GENERAL REVENUE SHARING IN ST. LOUIS CITY AND COUNTY

—A report of the Missouri Advisory Committee to the United States Commission on Civil Rights prepared for the information and consideration of the Commission. This report will be considered by the Commission, and the Commission will make public its reaction. In the meantime, the findings and recommendations of this report should not be attributed to the Commission but only to the Missouri Advisory Committee.

February 1976
ATTRIBUTION:

The findings and recommendations contained in this report are those of the Missouri Advisory Committee to the United States Commission on Civil Rights and, as such, are not attributable to the Commission.

This report has been prepared by the State Advisory Committee for submission to the Commission, and will be considered by the Commission in formulating its recommendations to the President and the Congress.

RIGHT OF RESPONSE:

Prior to the publication of a report, the State Advisory Committee affords to all individuals or organizations that may be defamed, degraded, or incriminated by any material contained in the report an opportunity to respond in writing to such material. All responses have been incorporated, appended, or otherwise reflected in the publication.
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LETTER OF TRANSMITTAL

MISSOURI ADVISORY COMMITTEE TO THE
U.S. COMMISSION ON CIVIL RIGHTS
February 1976

MEMBERS OF THE COMMISSION
Arthur S. Flemming, Chairman
Stephen Horn, Vice Chairman
Frankie Freeman
Robert S. Rankin
Manuel Ruiz, Jr.
Murray Saltzman

John A. Buggs, Staff Director

Sirs and Madam:

The Missouri Advisory Committee, pursuant to its responsibility to
apprise the Commission on civil rights problems in this State, submits
the report of its investigation into the problems of general revenue
sharing in St. Louis city and county. The Advisory Committee under-
took this study in 1975.

General revenue sharing is the largest single program of Federal
assistance to State and local governments. The funds received by
St. Louis city and county governments represent a significant propor-
tion of their total revenues.

We found that neither jurisdiction devoted a substantial proportion
of GRS funds to support long-term programs that addressed the specific
needs of minorities and the poor. Neither fully supported the old categ-
orical grant programs. Planned and Actual Use Reports did not give
the public a true picture of the real impact of general revenue sharing
funds. Neither jurisdiction encouraged public interest or participation
in the revenue sharing allocation process. Neither city nor county
had an effective affirmative action program. The county of St. Louis
failed to document that recreation sites developed with general revenue
sharing funds would be equally accessible to the poor and to minorities.
The small civil rights compliance staff of the Office of Revenue
Sharing compelled excessive reliance on State and private auditors
and on formal assurances in monitoring civil rights compliance. The
present formula in the act does not take account of the special needs
of urbanized areas.
The Missouri Advisory Committee has recommended to the local governments that they increase the proportion of general revenue sharing funds used to support programs which benefit minorities and the poor. They are called upon to improve the quality of information provided to the public about general revenue sharing so that the public may participate in decisionmaking. They are urged to develop effective affirmative action programs in employment and assure equal access to facilities and services funded by general revenue sharing. The Congress is urged to increase funding to the Office of Revenue Sharing for civil rights monitoring and revise the formula by which entitlements are calculated. The Office of Revenue Sharing is urged to improve its civil rights compliance reviews.

We trust that the Advisory Committee's study of general revenue sharing in St. Louis city and county will be a useful contribution to the Commission's efforts to assure fiscal equality.

Respectfully,

/s/

JOHN B. ERVIN
Chairman
ACKNOWLEDGMENTS

The Advisory Committee wishes to thank the staff of the Commission's Central States Regional Office, Kansas City, Mo., for its help in the preparation of this report.

This study was the primary staff assignment of Etta Lou Wilkinson. It was written by Etta Lou Wilkinson and Malcolm Joel Barnett. It was typed by Jo Ann Poole and Gloria O'Leary. Legal review was conducted by Melvin L. Jenkins. The report was prepared under the overall supervision of Thomas L. Newmann, regional director.

