

## Dateline

### Washington

A weekly column

by Sen. Mike Gravel



Congress has voted an extension of the popular federal revenue sharing program for state and local governments through fiscal year 1980, with fewer federal strings attached.

I helped to work out the final bill as a member of the Senate and House conference committees appointed to resolve differences in the bills passed by each house.

Although I would have preferred the extension through fiscal year 1982, in the Senate bill, the final bill was a good compromise which gave municipalities more flexibility in using their funds.

The bill repeals a section of the 1972 law establishing the program, which listed priority areas for expenditure of the funds returned to local coffers.

A new element of the legislation is the involvement of citizens with their state and local governments in determining their own needs and prioritizing their expenditures of revenue sharing funds.

I strongly endorse this concept of involving the people of the communities in determining the services and programs they feel should be provided through these funds. This will help to more fully implement the purpose of the local initiative program after four years of experience with it.

The new legislation broadens public participation by requiring public hearings on the proposed use of the revenue sharing funds and a follow up hearing on the full budget developed, including the federal funds. Citizens will have the opportunity to present written or oral testimony.

This section also provides for reporting and publication of the proposed funds, including notification of public hearings on each part of the process and a summary of the budget.

However, it also permits waivers of the reporting and publication requirements in the event they simply cannot be met.

If, for instance, the cost of publication in a rural Alaska community receiving revenue sharing funds, is simply prohibitive, or a publication is unavailable, the requirements could be waived.

The intention is not to create a burden on the recipient government, but, to assure that the priority needs of the community and the region, as the citizens see them, are being met, in the absence of federal guidelines for expenditure of the funds.

The new bill also repeals a prohibition in the current law against using sharing funds as matching funds.

Small communities lacking a tax base or other income sources to meet a federal match, have been unable to qualify for some federal programs requiring matching funds. With this provision, they will be able to participate more fully in other federal programs.

The current revenue sharing program expires at the end of the year. The new legislation extends the program for three and three quarters years.

The amount of the total funds provided for each fiscal year is earmarked and will be paid automatically by entitlements, rather than being subject to yearly appropriations. This assures the state and local governments of a regular entitlement that they can count on for budgeting purposes.

The total funds authorized for the three quarters of fiscal year 1977, remaining after the current program expires, will be \$4.9 billion. The total entitlement for the next three fiscal years will be as much as \$6.85 billion, with a variance of \$200 million possible in each year's increment.

A very important provision that I was able to secure for Alaska while we were drafting the Senate bill in the Finance Committee, will provide a cost of living increment of up to 25 per cent for Alaska.

This will mean an additional \$2.5 million added to each entitlement under the formula used for the distribution of revenue sharing funds in recent years to Alaska.

The cost of living adjustment is simply a recognition of the higher costs that state and local governments must pay in order to provide governmental services. This is especially true in the rural areas, even though the adjustment figure is based on the 25 per cent cost of living paid to federal employees, using Anchorage as a base.

The House had not included the cost of living increment in its bill and it was a tough fight to get it accepted by the conference committee because, various members pointed out that the cost of living is increasing all over the country.

I felt this provision was really important to Alaska to increase our share of these federal assistance funds, since we are already at a disadvantage because of our small population.

The cost of living increment will be paid from a separate non-contiguous states fund which includes only Alaska and Hawaii. We will be entitled to receive up to 25 per cent of the total amount of our revenue sharing entitlement from this separate fund, while Hawaii will be able to draw up to 15 per cent of its revenue sharing entitlement.

With the increased funding that will be available to state and local governments, and the broader participation provided for citizens, I feel the new revenue sharing program will be a real improvement for Alaska.