

ANTIRECESSION AND TARGETED FISCAL ASSISTANCE  
FOR STATE AND LOCAL GOVERNMENTS

---

JULY 30 (legislative day, JUNE 21), 1979.—Ordered to be printed

---

Mr. LONG, from the Committee on Finance,  
submitted the following

## REPORT

[To accompany S. 566]

The Committee on Finance, to which was referred the bill (S. 566), having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

## I. SUMMARY

The extension and amendment of title II of the Public Works Employment Act of 1976, by the Intergovernmental Antirecession and Targeted Fiscal Assistance Amendments of 1979, extends the availability of a stand-by antirecession assistance program for State and local governments and establishes a targeted fiscal assistance program for local governments that are continuing to experience high unemployment despite the recovery of the national economy from 1974-75 recession. The committee has concluded that it is appropriate to target Federal fiscal assistance to the most economically distressed local governments, as measured by the rates of unemployment prevailing within their jurisdictions. The committee believes the program of antirecession and targeted fiscal assistance constitutes an essential element of sound Federal fiscal policy.

The committee has amended the funding provisions of the antirecession program and has provided a targeted fiscal assistance program in recognition of the need for continued assistance to local governments that have not fully participated in the national economic recovery. Many of these jurisdictions have been adversely affected by the loss of antirecession funding. The committee has retained the general administrative provisions which have previously been a part of the program.

## EXTENSION, FUNDING, AND AMOUNTS

The antirecession assistance and targeted fiscal assistance programs are authorized for an additional two years, until September 30, 1980. The funds will generally be distributed quarterly based on available unemployment data, except that targeted fiscal assistance will be paid in a lump sum for the fiscal year that began October 1, 1978. The amount of funds payable for fiscal year 1980 will depend upon whether subtitle A, the antirecession program, or subtitle B, the targeted fiscal assistance program, is in effect. When the average rate of unemployment for the United States (seasonally adjusted)\* equals or exceeds 6.5 percent for one calendar quarter, subtitle A provides for the distribution of \$125 million, plus an additional \$30 million for each one-tenth of 1 percent by which the rate of unemployment exceeds 6.5 percent. No funding under subtitle A will be provided during fiscal year 1979 because the national unemployment rate did not exceed the requisite 6.5 percent level for the trigger period.

When the national unemployment rate has been less than 6.5 percent for a calendar quarter, antirecession payments are suspended and the targeted fiscal assistance program will be in effect. For the fiscal year beginning October 1, 1978, \$150 million would be distributed to local governments with unemployment rates of 6 percent or more. For the fiscal year beginning October 1, 1979, \$85 million per quarter in targeted assistance would be paid to local governments. One percent of the total funds appropriated for any fiscal year or calendar quarter is set aside for distribution to Puerto Rico, Guam, American Samoa, and the Virgin Islands. The total funds authorized during the 2-year extension may not exceed \$1 billion per fiscal year.

## DISTRIBUTION OF FUNDS

The distribution of antirecession funds under subtitle A, when the national rate of unemployment is at least 6.5 percent, is based on the difference between local and State-wide unemployment rates and 4.5 percent and the general revenue sharing distribution formula. However, eligibility for payments under subtitles A and B is restricted to governments with unemployment rates of 6.0 percent or more. This is a change from prior law which required only a 4.5 percent rate for eligibility purposes. The committee has concluded that this method of distributing funds will be effective in targeting assistance to those governments most in need. State governments will continue to receive one-third of the total antirecession funds allocated. Each local government in a Standard Metropolitan Statistical Area with a higher rate of unemployment when determined on the basis of the current population survey methodology used before January 1, 1978 will be assigned such higher rate in determining its allocation.

When the national rate of unemployment has been less than 6.5 percent for a calendar quarter, the committee has determined to continue funding a program of targeted fiscal assistance to local governments

\*References in this report to "the average rate of unemployment for the United States" and similar references to national unemployment other than annual rates, are intended to refer to such rates seasonally adjusted as provided by the Bureau of Labor Statistics on a quarterly basis.

only and to preserve the basic pattern of distribution based on local government rates of unemployment in excess of 4.5 percent. Unemployment rates will be assigned on the basis of current population survey data for those local governments that would receive higher rates from such assignment.

A limitation on eligibility based on per capita income has been added under both subtitles. A government may not receive funding under this bill if the per capita income within its jurisdiction exceeds 150 percent of the national per capita income level, except in Alaska and Hawaii where special provisions are made due to non-comparable per capita income levels. This provision will prevent more well-to-do governments from receiving funding.

Further, the level of minimum payment has been raised from \$100 quarterly to \$10,000 for annual allocations and \$2,500 for quarterly allocations. This upward revision will provide that governments will not receive limited amounts that would be inadequate to assist in maintaining services.

#### OTHER PROVISIONS

Most of the administrative provisions of the current law will be continued, including provisions relating to the use of payments, nondiscrimination and labor standards. Special reports, which have been found to create an excessive paperwork burden for recipients, and provision for program studies and recommendations already completed, are eliminated. The Secretary of Labor, the Bureau of the Census, and the Office of Personnel Management are directed to provide information and necessary data. The Secretary of Labor is also directed to determine and assign the unemployment rates necessary for the administration of the act.

In cases where a local government is scheduled to receive not more than \$10,000 for a calendar quarter, that government will receive a single payment which includes its entitlement under the State and Local Fiscal Assistance Act of 1972, as amended. In such cases, the Secretary of the Treasury will provide the government with a notice which states the portion of such single payment that is attributable to this bill.

*Estimated State total targeted fiscal assistance for fiscal year 1979,  
\$150,000,000 level of funding*

State:	6 percent \$10,000
Alabama -----	\$941, 888
Alaska -----	705, 761
Arizona -----	796, 885
Arkansas -----	584, 164
California -----	29, 829, 767
Colorado -----	935, 292
Connecticut -----	294, 225
Delaware -----	890, 519
District of Columbia -----	2, 221, 400
Florida -----	4, 485, 923
Georgia -----	1, 787, 677
Hawaii -----	1, 117, 295
Idaho -----	76, 463
Illinois -----	8, 925, 779
Indiana -----	1, 612, 325
Iowa -----	52, 139
Kansas -----	0
Kentucky -----	346, 166
Louisiana -----	4, 651, 409
Maine -----	231, 673
Maryland -----	2, 945, 327
Massachusetts -----	5, 385, 563
Michigan -----	9, 325, 182
Minnesota -----	90, 986
Mississippi -----	3, 578, 173
Missouri -----	1, 331, 378
Montana -----	261, 127
Nebraska -----	0
Nevada -----	27, 172
New Hampshire -----	0
New Jersey -----	8, 225, 470
New Mexico -----	277, 486
New York -----	31, 865, 598
North Carolina -----	500, 876
North Dakota -----	0
Ohio -----	3,469, 785
Oklahoma -----	130, 788
Oregon -----	227, 845
Pennsylvania -----	8, 945, 685
Rhode Island -----	485, 161
South Carolina -----	1, 115, 952
South Dakota -----	37, 174
Tennessee -----	912, 247
Texas -----	4, 010, 805
Utah -----	0
Vermont -----	11, 543
Virginia -----	1, 207, 644
Washington -----	1, 416, 535
West Virginia -----	643, 832
Wisconsin -----	893, 348
Wyoming -----	0

NOTE.—The \$150,000,000 level of funding is the amount authorized for fiscal year 1979. Estimated allocations and eligibility assumptions in this table are based on unemployment rates for April–September 1978. The committee bill would allocate funds for fiscal year 1979 based on the average unemployment rates for 1978.

*Estimated State total targeted fiscal assistance for fiscal year 1980 \$340,000,000  
level of funding*

State :	6 percent \$10,000
Alabama -----	\$2, 695, 563
Alaska -----	1, 630, 331
Arizona -----	1, 876, 611
Arkansas -----	1, 758, 338
California -----	65, 700, 068
Colorado -----	2, 347, 778
Connecticut -----	636, 433
Delaware -----	1, 964, 708
District of Columbia -----	4, 805, 072
Florida -----	10, 276, 132
Georgia -----	4, 347, 298
Hawaii -----	2, 416, 801
Idaho -----	318, 064
Illinois -----	20, 109, 171
Indiana -----	3, 810, 833
Iowa -----	126, 006
Kansas -----	0
Kentucky -----	1, 014, 005
Louisiana -----	10, 608, 447
Maine -----	833, 274
Maryland -----	6, 404, 605
Massachusetts -----	12, 132, 170
Michigan -----	21, 275, 393
Minnesota -----	232, 755
Mississippi -----	6, 272, 853
Missouri -----	3, 289, 325
Montana -----	724, 714
Nebraska -----	11, 566
Nevada -----	74, 838
New Hampshire -----	0
New Jersey -----	19, 192, 492
New Mexico -----	771, 827
New York -----	70, 038, 406
North Carolina -----	1, 182, 698
North Dakota -----	28, 533
Ohio -----	7, 890, 656
Oklahoma -----	504, 374
Oregon -----	650, 738
Pennsylvania -----	20, 411, 285
Rhode Island -----	1, 224, 244
South Carolina -----	2, 676, 708
South Dakota -----	135, 946
Tennessee -----	2, 489, 442
Texas -----	9, 018, 465
Utah -----	20, 496
Vermont -----	45, 274
Virginia -----	2, 877, 066
Washington -----	3, 364, 825
West Virginia -----	1, 515, 192
Wisconsin -----	2, 153, 456
Wyoming -----	0

NOTE.—The \$340,000,000 level of funding is the amount authorized for fiscal year 1980 if the seasonally adjusted national rate of unemployment does not exceed 6.5 percent for any applicable calendar quarter.