Final edit and review was conducted in the Commission's Office of Field Operations, Washington, D. C., by editor Bonnie Mathews, and final copy typed by Audree B. Holton. Preparation of all State Advisory Committee reports is supervised by Isaiah T. Creswell, Jr., Assistant Staff Director for Field Operations.
THE UNITED STATES COMMISSION ON CIVIL RIGHTS

The United States Commission on Civil Rights, created by the Civil Rights Act of 1957, is an independent, bipartisan agency of the executive branch of the Federal Government. By the terms of the Act, as amended, the Commission is charged with the following duties pertaining to denials of the equal protection of the laws based on race, color, sex, religion, or national origin: investigation of individual discriminatory denials of the right to vote; study of legal developments with respect to denials of the equal protection of the law; appraisal of the laws and policies of the United States with respect to denials of equal protection of the law; maintenance of a national clearinghouse for information respecting denials of equal protection of the law; and investigation of patterns or practices of fraud or discrimination in the conduct of Federal elections. The Commission is also required to submit reports to the President and the Congress at such times as the Commission, the Congress, or the President shall deem desirable.

THE STATE ADVISORY COMMITTEES

An Advisory Committee to the United States Commission on Civil Rights has been established in each of the 50 States and the District of Columbia pursuant to section 105(c) of the Civil Rights Act of 1957 as amended. The Advisory Committees are made up of responsible persons who serve without compensation. Their functions under their mandate from the Commission are to: advise the Commission of all relevant information concerning their respective States on matters within the jurisdiction of the Commission; advise the Commission on matters of mutual concern in the preparation of reports of the Commission to the President and the Congress; receive reports, suggestions, and recommendations from individuals, public and private organizations, and public officials upon matters pertinent to inquiries conducted by the State Advisory Committee; initiate and forward advice and recommendations to the Commission upon matters in which the Commission shall request the assistance of the State Advisory Committee; and attend, as observers, any open hearing or conference which the Commission may hold within the State.
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<td>46</td>
</tr>
</tbody>
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CHAPTER I

BACKGROUND

A. The Origin of Revenue Sharing

The State and Local Assistance Act of 1972[^1] authorized the payment of $30.2 billion to nearly 39,000 governmental units for the 5-year period from January 1, 1972, through December 31, 1976. Departing significantly from the typical Federal categorical grant process, general revenue sharing, hereafter referred to as GRS, is relatively unencumbered of restrictions or conditions. Where categorical grants are highly specific, addressing a defined need and requiring approval from Federal officials, revenue sharing funds can be applied to almost any program which a State government can fund. Some restrictions are placed on expenditures by local governments. In these the priority expenditures include: a) ordinary and necessary maintenance and operating expenditures for public safety, environmental protection, public transportation, health, recreation, libraries, social services for the poor or aged, and financial administration; and b) ordinary and necessary capital expenditures authorized by law.

The concept of sharing Federal revenue with State and local governments is not a new one—the Surplus Distribution Act of 1837 paid out $28 million to the States.[^2] In addition, State governments have been sharing State-collected revenue with local governments, primarily for education, general support, highways, and more recently public welfare. The first Federal legislative attempt to introduce revenue sharing in recent times was an unsuccessful 1968 bill by Representative Melvin R. Laird of Wisconsin. Mr. Laird sought to limit the size of the growing Federal bureaucracy and cut down the amount of Federal grants.

During the Johnson administration a new effort was made to promote the concept. Walter W. Heller, then chairman of the Council of Economic Advisors, argued that revenue sharing should be a supplement to existing Federal grants. Given the Federal Government's ability to use income taxation, the growth of the economy during the 1960s augured a continuing Federal surplus of around $6 billion per year.

[^1]: U.S.C. 1221 et seq.
Mr. Heller’s idea was to channel this surplus into improvement of services in the public sector. From December 1964 on, President Johnson withdrew his support for the idea, probably due to a combination of factors: premature disclosure of plans, opposition from organized labor and the education lobby, the increasing U.S. involvement in Vietnam, and the choice of categorical grants for implementing the Great Society programs.

