whether to renew revenue sharing, replace it, let it drop altogether, or make substantial changes in the program. The rest of the questions deal with various alternatives.

Table A-15. Question 15: Who Should Work Out Formula?

Assuming that general revenue sharing is renewed, who should be responsible for working out the formula for distributing funds at the local level?

A. _____ Should the federal government write the distribution formula into the law? or

B. _____ Should Congress delegate this responsibility to each state government? or

C. _____ Should Congress delegate this responsibility to some independent body or commission set up for this purpose?

Jurisdiction	N	A	B	C
Central City	3	-	1 (33.3%)	2 (66.7%)
Suburban City	38	15 (39.5%)	8 (21.1%)	15 (39.5%)
Village	19	8 (42.1%)	8 (42.1%)	3 (15.8%)
Township	15	5 (33.3%)	5 (33.3%)	5 (33.3%)
County	2	2 (100.0%)	0 -	0 -
State	5	3 (60.0%)	1 (20.0%)	1 (20.0%)
Federal	3	3 (100.0%)	0 -	0 -
Total	85	36 (42.4%)	23 (27.1%)	26 (30.6%)

Table A-16(A). Question 16: Future Anticipations

Assuming that general revenue sharing is renewed beyond 1976 in its basic principles, would you anticipate that--

A. The formulas will be changed? YES NO UNDECIDED

B. That the new law would be--
  1. _____more advantageous to your (city, village, etc.)
  2. _____less advantageous to your (district, etc.)
  3. _____about the same in its advantages.

C. That the federal government will--
  1. _____attach more strings
  2. _____attach fewer strings
  3. _____attach about the same requirements as at present.

A. Will formulas change?

Jurisdiction	N	Yes	No	Undecided
Central City	4	0 -	2 (50.0%)	2 (50.0%)
Suburban City	40	18 (45.0%)	15 (37.5%)	7 (17.5%)
Village	19	7 (36.8%)	8 (42.1%)	4 (21.1%)
Township	15	8 (53.3%)	3 (20.0%)	4 (26.7%)
County	2	0 -	2 (100.0%)	0 -
State	5	2 (40.0%)	2 (40.0%)	1 (20.0%)
Federal	3	1 (33.3%)	2 (66.7%)	0 -
Total	88	36 (40.9%)	34 (38.6%)	18 (20.5%)

Table A-16(B). Less or More Advantage?

Jurisdiction	N	More	Less	Undecided
Central City	3	0 -	1 (33.3%)	2 (66.7%)
Suburban City	35	8 (22.9%)	8 (22.9%)	19 (55.0%)
Village	17	2 (11.8%)	1 (5.9%)	14 (82.4%)
Township	14	1 (7.1%)	3 (21.4%)	10 (71.4%)
County	2	1 (50.0%)	0 -	1 (50.0%)
State	4	0 -	0 -	4 (100.0%)
Federal	2	1 (50.0%)	0 -	1 (50.0%)
Total	77	13 (16.9%)	13 (16.9%)	57 (66.2%)

Table A-16(C). More or Fewer Strings?

Jurisdiction	N	More	Fewer	About Same
Central City	3	0 -	0 -	3 (100.0%)
Suburban City	35	16 (45.7%)	2 (8.0%)	17 (48.6%)
Village	18	8 (44.4%)	2 (11.1%)	8 (44.4%)
Township	13	5 (38.5%)	0 -	8 (61.5%)
County	2	0 -	0 -	2 (100.0%)
State	4	1 (25.0%)	1 (25.0%)	2 (50.0%)
Federal	3	1 (33.3%)	0 -	2 (66.7%)
Total	78	26 (33.3%)	5 (6.4%)	42 (53.9%)

Table A-17. Question 17: Will There Be GRS?

In your opini will there be general revenue sharing after 1976?
YES NO DECIDED

Jurisdiction	N	Yes	No	Undecided
Central City	4	3 (75.0%)	0 -	1 (25.0%)
Suburban City	40	27 (67.5%)	4 (10.0%)	9 (22.5%)
Village	19	9 (47.4%)	5 (26.3%)	5 (26.3%)
Township	15	8 (53.3%)	3 (20.0%)	4 (26.7%)
County	2	2 (100.0%)	0 -	0 -
State	5	3 (60.0%)	1 (20.0%)	1 (20.0%)
Federal	3	3 (100.0%)	0 -	0 -
Total	88	55 (62.5%)	13 (14.8%)	20 (22.7%)

Table A-18(A). Question 18: Federal Aid Alternatives

With 1976 approaching, which of the following would you favor?
A. _____Renewing general revenue sharing with the same conditions
B. _____Renewing general revenue sharing, but with some changes--
list changes_______________
C. _____Instead of general revenue sharing, replace it with more categorical grants
D. _____Instead of general revenue sharing there should be a block grant system or special revenue sharing
E. _____Instead of general revenue sharing there should be a credit against federal income tax in favor of state and local taxes
F. _____Some combination of the above: Specify_______________
G. _____Other: Specify _______________