Estimated allocations and eligibility assumptions in this table are based on unemployment rates for April–September, 1978. The committee bill would allocate funds for the quarters of fiscal year 1980 based on average rates of unemployment for the 6-month period ending 3 months before the payment quarter.

## II. REASONS FOR THE BILL

## FISCAL PROBLEMS OF STATE AND LOCAL GOVERNMENTS

Despite the national economic recovery since the antirecession program was first adopted, many State and local governments continue to require fiscal relief. Some governments have suffered fiscal hardships that have been severe. Accordingly, the Committee has determined that a targeted fiscal assistance program is a necessary element of sound Federal fiscal policy.

The Committee also believes that current indications of declining economic activity make it important that a stand-by antirecession fiscal assistance program be in place to assist State and local governments with high rates of unemployment if the national rate of unemployment reaches 6.5 percent. Current economic projections indicate that national unemployment will reach or exceed that level during fiscal year 1980.

## ESTIMATED TARGETED FISCAL ASSISTANCE BY STATE AREA AND FOR THE 5 LARGEST RECIPIENTS IN EACH STATE

State	\$150,000,000 (fiscal year 1979)	\$340,000,000 (fiscal year 1980)
Alabama	\$941,838	\$2,695,563
Anniston City	49,887	107,911
Selma City	40,816	88,287
Mobile City	205,869	445,311
Mobile County	102,411	221,523
Talladega City	34,227	74,037
Alaska	705,761	1,630,331
Ketchikan City	41,819	90,458
Anchorage City	242,263	524,035
Kenai Peninsula B.	86,492	187,090
Kenai City	41,261	89,250
Matanuska-Susitna	123,683	267,537
Arizona	796,885	1,876,611
Navaho Tribal Council	89,776	194,193
Cochise County	77,143	166,866
Pinal County	127,790	276,421
Santa Cruz County	62,648	135,512
Yuma City	60,786	131,485
Arkansas	584,164	1,758,338
Hot Springs City	34,701	75,060
Jefferson County	46,260	100,065
Pine Bluff City	42,802	92,583
Pope County	36,247	78,406
White County	35,842	77,529
Jacksonville City	30,553	66,089
California	29,829,767	65,700,068
Alameda County	859,239	1,858,605
Los Angeles County	5,699,575	12,328,652
Los Angeles City	3,336,401	7,216,911
San Diego County	779,216	1,685,508
San Francisco City	1,480,965	3,203,450
Colorado	935,292	2,347,778
Archuteta County	17,687	38,257
Conejos County	29,109	62,966
Denver City	422,029	912,884
Colorado Springs	118,881	257,149
Pueblo County	76,272	164,983
Pueblo City	125,071	270,540
Connecticut	294,225	636,433
Bridgeport City	111,981	242,224
Naugatuck Borough	19,437	42,045
Waterbury City	86,531	187,173
New London City	29,303	63,384
Norwich City	21,585	46,690
Ansonia City	12,947	28,005
Delaware	890,519	1,964,708
Kent County	68,574	148,331
Dover City	63,246	136,806
New Castle County	425,123	919,577
Newark City	39,607	85,673
Wilmington City	293,968	635,878

## ESTIMATED TARGETED FISCAL ASSISTANCE BY STATE AREA AND FOR THE 5 LARGEST RECIPIENTS IN EACH STATE

—Continued

State	\$150,000,000 (fiscal year 1979)	\$340,000,000 (fiscal year 1980)
District of Columbia		
Washington City	\$2,221,400	\$4,805,072
Florida	2,221,400	4,805,073
Dade County	4,485,923	10,276,132
Miami City	830,555	1,796,559
Jacksonville City	580,243	1,255,115
Palm Beach County	261,914	566,541
Polk County	162,438	351,366
Broward County	303,398	656,276
Georgia	157,688	341,093
Macon City	1,787,677	4,347,298
Savannah City	104,164	225,314
Fulton County	94,723	204,894
Atlanta City	336,725	728,363
Columbus City	388,594	840,561
Hawaii	140,739	304,429
Hawaii County	1,117,295	2,416,801
Honolulu City	268,064	579,844
Kauai County	735,070	1,590,017
Maui County	41,273	89,276
Idaho	72,888	157,663
Bonner County	76,463	318,064
Clearwater County	24,898	53,856
Kootenai County	17,115	37,021
Gem County	14,007	30,298
Coeur D'Alene City	0	22,776
Illinois	11,107	24,025
Cook County	8,925,779	20,109,171
Chicago City	824,049	1,782,487
Decatur City	6,787,832	14,682,644
East St. Louis City	67,498	146,003
Williamson County	171,905	371,845
Indiana	49,889	107,915
Muncie City	1,612,325	3,810,833
Kokomo City	102,108	220,867
Gary City	42,566	92,073
Indianapolis City	202,340	437,678
Richmond City	628,240	1,358,936
Marion City	47,391	102,511
Iowa	46,358	100,277
Anpanoose County	52,139	126,006
Sioux City	12,240	26,476
Spencer City	39,899	86,304
Centerville City	0	13,226
Kansas	0	0
Kentucky	0	0
Hopkinsville City	346,166	1,014,005
Covington City	39,688	85,848
Leslie County	59,811	129,376
Martin County	18,968	41,030
Whitley County	21,654	46,839
Pike County	22,219	48,062
Louisiana	20,321	43,956
Shreveport City	4,651,409	10,608,447
Lake Charles City	164,598	356,039
Baton Rouge City	186,280	402,939
Jefferson Parish	337,581	730,215
New Orleans City	275,147	595,165
Calcasieu Parish	1,125,966	2,435,559
Maine	135,110	292,254
Aroostook County	231,673	833,274
Presque Isle City	23,665	51,190
Caribou City	50,485	109,204
Madawaska Town	49,548	107,176
Dexter Town	14,428	31,209
Skowhegan Town	13,874	30,010
Maryland	0	23,566
Allegheny County	2,945,327	6,404,605
Cumberland City	138,186	298,909
Baltimore City	72,072	155,897
Somerset County	2,212,179	4,785,126
Garrett County	82,666	178,813
Massachusetts	50,214	108,616
New Bedford City	5,385,563	12,132,170
Lynn City	197,238	426,642
Springfield City	163,220	353,059
Cambridge City	162,695	351,923
Boston City	159,834	345,734
Somerville City	1,649,718	3,568,476
	145,567	314,874