The Nixon administration from the beginning strongly supported revenue sharing as a means of turning back to the States "a greater measure of responsibility--not as a way of avoiding problems, but as a better way of solving problems."  

The 91st Congress moved very slowly on revenue sharing, due largely to the opposition of Representative Wilbur D. Mills, then Chairman of the Ways and Means Committee. Support for revenue sharing came from six major interest groups: The National League of Cities, the U.S. Conference of Mayors, the National Association of Counties, the International City Management Association, the National Governor's Conference, and the Council of State Governments. These groups were strongly represented on and usually worked through the Federal Advisory Commission on Intergovernmental Relations. Although these groups disagreed among themselves as to how the money should be distributed among States, cities, counties, and townships, they strongly backed the concept of direct grants, with few conditions attached, to governmental bodies.

Opposing revenue sharing were the U.S. Chamber of Commerce and the AFL-CIO. (The American Federation of State, County, and Municipal Employees ran counter to its parent organization, the AFL-CIO, and lobbied strongly on behalf of the State and Local Fiscal Assistance Act.) President Nixon signed the bill into law on October 20, 1972, with payments to cover seven installment periods from January 1, 1972, through December 31, 1976.

Early in 1975, President Gerald R. Ford recommended legislation continuing general revenue sharing for 6 more years with few changes from the 1972 act. As of June that same year, at least four Congressional subcommittees were conducting investigations of general revenue sharing. According to Senator Edmund S. Muskie of Maine, a revenue sharing supporter, the program faced opposition from con-

servatives "because it separated the easy task of spending money from the difficult one of raising it," and from liberals who wanted "Federal money to be spent on specific social programs."

**The Law and Its Application**

The State and Local Assistance Act of 1972 is a compromise among competing interests. It provides two different methods to apportion the available funds. It also provides protection to small- and medium-sized jurisdictions against the potential claims of the largest jurisdictions.

The House of Representatives proposed a distribution formula that favored industrialized States with large populations. The Senate proposed a formula that favored low-income, less industrialized States. In conference committee both formulas were retained. The Office of Revenue Sharing (hereafter referred to as ORS) was established within the U.S. Treasury to administer general revenue sharing funds. It is required to calculate which formula would yield the greatest share to each State. This is then used as the basis for distribution. When the maximum possible allocation is determined for each State, the totals are reduced proportionately so that the total entitlements equal the total funds available for distribution.

Once the State's entitlements are determined, local governments' potential shares can be allocated. This is done by the following formula:

\[
\text{Adjusted Taxes} = \frac{\text{(Per Capita Income)}^2}{\text{2 of the local unit}} \\
\text{Adjusted Taxes} = \frac{\text{(Per Capita Income)}^2}{\text{2 of the local units, added together.}}^5
\]

The total amount available to all local units from GRS funds is two-thirds of the total amount allocated to the State. The State government receives the remaining one-third.

After the basic calculations are made for all local governments within a State, two corrections are employed. Local government cannot receive more than 145 percent or less than 20 percent of the average potential share. Any unit's potential share is brought within

---


5 State of Missouri, Office of Administration, General Revenue Sharing (1973). The squaring of per capita income gives added weight to this element. It gives considerable importance to population.
these limits. Taking these corrections into account, the total funds available to local governments can be allocated proportionately to their potential share.

GRS funds can be used for any capital expenditure, but operations and maintenance expenditures are limited to public safety, transportation, environmental protection, health, recreation, libraries, social services for the poor and aged, and financial administration. The only prohibited uses are: those on which the local government cannot legally spend its own funds, to match Federal funds, to discriminate on the basis of race, creed, color, national origin, sex, or to fail to comply with the Davis-Bacon wage standard rules.

In FY 1975 GRS provided roughly $6 billion in assistance, to all State and local governments and Indian tribes in the United States. (See Table 1.1 on the following page.)