Possible Answers to Question 18	Central City	Suburban City	Village	Township	County	State	Federal	Number
A	1 25.0%	5 12.5%	6 31.6%	6 40.0%	1 50.0%	0 -	0 -	19 21.69%
B	0 -	15 37.5%	3 15.8%	4 26.7%	0 -	0 -	1 33.3%	23 26.1%
C	0 -	2 5.0%	1 5.3%	0 -	0 -	0 -	0 -	3 3.4%
D	0 -	0 -	1 5.3%	0 -	0 -	0 -	0 -	1 1.1%
E	0 -	4 10.0%	3 15.8%	0 -	0 -	2 40.0%	0 -	9 10.3%
F (A & C)	0 -	2 5.0%	0 -	0 -	0 -	0 -	0 -	2 2.3%
F (A & D)	0 -	0 -	0 -	0 -	1 50.0%	0 -	0 -	1 1.1%
F (A & E)	0 -	2 5.0%	0 -	1 6.7%	0 -	0 -	0 -	3 3.4%
F (B & C)	0 -	2 5.0%	1 5.3%	0 -	0 -	0 -	0 -	3 3.4%

Table A-18(A)—Continued

Possible Answers to Question 18	Central City	Suburban City	Village	Township	County	State	Federal	Number
F (B & D)	3 75.0%	2 5.0%	0 -	0 -	0 -	0 -	1 33.3%	6 6.8%
F (B & E)	0 -	0 -	2 10.5%	1 6.7%	0 -	1 20.0%	0 -	4 4.6%
F (C & D)	0 -	0 -	0 -	1 6.7%	0 -	0 -	0 -	1 6.7%
F (C & E)	0 -	1 2.5%	0 -	0 -	0 -	0 -	0 -	1 1.1%
F (D & E)	0 -	2 5.0%	1 5.3%	0 -	0 -	0 -	0 -	3 3.4%
F (Other)[a]	0 -	1 2.5%	1 5.3%	1 6.7%	0 -	1 20.0%	1 33.3%	5 5.7%
G[b]	0 -	2 5.0%	0 -	1 6.7%	0 -	1 20.0%	0 -	4 4.6%
Total	4	40	19	15	2	5	3	88

[a]One suburban city official selected C, D, E; one village official selected A, B, C, D, E; one township official selected A, D, E; one state official selected A, E, and no taxes; and one federal official selected B, D, E.

[b]The answers of G are suggestions for other systems for financing state and local government. One suburban official suggests a flat percentage of federal funds. Another suburban official suggests removing all strings and awarding funds on the basis of specific needs (whatever that means). A township official simply feels that federal taxes should be reduced, not necessarily with the expectation that it would be matched equally by a raise in state and local taxes. A state official suggests a return to the past (conditional grants?) and lower taxes.

Table A-18(B). Number of times each alternative is mentioned in any choice

Jurisdictions	A	B	C	D	E
Central City	1	3	0	3	0
Suburban City	9	19	6	5	10
Village	7	7	3	3	7
Township	8	5	1	2	3
County	2	0	0	1	0
State	1	1	0	0	4
Federal	0	3	0	2	1
Total	28 31.8%	38 43.2%	10 11.4%	16 18.2%	25 28.4%

Question 19 consisted of general comments.

Do you have any other comments on the subject of general revenue sharing that you have not already made? Comments:

There is no table for this question. Responses of note are incorporated into the text where they illuminate the other responses.

APPENDIX B

A TAX CREDIT SYSTEM

In the final chapter the author of this study offered the suggestion that a tax credit system be implemented along with other federal aid to state and local governments in order to satisfy the needs uncovered by this study that general revenue sharing did not satisfy. A major argument against tax credits has been that the first effects would not be to help state and local governments, but would give individuals more money while depleting the federal treasury, both inflationary.

This can be prevented by placing a minimum as well as a maximum on the amount that can be subtracted from federal income tax. The process would use tables on the income tax forms. After the individual had figured his taxes in the usual way, he would then add up property, sales, and income taxes from state and local governments. Sales tax could be computed for each tax rate on a standardized table similar to the state tax tables presently used, but allowing for local sales taxes. Property and income taxes would come from forms stating the actual taxes paid. (Sales taxes could be itemized, if to the taxpayer's benefit.) Then on tables listed for different income brackets, the taxpayer could subtract the amount allowed. The following is an example of how it could be done.

Taxpayer George has an income of $10,000. After all deductions (no longer including the taxes to be credited) and other consideration, his tax is $2,000. Then he adds his property taxes, $540, his sales taxes, $354, and his state and local income taxes, $250 and $100. This adds up to $1,244.

Then he looks at his instructions, which state: If your gross income is from $8,000 to $12,000, see Table X. Table X states: If your state and local taxes add up to--

More Than	But Less Than	
$950	$1,400	you may subtract

from your federal tax the total of your creditable taxes minus $950.

If your taxes are less than $950, you may <u>not</u> subtract any taxes. If your taxes are over $1,400, you may subtract $450.

In this case, George would take a credit of ($1,244 - $950) $294, making his income tax ($2,000 - $294) $1,706.

The language could be simplified, but the idea is to allow the following system:

1) A graduated system which would allow low income persons to deduct even the smallest amount of state and local tax.

2) Highly taxed persons to have tax relief.

3) Lightly taxed persons would continue paying all of their taxes without tax credits, which would in turn encourage the governments where these persons live to increase their taxes.

4) Moderately taxed persons would have higher state and local taxes without having it hurt as badly as it would otherwise.

This tax credit plan would be as equitable as the present graduated income tax (no more or less). Certainly this depends on the final figures incorporated into the law. It also avoids the arguments presented earlier against it, avoiding the feared inflationary impact (again depending on the proper figures in the final law), and satisfies the concern for giving state and local governments more power in the federal system. The federal government can control the economic impact by controlling the income tax itself, and, if it is not working at any point in history, the tax credit can be repealed.

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