## ESTIMATED TARGETED FISCAL ASSISTANCE BY STATE AREA AND FOR THE 5 LARGEST RECIPIENTS IN EACH STATE

—Continued

State	\$150,000,000 (fiscal year 1979)	\$340,000,000 (fiscal year 1980)
Michigan.....	\$9,325,182	\$21,275,393
Genesee County.....	182,886	395,588
Flint City.....	351,135	759,535
Pontiac City.....	435,282	941,552
Wayne County.....	728,117	1,574,977
Detroit City.....	4,338,766	9,385,110
Lansing City.....	137,146	297,241
Minnesota.....	90,986	232,755
Aitkin County.....	204,457	44,249
Clearwater County.....	13,947	30,168
Itasca County.....	30,641	66,280
Morrison County.....	13,787	29,823
Polk County.....	12,154	26,291
Marshall County.....	0	19,367
Red Lake County.....	0	16,578
Mississippi.....	3,578,173	8,272,853
Attala County.....	121,277	262,331
Bolivar County.....	173,381	375,037
Harrison County.....	156,589	338,714
Jackson County.....	127,835	276,519
Washington County.....	154,965	335,201
Missouri.....	1,331,378	3,289,325
Poplar Bluff City.....	20,922	45,257
Crawford County.....	28,451	61,543
Sedalia City.....	37,810	81,785
St. Louis City.....	1,170,343	2,531,550
Washington County.....	42,823	92,629
Montana.....	261,127	724,714
Cascade County.....	29,101	62,947
Flathead County.....	36,847	79,704
Lincoln County.....	23,069	49,901
Missoula County.....	24,295	52,551
Ravalli County.....	23,751	51,375
Butte City.....	22,732	49,172
Great Falls City.....	28,572	61,803
Nebraska.....	0	11,566
Thurston County.....	0	11,566
Winnebago Tribal Council.....	0	0
Nevada.....	27,172	74,838
Lyon County.....	14,177	30,666
Carson City.....	0	16,062
White Pine County.....	12,996	28,112
New Hampshire.....	0	0
New Jersey.....	8,225,470	19,192,492
Essex County.....	704,298	1,523,454
Newark City.....	1,509,651	3,265,500
Hudson County.....	584,317	1,263,925
Jersey City.....	560,332	1,212,045
Paterson City.....	364,997	789,520
New Mexico.....	277,486	711,827
Las Vegas City.....	17,494	37,841
Navaho Tribal Council.....	30,736	66,484
Rio Arriba County.....	84,172	182,071
Española City.....	24,116	52,164
San Juan County.....	23,586	51,019
Taos County.....	52,164	112,835
San Miguel County.....	16,494	35,677
New York.....	31,865,598	70,038,406
Erie County.....	676,803	1,463,981
Buffalo County.....	822,665	1,779,491
Nassau County.....	762,521	1,649,395
New York City.....	23,914,856	51,729,816
Suffolk County.....	673,449	1,456,726
North Carolina.....	500,876	1,182,698
Halifax County.....	34,861	75,408
Harnett County.....	71,504	154,668
Hoke County.....	37,039	80,118
Wilmington City.....	42,073	91,008
Robeson County.....	99,882	216,053
Wilson City.....	47,373	102,472
North Dakota.....	0	28,533
Turtle Mountain Town.....	0	15,425
Standing Rock Sioux.....	0	0
Benson County.....	0	0
Widder County.....	0	0
McHenry County.....	0	0
Rolette County.....	0	12,481



## ESTIMATED TARGETED FISCAL ASSISTANCE BY STATE AREA AND FOR THE 5 LARGEST RECIPIENTS IN EACH STATE

—Continued

State	\$150,000,000 (fiscal year 1979)	\$340,000,000 (fiscal year 1980)
<b>Ohio</b>	<b>\$3,469,785</b>	<b>\$7,890,656</b>
Cleveland City	735,090	1,628,996
Hamilton County	230,513	498,618
Cincinnati City	641,761	1,388,182
Toledo City	218,766	473,210
Youngstown City	213,703	462,258
Akron City	233,364	504,785
<b>Oklahoma</b>	<b>130,788</b>	<b>504,374</b>
Hugo City	12,045	26,053
Latimer County	23,306	50,414
Okmulgee City	16,296	35,249
Pittsburgh County	21,979	47,542
McAlester	45,921	99,332
<b>Oregon</b>	<b>227,845</b>	<b>650,738</b>
Hood River County	14,762	31,930
Grants Pass City	17,360	37,550
Douglas County	21,559	46,634
Roseburg City	18,408	39,818
Lane County	42,798	92,575
Springfield City	61,214	132,412
Albany City	21,915	47,404
<b>Pennsylvania</b>	<b>8,945,685</b>	<b>20,411,285</b>
Pittsburgh City	594,535	1,286,028
Cambria County	138,869	300,386
Delaware County	232,567	503,062
Chester City	182,891	395,608
Philadelphia City	4,876,337	10,547,920
Luzerne County	135,822	293,795
<b>Rhode Island</b>	<b>485,161</b>	<b>1,224,244</b>
New Port City	40,495	87,593
Pawtucket City	77,704	168,079
Providence City	230,042	497,599
Woonsocket City	66,313	143,440
North Kingstown Town	21,156	45,763
<b>South Carolina</b>	<b>1,115,952</b>	<b>2,676,708</b>
Charleston County	186,192	402,749
North Charleston	77,194	166,977
Florence County	66,006	142,776
Florence City	96,324	208,357
Rock Hill City	48,905	105,785
<b>South Dakota</b>	<b>37,174</b>	<b>135,946</b>
Ogala Sioux Tribal Council	25,463	55,079
Crow Creek Tribal Council	0	14,909
Corson County	0	20,346
Standing Rock Sioux	11,710	25,331
Cheyenne River Sioux	0	20,281
<b>Tennessee</b>	<b>912,247</b>	<b>2,489,442</b>
Campbell County	69,894	151,187
Cocke County	37,073	80,191
Fayette County	36,402	78,741
Chattanooga City	145,508	314,746
Roane County	38,164	82,551
McMinn County	36,317	78,556
<b>Texas</b>	<b>4,010,805</b>	<b>9,018,465</b>
Bexar County	216,614	468,554
San Antonio City	419,259	906,892
El Paso City	628,587	1,359,686
Hidalgo County	282,550	611,178
Laredo City	197,996	428,282
El Paso County	191,595	414,437
<b>Utah</b>	<b>0</b>	<b>20,496</b>
Wasatch County	0	20,497
Summit County	0	0
Heber City	0	0
<b>Vermont</b>	<b>11,543</b>	<b>45,274</b>
Wilmington Town	0	0
Newport City	0	20,306
Brattleboro Town	11,543	24,968
Barton Town	0	0
Putney Town	0	0
<b>Virginia</b>	<b>1,207,644</b>	<b>2,877,066</b>
Buchanan County	68,764	148,742
Russell County	40,582	87,782
Danville City	95,089	205,686
Newport News	105,231	227,624
Norfolk City	259,842	562,061
Portsmouth City	103,203	223,238
Suffolk City	85,167	184,224
Tazewell County	41,739	90,284

## ESTIMATED TARGETED FISCAL ASSISTANCE BY STATE AREA AND FOR THE 5 LARGEST RECIPIENTS IN EACH STATE

—Continued

State	\$150,000,000 (fiscal year 1979)	\$340,000,000 (fiscal year 1980)
Washington.....	\$1,416,535	\$3,364,825
Pierce County.....	144,914	313,461
Tacoma City.....	246,613	533,445
Bellingham City.....	64,005	138,448
Yakima County.....	110,231	238,438
Yakima City.....	78,812	170,477
West Virginia.....	643,832	15,151,192
Lincoln County.....	35,338	76,439
McDowell County.....	99,636	215,521
Mingo County.....	47,267	102,242
Raleigh County.....	33,868	73,259
Beckley City.....	38,687	83,682
Wisconsin.....	893,348	2,153,456
Eau Claire City.....	24,785	53,612
Forest County.....	29,755	64,363
Kenosha City.....	67,900	146,874
Menominee County.....	59,809	129,372
Milwaukee City.....	568,669	1,230,079
Kenosha County.....	39,164	84,716
Wyoming.....	0	0

## III. GENERAL EXPLANATION

## A. ANTIRECESSION FISCAL ASSISTANCE

1. *Extension, Funding, Amounts and Suspension (section 4 of the committee amendment, section 202 of present law).*—Payments to State and local governments under title II of the Public Works Employment Act of 1976, as amended, ended with the calendar quarter beginning July 1, 1978. The payments under the 1977 extension of that Act for the five calendar quarters beginning July 1, 1977, totaled \$1.835 billion.

In considering the extension and amendment of the antirecession program, the committee has taken into account the fact that the improvement in national unemployment did not eliminate the fiscal hardships faced by local governments suffering from high unemployment. Accordingly, the committee amendment extends for an additional two years the antirecession program enacted in 1976 and renewed in 1977, by extending the period during which funds are authorized to be spent from five calendar quarters beginning on July 1, 1977, to 13 calendar quarters beginning with that date. The funding under the committee amendment will thus end on September 30, 1980.

The amount of money authorized to be spent under subtitle A is \$125 million per calendar quarter, plus \$30 million for each whole one-tenth percentage point by which the average rate of national unemployment for the calendar quarter that ended three months before the beginning of such quarter exceeded 6.5 percent. By comparison, the base amount of \$125 million and incremental increases went into effect under the former law when the national rate of unemployment was above 6.0 percent. An aggregate limitation of \$1 billion is established on the amount that may be appropriated for fiscal year 1980.

The Bureau of Labor Statistics' rate for calendar year 1978, and the administration's projections of national unemployment are as follows:

Unemployment rate period		Extension of midsession estimates (not forecast; percent)
Calendar year.....	1978.....	6.0
Quarter:		
I.....	April, May, and June 1979.....	5.7
II.....	July, August, and September 1979.....	6.3
III.....	October, November, and December 1979.....	6.6
IV.....	January, February, and March 1980.....	6.8

<sup>1</sup> Actual rate determined by Bureau of Labor Statistics.