Table 1.2 shows the relationship between general revenue sharing and grants-in-aid by the Federal Government to the States and localities. It can be seen from these tables that GRS funds have remained a relatively small proportion of the total package of assistance to States and localities. At the same time, it has been the largest Federal domestic aid program. Federal grants to States and local governments have remained approximately one-quarter of total Federal domestic spending. The Federal funds provided approximately the same proportion of State and local expenditures both before and after the introduction of GRS. Estimated grants for FY 1976 and other transfers of Federal funds are only 6 percent more than in 1975, and 1975 grants and transfers were only 14 percent more than 1974. Average annual increase in all transfers to all State and local governments between 1971 and 1976 have been 16 percent. In short, the metropolitan areas

---


7Ibid.


9Calculated from Budget 1975, Table N-6 and Budget 1976, Table 0-7.

10U.S., Department of Commerce, Bureau of the Census, Statistical Abstract of the United States: 1972, p. 2 describes metropolitan areas, or Standard Metropolitan Statistical Area (SMSA), as "a county or group of contiguous counties (except in New England) which contains at least one central city of 50,000 inhabitants or more, or twin cities with a combined population of at least 50,000 inhabitants or more, or twin cities with a combined population of at least 50,000."
### Table 1.1

**Forms of Federal Aid (1975)**  
(In Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>All (in Millions of Dollars)</th>
<th>State &amp; Local* Govt.</th>
<th>St. Louis** City</th>
<th>St. Louis* County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants-in-Aid (Total)</td>
<td>45,156.3</td>
<td>156.24</td>
<td>27.81</td>
<td></td>
</tr>
<tr>
<td>Categorical and Consolidated</td>
<td>44,189.1</td>
<td>148.40</td>
<td>27.3</td>
<td></td>
</tr>
<tr>
<td>Block (LEAA, Model Cities)</td>
<td>967.2</td>
<td>7.84</td>
<td>.51</td>
<td></td>
</tr>
<tr>
<td>Revenue Sharing (Total)</td>
<td>6,575.5</td>
<td>15.12</td>
<td>6.29</td>
<td></td>
</tr>
<tr>
<td>Pre-existing</td>
<td>401.7</td>
<td>--</td>
<td>--</td>
<td></td>
</tr>
<tr>
<td>General Revenue Sharing</td>
<td>6,173.8</td>
<td>15.12</td>
<td>6.29</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>51,731.8</td>
<td>171.36</td>
<td>34.1</td>
<td></td>
</tr>
</tbody>
</table>

**Sources:**  
*Adapted from Office of Management and Budget, *Budget of the United States for FY 1975, Special Analyses*, Table N-9.

**Adapted from data furnished by Office of Administration, State of Missouri."
Table 1.2
Grants-In-Aid and Revenue Sharing, 1971-1975
(Billions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants in Aid (TOTAL)</td>
<td>30</td>
<td>24.4</td>
<td>37</td>
<td>42.3</td>
<td>45.2</td>
</tr>
<tr>
<td>Categorical</td>
<td>29.1</td>
<td>24.2</td>
<td>29.9</td>
<td>33.6</td>
<td>35.6</td>
</tr>
<tr>
<td>Consolidated (health)</td>
<td>0.2</td>
<td>0.2</td>
<td>6.0</td>
<td>7.5</td>
<td>8.5</td>
</tr>
<tr>
<td>Block (LEAA, Model Cities)</td>
<td>0.2</td>
<td>--</td>
<td>1.1</td>
<td>1.2</td>
<td>6.9</td>
</tr>
<tr>
<td>Revenue sharing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-existing</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>General Revenue Sharing</td>
<td>--</td>
<td>4.0</td>
<td>6.6</td>
<td>6.1</td>
<td>6.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>30.3</td>
<td>28.7</td>
<td>43.9</td>
<td>48.8</td>
<td>51.7</td>
</tr>
<tr>
<td>GRS as Percent of Total</td>
<td>14%</td>
<td>15%</td>
<td>13%</td>
<td>12%</td>
<td></td>
</tr>
</tbody>
</table>


** Adapted from Office of Management and Budget, Budget of the United States for FY 1975, Special Analyses, Table N-9.
did not get the same minimal increases granted to the aggregate of state and local governments. The region which includes Missouri received even less. On a per capita basis, it received 34 percent less than any other region except Region VIII which includes Colorado, Montana, North and South Dakota, Utah, and Wyoming. Federal payments for specific services or programs sometimes did not keep pace with inflation, at least so far as metropolitan areas were concerned.