Subtitle A of the renewed program differs from the former program in that, under a new section 202(d), the program will not continue to distribute \$125 million per quarter when the national unemployment rate equal 6.5 percent. Additionally, subtitle A will be suspended for any payment quarter for which the national unemployment rate falls below 6.5 percent for the calendar quarter ending 3 months before that payment quarter.

Payments are to be resumed under subtitle A after a suspension for any calendar quarter beginning 3 months after a calendar quarter in which unemployment reaches the rate of 6.5 percent or more.

#### *Effective date*

The committee amendment is effective for calendar quarters beginning on or after October 1, 1978.

2. *Reservation and Allocation to States (section 203 of present law).*—The current antirecession allocation formula with respect to State governments will continue under subtitle A. One-third of the amount authorized to be appropriated under subtitle A, less amounts reserved for the "territories", is to be reserved for the States. From this amount, the Secretary of the Treasury will allocate to each individual State government a percentage of the amount reserved for all States equal to the quotient resulting from the division of the product of the amount by which the State's unemployment rate exceeds 4.5 percent multiplied by that State's general revenue sharing amount by the sum of such products for all States.

3. *Reservation and Allocation to Local Governments (section 203 of present law).*—The current allocation formula with respect to local governments will continue under subtitle A. The remaining two-thirds of the amount authorized to be appropriated under subtitle A, less amounts reserved for the "territories", will be distributed to each local government with a local unemployment rate of 6.0 percent or more as a percentage of the amount reserved for all local governments equal to the quotient resulting from the division of the product of the amount by which a particular local government's unemployment rate exceeds 4.5 percent multiplied by that local government's general revenue sharing amount by the sum of such products for all local governments.

4. *Definition of Local Unemployment Rates, and Allocations Based on Pre-1978 Methodology (sections 6, 7 and 9 of the committee amendment, sections 203(b)(3)(C) and 203(c)(3)(B), as amended, of present law).*—Sections 203(b)(3)(C) and 203(c)(3)(B) define the terms

"State unemployment rate" and "local government unemployment rate" used to make allocations under subtitle A, as well as to determine whether payments to an individual government is suspended because its unemployment rate is below 6.0 percent. Those definitions are amended to provide that local unemployment rates for governments which encompass, or are located within, a standard metropolitan statistical area or central city are to be adjusted whenever the application of the current population survey methodology for calculating unemployment rates used before January 1, 1978 applicable to those SMSA's and cities would result in a higher unemployment rate.

As of January 1, 1978, the Bureau of Labor Statistics terminated the use of current population survey (CPS) data on an annual average basis as the method of determining unemployment rates for the above-referenced areas. That change in methodology resulted in the determination of significantly reduced unemployment rates for some areas. The reduction in some instances was very substantial. Consequently, allocations under subtitles A and B to some governments would be reduced simply as a result of this change. To help those jurisdictions adversely affected by this change, the former law is amended to provide that the Secretary must use their unemployment rates as calculated by the CPS methodology used prior to January 1, 1978.

A National Commission of Unemployment Statistics has been established to assess the current procedures and methods used in the collection and analysis of labor market statistics. The Commission is to submit its final report to the President and the Congress by September 1979. After that Commission has made its recommendations and appropriate action has been taken by the Congress and the Bureau of Labor Statistics, the need for this provision can be reexamined. Should the Bureau of Labor Statistics reinstate the prior methodology, the need for this special provision would be ended.

The State and local unemployment rate definitions are also amended, for purposes of allocations and eligibility, to be the average rate for the six-month period which ended three months prior to the beginning of the payment calendar quarter. This amendment will not be applicable to the annual targeted fiscal assistance payment for the fiscal year beginning October 1, 1978. Because the data are available, the payment to local governments under subtitle B will be based on the rates for calendar year 1978, as determined or assigned by the Bureau of Labor Statistics.

Subparts A and B also provide that no amounts may be allocated to any government with a per capita income level that is more than 150 percent of the United States per capita income level. For fiscal year 1979, the maximum allowable per capita income level for a government to be eligible is \$7,257 (150 percent of the U.S. average 1975 level of \$4,838). For the noncontiguous States of Alaska and Hawaii, the maximum allowable per capita income level for an eligible local government is increased by the average State percentage of basic pay which civilian employees of the United States Government receive as an allowance under section 5941 of title 5, U.S. Code (\$9,071 for Alaska and \$8,346 for Hawaii). This limitation on allocations is not applicable to local governments in Alaska that have local unemployment rates in excess of 10 percent. In allocating funds, the per capita

income limitation is to be applied to allocations before the minimum payment limitation.

There are several references in the committee's bill to an "appropriate" fiscal year, six-month period, or calendar quarter. The committee intends that the Secretary shall determine which such time period is appropriate to administer these programs in accordance with the intentions of the Congress.

5. *Repeal of Special Reports Requirement (section 8 of committee amendment and sections 309 and 205(6) of present law).*—Under present law, each State and local government that receives payments is required to report to the Secretary of the Treasury any change in any tax that it imposes, and any substantial reduction in the number of its employees or the services it provides; in addition, each State receiving payments under present law must report any decrease in State aid to local governments. The committee amendment repeals these reporting requirements, and deletes them from the list of assurances that recipient governments must make under section 205 as a precondition to receiving payments under the program.

6. *Payments and Suspension of Payments to Individual Jurisdictions (section 10 of the committee amendment and section 210 of present law).*—The Secretary shall make payments to eligible State and local governments within five days of the commencement of a calendar quarter which begins 60 days after the enactment of the bill. Payments for periods which preceded enactment of this bill will be made as soon as practicable after the date of enactment. A State or unit of local government is eligible to receive payments only so long as its unemployment rate is 6.0 percent or more. If that rate is less than 6.0 percent for the appropriate six-month period, then payments to that government are suspended for the calendar quarter beginning three months later. If the State or local unemployment rate thereafter increases to 6.0 percent or more for an appropriate six-months period, payments are to be resumed for the quarter beginning three months after the period with the increased unemployment rate. The former program permitted governments with more than a 4.5 percent unemployment rate to receive funding.

The committee amendment changes the provision in the former program that payments are not suspended if the rate of unemployment equals or is less than 4.5 percent during just the last month of the next preceding calendar quarter. The committee amendment would suspend funding only if the average rate of unemployment for the appropriate six-month period was less than 6.0 percent.

7. *Data Provision Responsibilities and Program Studies (section 11 of the committee amendment and section 215 of present law).*—The committee amendment requires the Secretary of Labor, through the Bureau of Labor Statistics, the Office of Personnel Management and the Bureau of the Census, to provide the Secretary of the Treasury with all the necessary unemployment rates and other data, and to calculate and designate all the necessary unemployment rates required for administration of the program. The committee has also concluded that there is no further need to require the Comptroller General, the Congressional Budget Office and the Advisory Committee on Intergovernmental Relations to make the studies required by section 215

of the former law. The studies have been completed. The committee amendment, therefore, substitutes in section 215 the date provision responsibilities in place of the requirement of prior law that certain studies be made.

8. *Territorial Allotment (section 12 of committee amendment and section 216 of present law)*.—The committee amendment includes Puerto Rico, Guam, American Samoa, and the Virgin Islands in the 2-year extension of the program on the same allocation formula based on population data that was used for such government's participating under former law. Under the committee amendment, these payments will be funded by setting aside funds from the national appropriation rather than by additional funding.

#### B. TARGETED FISCAL ASSISTANCE

Although unemployment rates have been declining on a national basis, unemployment remains severe in many communities. The committee has recognized the need to continue fiscal assistance to hard-pressed local governments whose unemployment rates continue to be at least 6.0 percent, even when the national unemployment rate falls below 6.5 percent.

Subtitle B of the committee amendment establishes a program of targeted fiscal assistance to units of local government similar to the antirecession program under the former law (as extended in subtitle A), but differing in certain significant respects. This targeted fiscal assistance program becomes operative only if the payments under subtitle A are suspended because the average rate of national unemployment has been less than 6.5 percent for a calendar quarter.

1. *Authorizing, Funding and Suspension (section 13 of the committee amendment, section 231 of new law)*.—Whenever the average rate of national unemployment is less than 6.5 percent, the Secretary is authorized to distribute targeted fiscal assistance to local governments with unemployment rates 6.0 percent or above. As in subtitle A, the Secretary shall make payments to eligible local governments within 5 days of the commencement of a calendar quarter, for quarters beginning 60 days after enactment.

Under subsection (c), the sum of \$150 million would be paid in an annual payment for the fiscal year beginning October 1, 1978. For the fiscal year beginning October 1, 1979, \$85 million would be paid for any calendar quarter in which the national rate of unemployment is less than 6.5 percent.

Under subsection (d), quarterly payments under the targeted fiscal assistance program are suspended if the national unemployment rate equals or exceeds 6.5 percent for a calendar quarter. This corresponds with the antirecession program under subtitle A which requires one calendar quarter with unemployment rates below the statutory 6.5 percent level before payments under that subtitle are suspended. Payments are to be resumed under the targeted fiscal assistance program after the unemployment rate again is less than 6.5 percent.

2. *Allocation to Local Governments (section 13 of the committee amendment, section 232(a), (c) of new law)*.—From the amount authorized for payments to local government with unemployment rates of at least 6 percent, the Secretary is to allocate to each such local gov-

ernment, subject to the minimum allocation provisions and the per capita income limitation, an amount proportionately equal to what the government would receive under the formula in the former law and its extension under subtitle A.

3. *Definitions (section 13 of the committee amendment, section 232(d) of the new law).*—“Unemployment rate”, “excess unemployment percentage”, and other terms defined in subtitle A and in present law, are incorporated in subtitle B, including the pre-1978 current population survey methodology of the Bureau of Labor Statistics. An exception to this general rule is that the data base for the local unemployment rate used for targeted fiscal assistance for fiscal year 1979 is the rate within the jurisdiction of a local government for calendar year 1978.

4. *Limitations (section 13 of the committee amendment and section 232(c) (3), (4) of the new law).*—As under subtitle A, no amount is to be allocated to a unit of local government which would be allocated less than \$10,000 for a fiscal year or \$2,500 for a particular calendar quarter. In addition, a new provision has been added by the committee so that, in cases where a local government is scheduled to receive not more than \$10,000 for a quarter under section 232(c), that government will receive a single payment which includes its entitlement under the State and Local Fiscal Assistance Act of 1972, as amended. In such cases the Secretary of the Treasury will provide the government with a notice which states the portion of such single payment attributable to subtitle B. The committee adopted this provision to reduce the administrative burdens imposed on recipient governments and to consolidate the distribution of Federal funds. The per capital income limitation applicable to subtitle A is also applicable to subtitle B.

5. *Suspension of Payment to Individual Jurisdictions (section 13 of the committee amendment, section 232(a) of the new law).*—As under subtitle A, a local government is entitled to receive payments only so long as its unemployment rate is 6.0 percent or more. If that rate is less than 6.0 percent for calendar year 1978 or for the appropriate two calendar quarter period, then payments to that government are suspended for the calendar quarter beginning three months later. If unemployment thereafter increases to 6.0 percent for an appropriate six-month period, payments are to be resumed for the quarter beginning three months after the appropriate six-month period with the increased unemployment rate.

6. *Administrative Provisions (section 13 of committee amendment, section 233 of the new law).*—The various administrative provisions of present law, as amended by the committee’s action, are made applicable to allocations pursuant to subtitle B.

#### IV. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the following statements are made concerning the regulatory impact of the bill.

The bill represents a continuation of a fiscal assistance program for State and local governments. This program does not involve the regulation of individuals or businesses. While the bill makes some changes in the formulas for providing fiscal assistance, the Committee does not

anticipate that there will be any significant change in the paperwork requirements directly related to the claiming of grants. The bill does, however, eliminate certain unnecessary studies and reports so that the overall net impact of the bill should be a reduction in paperwork. The bill has no impact on privacy and no direct economic impact on individuals or businesses. Indirectly, however, it should benefit individuals and businesses by enabling State and localities to maintain healthier local economies.

#### V. BUDGETARY IMPACT OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970 and section 403 of the Congressional Budget Act of 1974, the following statements are made concerning the budgetary impact of the bill.

The bill contains an authorization for the appropriation of funds to provide grants to States and localities according to formulas specified in the bill. While all funding under the bill would be available only to the extent that appropriations are actually provided, the committee anticipates that less than the full amount authorized will in fact be appropriated. The Committee estimates that the authorization and expenditure amounts will be \$0.15 billion for fiscal year 1979 and \$0.54 billion for fiscal year 1980, based on estimates supplied by the Administration. The bill has no budgetary impact beyond fiscal year 1980. The estimates of the Congressional Budget Office have not yet been received by the Committee.

#### V. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made concerning the vote of the committee to report the bill.

The bill was ordered reported by voice vote.

#### VI. CHANGES IN EXISTING LAW

In compliance with paragraph (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown below (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

#### EXCERPT FROM THE PUBLIC WORKS ACT OF 1976

\* \* \* \* \*

#### TITLE II—ANTIRECESSION PROVISIONS

##### Findings of Fact and Declaration of Policy

##### Sec. 201. Findings.—The Congress finds—

(1) that State and local governments represent a significant segment of the national economy whose economic health is essential to national economic prosperity;



(2) that present national economic problems have imposed considerable hardships on State and local government budgets;

(3) that those governments, because of their own fiscal difficulties, are being forced to take budget-related actions which tend to undermine Federal Government efforts to stimulate the economy;

(4) that efforts to stimulate the economy through reductions in Federal Government tax obligations are weakened when State and local governments are forced to increase taxes;

(5) that the net effect of Federal Government efforts to reduce unemployment through public service jobs is substantially limited if State and local governments use federally finance public service employees to replace regular employees that they have been forced to lay off;

(6) that efforts to stimulate the construction industry and reduce unemployment are substantially undermined when State and local governments are forced to cancel or delay the construction of essential capital projects; [and]

(7) that efforts by the Federal Government to stimulate the economic recovery will be substantially enhanced by a program of emergency Federal Government assistance to State and local governments to help prevent those governments from taking budget-related actions which undermine the Federal Government efforts to stimulate economic recovery[.];

(8) *that both are antirecession fiscal assistance program and a targeted fiscal assistance program which aid governments requiring fiscal relief constitute essential elements of a sound Federal fiscal policy;*

(9) *that many local governments continue to experience high unemployment and fiscal strain, and have been adversely affected by the loss of antirecession fiscal assistance which has resulted in service cutbacks, increased taxes, municipal layoffs or sale of municipal assets; and*

(10) *that highly targeted fiscal assistance which aids those jurisdictions requiring fiscal relief and provides necessary time to take steps toward the fiscal stabilization of these governments would be least disruptive of employment or service levels.*

## **SUBTITLE A—ANTIRECESSION FISCAL ASSISTANCE**

### **FINANCIAL ASSISTANCE AUTHORIZED**

**SEC. 202. (a) PAYMENTS TO STATE AND LOCAL GOVERNMENTS.**—The Secretary of the Treasury (hereinafter in this title referred to as the “Secretary”) shall, in accordance with the provisions of this title, make payments to States and to local governments to coordinate budget-related actions by such governments with Federal Government efforts to stimulate economic recovery.

(b) **AUTHORIZATION OF APPROPRIATIONS.**—Subject to the provisions of subsection[s] (c) [and (d)] of this section, there are authorized to be appropriated for each of the [five] *thirteen* succeeding calendar quarters (beginning with the calendar quarter which begins on July 1, 1977) for purpose of payments under this [title] *subtitle*, the sum of—

(1) \$125,000,000, plus

(2) \$30,000,000 multiplied by the number of whole-one-tenth percentage points by which the rate of seasonally adjusted national unemployment for the most recent calendar quarter which ended three months before the beginning of such quarter exceeded **[6]** 6.5 per centum.

(c) **LIMITATION ON AUTHORIZATION.**—In no case shall the aggregate amount authorized to be appropriated under the provisions of subsection (b) of this section for the **[five]** *eight* successive calendar quarters beginning with the calendar quarter which begins **[July 1, 1977]** *October 1, 1978*, exceed **[\$2,250,000,000]** *\$1,000,000,000 for any fiscal year.*

**(d) TERMINATION.**—No amount is authorized to be appropriated under the provisions of subsection (b) for any calendar quarter if—

**[**(1) the average rate of national unemployment during the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 6 percent or

**(2) the rate of national unemployment for the last month of the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 6 percent.]**

**(d) Suspension of Assistance.**—

*(1) Suspension.*—*If the average rate of unemployment for the United States is less than 6.5 percent for a calendar quarter, no amount may be paid under this subtitle for the third calendar quarter of the three calendar-quarter period which began with the first of such calendar quarter, or for any subsequent calendar quarter.*

*(2) Termination of suspension.*—*Notwithstanding paragraph (1) of this subsection, amounts shall be paid under this subtitle for calendar quarters for which the average rate of unemployment for the United States equals or exceeds 6.5 percent beginning with the third quarter of the three calendar quarter period which began with the first of such calendar quarters until such time as paragraph (1) may require another suspension of payments.*

#### ALLOCATION

### SEC. 203.

**[**(a) **RESERVATIONS.**—

**[**(1) **ELIGIBLE STATES.**—The Secretary shall reserve one-third of the amounts appropriated pursuant to authorization under section 202 for each calendar quarter for the purpose of making payments to eligible State governments under subsection (b).]