Table 1.3 on the following page shows the significance of general revenue sharing funds to Missouri and to the city and county of St. Louis. In 1972 only a relatively small proportion of local budgets were provided for out of GRS funds. Although national and State figures were not available for FY 1975, St. Louis city and county proportions increased. In FY 1974, GRS accounted for 11 percent of city general fund expenditure (or 6 percent of all city expenditure). GRS is a small but growing part of the budgets of local governments.

Because GRS was to be relatively free from Federal supervision, some public accountability had to be included. This was to take the form of Planned Use Reports and Actual Use Reports. The Planned Use Report was to give public notice about the intended allocation of GRS funds by the reporting unit of government. It was to be published in the principal newspapers that served the unit's region. It provided 8 categories of operating or maintenance expenditure and 14 categories of capital expenditure. In practice "the Planned Use Reports for many recipients may not be an appropriation, authorization or budget document and may not even contain accurate information. It thus becomes a piece of paper that has to be completed to keep the recipient eligible for continued funding." These were to be published for each entitlement period. Actual Use Reports, showing how funds were actually spent, were to be published within 60 days of June 30 each year. Since money appropriated but not yet spent would appear as unspent balance in these Actual Use Reports they were no more informative.

11Budget 1975, Table 0-5.
13Brookings Study, p. 29.
14Ibid., p. 28.
Table 1.3

Ratio of Local Government Expenditure (FY 1971) To GRS fund Receipts (FY 1972) (in percent)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>National Average of Local Governments</td>
<td>6.4</td>
</tr>
<tr>
<td>Missouri Local Governments</td>
<td>8.7</td>
</tr>
<tr>
<td>St. Louis City</td>
<td>6.0</td>
</tr>
<tr>
<td>St. Louis County</td>
<td>9.0</td>
</tr>
</tbody>
</table>

Mayor John Poelker of St. Louis told the Missouri Advisory Committee that the restrictions and reports were "meaningless." He said "we just arbitrarily assign so much of it to each department in order to comply with the law." (Transcript, p. 249) City Budget Director Jack Webber explained:

It was necessary that we account for revenue sharing monies, so for ease of accounting more than anything else we have allocated the money to salaries. That way we can predict expenditures freely, and we have a clear cut record of where it went and what it went through. (Transcript, p. 187)

The Advisory Commission on Intergovernmental Relations has concluded that "the Planned Use and Actual Use Reports are of little value for analysis of the ultimate impact of the program." Public accountability by local governments for GRS funds has not been achieved, the U.S. Commission on Civil Rights has reported. The Commission criticized the Planned Use Reports and the Actual Use Reports, which were intended to give the public sufficient information to participate in the decisionmaking process:

Since there is no time limit between publication and submission, the public has little, if any, opportunity to comment on the reports before they are forwarded to ORS. This, of course, assumes that the citizenry can make informed judgments on budget decisions from reports that describe only a small part of total resources available.

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Page numbers cited here and hereafter refer to statements made during an informal, public hearing conducted by the Missouri Advisory Committee to the U.S. Commission on Civil Rights, May 21, 22, 1975, St. Louis, Mo., as recorded in the transcript.


U.S., Commission on Civil Rights, *Making Civil Rights Sense Out of Revenue Sharing Dollars*(1975), Ch. 3.