**[**(2) **ELIGIBLE UNITS OF LOCAL GOVERNMENT.**—The Secretary shall reserve two thirds of such amounts for the purpose of making payments to eligible units of local government under subsection (c).]

**(a) Reservations.**—

*(1) Eligible States.*—*The Secretary shall reserve one-third of the amounts appropriated pursuant to authorization under section 202 for each calendar quarter, less the amounts allocable under section 216(b), for the purpose of making payments to eligible State governments under subsection (b).*

(2) *Eligible units of local government.*—The Secretary shall reserve two-thirds of the amounts appropriated pursuant to authorization under section 202 for each calendar quarter, less the amounts allocable under section 216 (b), for the purpose of making payments to eligible local governments under subsection (c).

(b) STATE ALLOCATION.—

(1) IN GENERAL.—The Secretary shall allocate from amounts reserved under subsection (a) (1) an amount for the purpose of making payments to each State equal to the total amount reserved under subsection (a) (1) for the calendar quarter multiplied by the applicable State percentage.

(2) APPLICABLE STATE PERCENTAGE.—For purposes of this subsection, the applicable State percentage is equal to the quotient resulting from the division of the product of—

(A) the State excess unemployment percentage, multiplied by

(B) the State revenue sharing amount by the sum of such products for all the States.

(3) DEFINITIONS.—For the purposes of this section—

(A) the term “State” means each State of the United States;

(B) the State excess unemployment percentage is equal to the difference resulting from the subtraction of 4.5 percentage points from the State unemployment rate for that State but shall not be less than zero;

[(C) the State unemployment rate is equal to the rate of unemployment in the State during the appropriate calendar quarter, as determined by the Secretary of Labor and reported to the Secretary; and]

(C) the State unemployment rate is equal to the average rate of unemployment within the jurisdiction of the State during the six-month period which ended three months prior to the beginning of the appropriate payment calendar quarter as determined by the Secretary of Labor and reported to the Secretary; and

(D) the State revenue sharing amount is the amount determined under section 107 of the State and Local Fiscal Assistance Act of 1972 for the most recently completed entitlement period, as defined under section 141(b) of such Act.

(c) LOCAL GOVERNMENT ALLOCATION.—

(1) IN GENERAL.—The Secretary shall allocate from amounts reserved under subsection (a) (2) an amount for the purpose of making payment to each local government, [subject to the provisions of paragraph (4),] equal to the total amount reserved under such subsection for calendar quarter multiplied by the local government percentage.

(2) LOCAL GOVERNMENT PERCENTAGE.—For purposes of this subsection, the local government percentage is equal to the quotient resulting from the division of the product of—

(A) the local excess unemployment percentage, multiplied by

(B) the local revenue sharing amount, by the sum of such products for all local governments.

(3) DEFINITIONS.—For purposes of this subsection—

(A) the local excess unemployment percentage is equal to the difference resulting from the subtraction of 4.5 percentage points from the local unemployment rate, but shall not be less than zero;

[(B) the local unemployment rate is equal to the rate of unemployment in the jurisdiction of the local government during the appropriate calendar quarter, as determined or assigned by the Secretary of Labor and reported to the Secretary (in the case of a local government for which the Secretary of Labor cannot determine a local unemployment rate, he shall assign such local government the local unemployment rate of the smallest unit or subunit of local government for which he has determined a local unemployment rate and within the jurisdiction of which such local government is located, unless—

[(i) the Governor of the State in which such local government is located has provided the Secretary of Labor with a local government rate for such local government, and

[(ii) the Secretary of Labor finds that such local unemployment rate provided by the Governor has been determined in a manner consistent with the procedures and methodologies used by the Secretary of Labor in determining local unemployment rates, in which case the Secretary of Labor shall assign such local government the local unemployment rate provided by such Governor).]

(B) *the local unemployment rate is equal to the average rate of unemployment within the jurisdiction of the local government during the six-month period which ended three months prior to the beginning of the appropriate payment calendar quarter, as determined or assigned by the Secretary of Labor and reported to the Secretary (and, in the case of a local government for which the Secretary of Labor cannot determine a local unemployment rate, he shall assign such government the unemployment rate for the county, balance of county, or other appropriate geographic area in which the government is located and for which he has determined a local unemployment rate).*

(C) the local revenue sharing amount is the amount determined under section 108 of the State and Local Fiscal Assistance Act of 1972 for the most recently completed entitlement period, as defined under section 141(b) of such Act; and

(D) the term “local government” means the government of a county, municipality, township, or other unit of government below the State which—

(i) is a unit of general government (determined on the basis of the same principles as are used by the Bureau of the Census for general statistical purposes), and

(ii) performs substantial governmental functions. Such term includes the District of Columbia and also includes the recognized governing body of an Indian

tribe or Alaskan Native Village which performs substantial governmental functions. Such term does not include the government of a township area unless such government performs substantial governmental functions.

(4) *Statistical methodology for unemployment rates.*—Notwithstanding any provision of paragraph (3) to the contrary, in the case of a unit of local government which encompasses, or is within, a standard metropolitan statistical area or central city for which current population surveys were used to determine annual unemployment rates before January 1, 1978, the Secretary of Labor shall determine or assign the unemployment rates for such government calculated by the current population survey methodology used prior to January 1, 1978, if such rates are higher than rates determined or assigned by the Secretary of Labor for that government without applying the current population survey methodology, unless the Secretary of Labor determines that current population survey data are available for use on a satisfactory basis for such areas and the remaining areas of such State.

[(4) SPECIAL LIMITATION] (5) *Minimum allocation.*—If the amount which would be allocated to any unit of local government under this subsection is less than [“\$100”] \$2,500, then no amount shall be allocated for such unit of local government under this subsection.

(d) *Reallocation of undistributed reserved amounts.*—If, for any calendar quarter, the amount reserved under subsection (a) (1) for payments to State governments or under subsection (a) (2) for payments to local governments exceeds the sum of the amounts allocated to State or local governments because of the limitations contained in subsection (c) (5) or (e), or because of the suspension-of-payments requirement contained in section 210 (b), then the Secretary shall re-allocate the excess among State governments or local governments, as the case may be, receiving payments for the calendar quarter and allocate to each such State or local government an amount which bears the same ratio to the amount of the excess as the amount allocated to such government for the calendar quarter without regard to this subsection bears to the sum of the amounts allocated to all State or all local governments, as the case may be, for the calendar quarter without regard to this subsection.

(e) *Per Capita Income Limitation.*—

(1) *In general.*—Except as provided in paragraph (3), no amount shall be allocated under this subtitle or subtitle B to any local government which had within its jurisdiction a per capita income equal to or in excess of 150 percent of the national per capita income for the most recently completed calendar year for which data are available, as determined by the Bureau of the Census for general statistical purposes and reported to the Secretary.

(2) *Noncontiguous State adjustment.*—The percentage of the national per capita income used to limit allocations in paragraph (1) shall, for local governments in the States of Alaska and Hawaii, be increased by the average State percentage of basic pay which civilian employees of the United States Government receive as an allowance under section 5941 of title 5, United States Code. Such average State percentage shall be determined for the most

*recently completed calendar year for which data are available based on data provided by the Office of Personnel Management and reported to the Secretary.*

*(3) Unemployment rate exception.—The per capita income limitation in paragraph (1) shall not apply to a local government in the State of Alaska for which the local unemployment rate for the appropriate six-month period exceeds 10 percent.*

#### USES OF PAYMENTS

SEC. 204. Each State and local government shall use payments made under this title for the maintenance of basic services customarily provided to persons in that State or in the area under the jurisdiction of that local government, as the case may be. State and local governments may not use payments made under this title for the acquisition of supplies and materials or for construction, except for normal supplies or repairs necessary to maintain basic services.

#### STATEMENT OF ASSURANCES

SEC. 205. Each State and unit of local government may receive payments under this title only upon filing with the Secretary, at such time and in such manner as the Secretary prescribes by rule, a statement of assurances. Such rules shall be prescribed by the Secretary not later than ninety days after the effective date of this title. The Secretary may not require any State or local government to file more than one such statement during each fiscal year. Each such statement shall contain—

(1) an assurance that payments made under this title to the State or local government will be used for the maintenance, to the extent practical, of levels of public employment and of basic services customarily provided to persons in that State or in the area under the jurisdiction of that unit of local government which is consistent with the provisions of section 204;

(2) an assurance that the State or unit of local government will—

(A) use fiscal, accounting, and audit procedures which conform to guidelines established therefor by the Secretary (after consultation with the Comptroller General of the United States), and

(B) provide to the Secretary (and to the Comptroller General of the United States), on reasonable notice, access to, and the right to examine, such books, documents, papers, or records as the Secretary may reasonably require for purposes of reviewing compliance with this title;

(3) an assurance that reasonable reports will be furnished to the Secretary in such form and containing such information as the Secretary may reasonably require to carry out the purposes of this title and that such report shall be published in a newspaper of general circulation in the jurisdiction of such government unless the cost of such publication is excessive in relation to the amount of the payments received by such government under this title or other means of publicizing such report is more appropriate, in

which case such report shall be publicized pursuant to rules prescribed by the Secretary;

(4) an assurance that the requirements of section 207 will be complied with;

(5) an assurance that the requirements of section 208 will be complied with;

[(6) an assurance that the requirements of section 209 will be complied with;]

[(7)] (6) an assurance that the State or unit of local government will spend any payment it receives under this title before the end of the six-calendar-month period which begins on the day after the date on which such State or local government receives such payment; and

[(8)] (7) an assurance that the State or unit of local government will spend amounts received under this title only in accordance with the laws and procedures applicable to the expenditure of its own revenues.

#### ADJUSTMENTS FOR OVERPAYMENTS OR UNDERPAYMENTS

##### Sec. 206.

*Payments under this subtitle and subtitle B may be made with necessary adjustments on account of overpayments or underpayments.*

#### NONDISCRIMINATION

SEC. 207. (a) (1) IN GENERAL.—No person in the United States shall, on the ground of race, color, national origin, or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity of a State government or unit of local government, which government or unit receives funds made available under this title. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 shall also apply to any such program or activity. Any prohibition against discrimination on the basis of religion, or any exemption, from such prohibition, as provided in the Civil Rights Act of 1964 or title VIII of the Act of April 11, 1968, commonly referred to as Civil Rights Act of 1968, shall also apply to any such program or activity.

(2)—EXCEPTIONS.—

(A) FUNDING.—The provision of paragraph (1) of this subsection shall not apply where any State government or unit of local government demonstrates, by clear and convincing evidence, that the program or activity with respect to which the allegation of discrimination has been made is not funded in whole or in part with funds made available under this title.

(B) CONSTRUCTION PROJECTS IN PROGRESS.—The provision of paragraph (1), relating to discrimination on the basis of handicapped status, shall not apply with respect to construction projects commenced prior to January 1, 1977.

(b) ENFORCEMENT AND REMEDIES.—The provisions of subsection (a) of this section shall be enforced by the Secretary in the same manner and in accordance with the same procedures as are required by sections 122, 124, and 125 of the State and Local Fiscal Assistance Act of 1972 to enforce compliance with section 122(a) of such Act. The Attorney General shall have the same authority, functions, and duties with respect to funds made available under this title as the Attorney General has under sections 122(g) and (h) and 124(c) of such Act with respect to funds made available under that Act. Any person aggrieved by a violation of subsection (a) of this section shall have the same rights and remedies as a person aggrieved by a violation of subsection (a) of section 122 of such Act, including the rights provided under section 124(c) of such Act.

#### LABOR STANDARDS

SEC. 208. All laborers and mechanics employed by contractors on all construction projects funded in whole or in part by payments under this title shall be paid wages at rates not less than those prevailing on similar projects in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-5). The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 CFR 3176) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

#### [SPECIAL REPORTS]

[SEC. 209. Each State and unit of local government which receives a payment under the provisions of this title shall report to the Secretary any increase or decrease in any tax which it imposes and any substantial reduction in the number of individuals it employs or in services which such State or local government provides. Each State which receives a payment under the provisions of this title shall report to the Secretary any decrease in the amount of financial assistance, which the State provides to the units of local governments during the twelve-month period which ends on the last day of the calendar quarter immediately preceding the date of enactment of this title, together with an explanation of the reasons for such decrease. Such reports shall be made as soon as it is practical and, in any case, not more than six months after the date on which the decision to impose such tax increase or decrease, such reductions in employment or services, or such decrease in State financial assistance is made public.]

#### PAYMENTS

SEC. 210. (a) IN GENERAL.—From the amount allocated for State and local governments under section 203, the Secretary shall pay not later than five days after the beginning of each quarter to each State and to each local government which has filed a statement of assurances under section 205, an amount equal to the amount allocated to such State or local government under section 203. *Payments made under this subtitle and subtitle B for a fiscal year or calendar quarter beginning prior to the date of enactment of the Intergovernmental Antirecession and*



*Targeted Fiscal Assistance Amendments of 1979 shall be made as soon as practical, but no later than sixty days after such date.*

[(b) ADJUSTMENTS.—Payments under this title may be made with necessary adjustments on account of overpayments or underpayments.

[(c) TERMINATION.—No amount shall be paid to any State or local government under the provisions of this section for any calendar quarter if—

[(1) the average rate of unemployment within the jurisdiction of such State or local government during the most recent calendar quarter which ended three months before the beginning of such calendar quarter was less than 4.5 percent, or

[(2) the rate of unemployment within the jurisdiction of such government for the last month of the most recent calendar quarter which ended three months before the beginning of such calendar quarter did not exceed 4.5 percent.]

(b) *Suspension of Payments for Low Unemployment.*—

(1) *Suspension.*—No amount shall be paid to any State or local government under the provisions of this section for any calendar quarter if the average rate of unemployment within the jurisdiction of such State or local government during the six-month period which ended three months before the beginning of such calendar quarter was less than 6 percent.

(2) *Termination of suspension.*—Notwithstanding paragraph (1), amounts shall be paid under this subtitle to any State or local government for which payments were suspended under paragraph (1) beginning with any calendar quarter following such suspension which follows an appropriate six-month period for which the unemployed rate equals or exceeds 6 percent, until such time as paragraph (1) may require another suspension of payments.

#### STATE AND LOCAL GOVERNMENT ECONOMICIZATION

SEC. 211. Each State or unit of local government which receives payments under this title shall provide assurances in writing to the Secretary, at such time and in such manner and form as the Secretary may prescribe by rule, that it has made substantial economies in its operations and that payments under this title are necessary to maintain essential services without weakening Federal Government efforts to stimulate the economy through reductions in Federal tax obligations.

#### WITHHOLDING

SEC. 212. Whenever the Secretary, after affording reasonable notice and an opportunity for a hearing to any State or unit of local government, finds that there has been a failure to comply substantially with any assurance set forth in the statement of assurances of that State or unit of local government filed under section 205, the Secretary shall notify that State or unit of local government that further payments will not be made under this title until he is satisfied that there is no longer any such failure to comply. Until he is so satisfied, no further payments shall be made under this title.

## REPORTS

SEC. 213. The Secretary shall report to the Congress as soon as is practical after the end of each calendar quarter during which payments are made under the provisions of this title. Such report shall include information on the amounts paid to each State and units of local government and a description of any action which the Secretary has taken under the provisions of section 212 during the previous calendar quarter. The Secretary shall report to Congress as soon as is practical after the end of each calendar year during which payments are made under the provisions of this title. Such reports shall include detailed information on the amounts paid to State and units of local government under the provisions of this title, any action with which the Secretary has taken under the provisions of section 212, and an evaluation of the purposes to which amounts paid under this title were put by State and units of local government and economic impact of such expenditures during the previous calendar year.

## ADMINISTRATION

SEC. 214. (a) RULES.—The Secretary is authorized to prescribe, after consultation with the Secretary of Labor, such rules as may be necessary for the purpose of carrying out his functions under this title. Such rules should be prescribed by the Secretary not later than ninety days of the effective date of this title.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary for the administration of this title.

## 【PROGRAM STUDIES AND RECOMMENDATIONS】

【SEC. 215. (a) EVALUATION.—The Comptroller General of the United States shall conduct an investigation of the impact which emergency support grants have on the operations of State and local governments and on the national economy. Before and during the course of such investigation the Comptroller General shall consult with and coordinate his activities with the Congressional Budget Office and the Advisory Commission on Intergovernmental Relations. The Comptroller General shall report the results of such investigation to the Congress within one year after the date of enactment of this title together with an evaluation of the macroeconomic effect of the program established under this title and any recommendations for improving the effectiveness of similar programs. All officers and employees of the United States shall make available all information, reports, data, and any other material necessary to carry out the provisions of this subsection to the Comptroller General upon a reasonable request.

【(b) COUNTERCYCLICAL STUDY.—The Congressional Budget Office and the Advisory Commission on Intergovernmental Relations shall conduct a study to determine the most effective means by which the Federal Government can stabilize the national economy during periods of rapid economic growth and high inflation through programs directed toward State and local governments. Such study shall include a comparison of the effectiveness of alternative factors for triggering and measuring the extent of the fiscal coordination problem addressed

by this program, and the effect of the recession on State and local expenditures. Before and during the course of such study, the Congressional Budget Office and the Advisory Commission shall consult with and coordinate their activities with the Comptroller General of the United States. The Congressional Budget Office and the Advisory Commission shall report the results of such study to Congress within two years after the date of enactment of this title. Such study shall include the opinions of the Comptroller General with respect to such study.

[(c) ALTERNATIVE METHODS OF ALLOCATION.—The Secretary shall, in consultation with the Secretary of Commerce, conduct an investigation of—

[(1) the extent to which allocations of funds provided under this Act might be more precisely related to true economic conditions by the use of data on aggregate declines in private real wages and salaries;

[(2) The extent to which other factors, such as relative tax effort, should also be made part of the allocation system provided by this Act; and

[(3) the availability and reliability of data concerning Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Trust Territory of the Pacific Islands, and the extent to which such territories may properly be made part of the regular allocation system applicable to the several States.

The results of such investigation shall be submitted to the Congress not later than March 1, 1978, in order that such results may be available during congressional consideration of any extension of this Act beyond the fiscal year ending September 30, 1978.]

#### DATA PROVISION RESPONSIBILITIES

*Sec. 215. The Secretary of Labor shall provide information and other necessary data and shall determine and assign unemployment rates necessary for the administration of this title. Such information, data, and rates shall be provided for each State and local government, and shall be made available to the Secretary to assist him in carrying out the provisions of this title. The Secretary of Labor shall also advise the Secretary as to the availability and reliability of relevant information and data. The Director of the Bureau of the Census and the Director of the Office of Personnel Management shall provide such information and other data as may be necessary for the administration of this title, and shall advise the Secretary as to the availability and reliability of relevant information and data.*

[AUTHORIZATION OF APPROPRIATIONS FOR PUERTO RICO, GUAM, AMERICAN SAMOA, AND THE VIRGIN ISLANDS]

#### *Allocations to Puerto Rico, Guam, American Samoa, and the Virgin Islands*

[SEC. 216. (a) IN GENERAL.—There is hereby authorized to be appropriated for each of the five succeeding calendar quarters (beginning with the calendar quarter which begins on July 1, 1977) for the purpose of making payments under this title to Puerto Rico, Guam,

American Samoa, and the Virgin Islands, an amount equal to 1 percent of the amount authorized for each such quarter under section 202(b).】

(a) *In General.*—*The Secretary shall make payments under this subtitle and subtitle B to the governments of the Commonwealth of Puerto Rico, Guam, American Samoa, and the Virgin Islands.*

(b) ALLOCATIONS.—

(1) The Secretary shall allocate from the amount authorized under subsection (a) an amount for the purpose of making payments to such governments equal to the total authorized for the calendar quarter multiplied by the applicable territorial percentage.

(1) *The Secretary shall allocate to such governments from the amounts appropriated pursuant to authorization under this title an amount equal to 1 percent of such amounts for the appropriate fiscal year or calendar quarter, multiplied by the applicable territorial percentage.*

(2) For the purposes of this subsection, the applicable territorial percentage is equal to the quotient resulting from the division of the territorial population by the sum of the territorial population for all territories.

(3) For purposes of this section—

(A) the term “territory” means Puerto Rico, Guam, American Samoa, and the Virgin Islands.

(B) the term “territorial population” means the most recent population for each territory as determined by the Bureau of Census.

(C) the provisions of sections 203(c)【(4),】(5), 204, 205, 206, 207, 208, 【209,】 210, 211, 212, and 213 shall apply to the funds authorized under this section.

(c) PAYMENTS TO LOCAL GOVERNMENTS.—The governments of the territories are authorized to make payments to local governments within their jurisdiction from sums received under this section as they deem appropriate.

## SUBTITLE B—TARGETED FISCAL ASSISTANCE

### FINANCIAL ASSISTANCE AUTHORIZED

SEC. 231. (a) *In General.*—*The Secretary shall, in accordance with the provisions of this subtitle, make an annual payment for the fiscal year beginning October 1, 1978, and quarterly payments during the fiscal year beginning October 1, 1979, to local governments with a local unemployment rate equal to or above 6 percent.*

(b) *Payments to Recipient Governments.*—*The Secretary shall pay, in accordance with section 210(a), to each local government which has filed a statement of assurances under section 205, an amount equal to the amount allocated to such government under section 232.*

(c) *Authorization of Appropriations.*—*There are authorized to be appropriated \$150,000,000 for the fiscal year beginning October 1, 1978, and \$85,000,000 for each calendar quarter in the fiscal year beginning October 1, 1979, for the purpose of making payments to local governments under this subtitle.*

(d) *Suspension of Assistance.*—

(1) *Suspension.*—If payments are being made under subtitle A for a calendar quarter, no amount may be paid under this subtitle for that calendar quarter.

(2) *Termination of suspension.*—Notwithstanding paragraph (1), amounts shall be paid under this subtitle for any calendar quarter for which the average rate of unemployment for the United States is less than 6.5 percent beginning with the third calendar quarter of the three calendar quarter period which began with the first of such calendar quarters, until such time as paragraph (1) requires another suspension of payments.

#### ALLOCATION OF TARGETED AMOUNTS

SEC. 232. (a) *Allocations to Local Governments.*—

(1) *In general.*—The Secretary shall allocate from amounts appropriated under the authorization contained in section 231(c), an amount for the purpose of making a payment to each local government, equal to the product of—

(A) the total amount appropriated for the fiscal year or calendar quarter, multiplied by

(B) the applicable local government percentage.

(2) *Applicable local government percentage.*—For purposes of this subsection, the local government percentage is equal to the percentage resulting from the division of the product of—

(A) the local excess unemployment percentage, multiplied by

(B) the local revenue sharing amount,  
by the sum of such products for all local governments.

(3) *Minimum allocation.*—If the amount which would be allocated to a unit of local government under this subtitle for the fiscal year beginning October 1, 1978, is less than \$10,000, or for a calendar quarter during the fiscal year beginning October 1, 1979, is less than \$2,500, then no amount shall be allocated for such unit of local government under this subtitle for such year or quarter.

(4) *Targeted fiscal assistance payment not in excess of \$10,000 to be combined with general revenue sharing payment.*—If the amount of any payment to be made under this subtitle to a unit of local government is not more than \$10,000 for a calendar quarter, the Secretary shall combine the amount of such payment with the amount of any payment to be made to such unit under the State and Local Fiscal Assistance Act of 1972 (31 U.S.C. 1221 et seq.), and shall make a single payment to such unit at the time payments are made under that Act. Whenever the Secretary makes a single, combined payment to a unit of local government under this paragraph, he shall notify the unit as to which portion of the payment is allocable to amounts payable under this subtitle and which portion is allocable to amounts payable under that Act.

(b) *Reallocation of Undistributed Amounts.*—If, for any fiscal year or calendar quarter, the amount appropriated under section 231 for payments to local governments exceeds the sum of the amounts allocated to local governments because of the limitation contained in subsection (a) (3) or section 203(e), or because of the suspension-of-payments requirements contained in subsection (c), then the Secretary

shall reallocate the excess among local governments receiving payments for the fiscal year or calendar quarter, and allocate to each such local government an amount which bears the same ratio to the amount of the excess as the amount allocated to such government for the calendar quarter without regard to this subsection bears to the sum of the amounts allocated to all local governments for the fiscal year or calendar quarter without regard to this subsection.

(c) *Suspension of Payments for Low Unemployment.*—

(1) *Suspension.*—No amount shall be paid to any unit of local government under the provisions of this section for the fiscal year beginning October 1, 1978, if the average rate of unemployment within the jurisdiction of such local government during calendar year 1978, was less than 6 percent, or for a calendar quarter during the fiscal year beginning October 1, 1979, if the local unemployment rate during the six-month period which ended three months before the beginning of such quarter was less than 6 percent.

(2) *Termination of suspension.*—Notwithstanding paragraph (1), amounts shall be paid under this subtitle for calendar quarters during the fiscal year beginning October 1, 1979, to any local government for which payments were suspended under paragraph (1), beginning with any calendar quarter following such suspension which follows an appropriate six-month period for which the average rate of unemployment within the jurisdiction of the local government equals or exceeds 6 percent until such time as paragraph (1) requires another suspension of payments.

(d) *Definitions.*—For purposes of this subtitle, each term used in this section which is defined or described in paragraph (3) or (4) of section 203(c) shall have the meaning given to it in that paragraph, except that the local unemployment rates for the purposes of this subtitle for the fiscal year beginning October 1, 1978, shall be the rates of unemployment within the jurisdiction of a local government for the calendar year 1978.

APPLICATION OF CERTAIN SUBTITLE A PROVISIONS TO THIS SUBTITLE

SEC. 233. The provisions of sections 204, 205, 206, 207, 208, 211, 212, 213, 214, 215, and 216 shall apply to funds authorized under this subtitle.