Ibid., p. 45.
Expenditures were reported according to broad functional categories (e.g., public safety, health) rather than by specific program or activity (e.g., purchase of fire trucks, salaries for new police recruits). This vagueness detracts from their usefulness as a planning and evaluation tool and as a means for keeping local citizens well informed.\(^{19}\)

The Planned Use and Actual Use Reports omitted the estimated impact of the revenue on tax burden submitted to ORS. They also omitted data which showed the impact on the poor and minorities. ORS contended that "because of its speculative and unbinding nature, it would be meaningless to require governments to pin-point...ethnic data."\(^{20}\) The U.S. Commission on Civil Rights responded that "...if revenue sharing recipients were compelled to report proposed expenditures in greater detail...local citizens would have a more concrete proposal to which they might react. Thus, greater community involvement could result."\(^{21}\) The Commission went on to point out that "because revenue sharing dollars can be substituted for State and local revenues, the reports are of little value in analyzing the ultimate impact of the program."\(^{22}\) The plans do not have any legal force.\(^{23}\)

C. **Demographic Characteristics of St. Louis City and County**

Inequities in the general revenue sharing program can evolve from: 1) demographic changes that have occurred; 2) the unique distribution of governmental responsibility; and 3) the limitations of general revenue sharing funds.

The city of St. Louis is an area of 62 square miles on the west bank of the Mississippi River, just south of its junction with the Missouri River. The city, bounded on the south, west, and north in an arch by St. Louis County, can be divided roughly into three areas: the downtown area of hotels, retail stores, office buildings, and light industry which extends westward through the city and includes large

\(^{19}\)Ibid., pp. 42-43.

\(^{20}\)Ibid., p. 43.

\(^{21}\)Ibid.

\(^{22}\)Ibid.

\(^{23}\)Ibid., p. 46.
areas of urban renewal; the predominantly black area of north St. 
Louis which spans the city from east to west at its widest point, 
with the exception of the northern tip, which is still predominately 
white; and south St. Louis, a residential area of apartment houses 
and private homes, which is predominantly white although there are 
patches of black settlement.

The county of St. Louis comprises 510 square miles and includes 
in incorporated areas which contain two-thirds of the county's pop- 
ulation and one-third of its area. It surrounds St. Louis City 
completely, except along the Illinois border.

The county includes some wealthy sections such as Clayton, 
Due, and the areas west of them. In some areas such as Clayton, 
University City, Florissant, Kinloch, Normandy, and Jennings, popu-
lation densities resemble the city, but for the most part the county 
if typical of the dormitory areas surrounding large central cities. 
Industry is fairly widely dispersed in the county. Business and 
financial services tend to cluster around the county courthouse located 
Clayton. Shopping centers abound.

Although the county is predominantly white (95 percent), it does 
have sections with a high proportion of blacks, in some communities 
more than 70 percent. Most of these areas border the predominantly 
black section of the city, but some dispersal is occurring. There 
are incorporated enclaves such as Florissant that have had large black 
populations for many years, going back to the 19th century.

Industry has been moving from the city to the county for more 
than two decades. The county has also acquired the larger portion of 
new industry that has come into the St. Louis metropolitan area.

In 1970 St. Louis city and county together contained 1,574,000 
people, of whom 622,734 lived in the city. Selected demographic 
characteristics are shown in Table 1.4 on the following page.

According to Frank Avesing of St. Louis University's Center for 
Urban Programs, the predominant and continuing demographic change 
the present time has been the movement of young black families 
of child-rearing age from the city to the county. Their white counter-
parts had preceded them in the previous 20 years. This has left aged 
ites and young blacks as the principal poverty groups in the city. 
Transcript, pp. 25ff) This transition occurred while the total 
population remained stable. No significant increase is anticipated 
for the area by 1980. Employment patterns are indicated in Table 1.5.
Table 1.4  
Population of St. Louis City and County (1970)  
(in percent)

<table>
<thead>
<tr>
<th></th>
<th>City and County</th>
<th>City</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blacks</td>
<td>19</td>
<td>40.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Women</td>
<td>53</td>
<td>54</td>
<td>52</td>
</tr>
<tr>
<td>Poor*</td>
<td>17</td>
<td>19.9</td>
<td>4.8</td>
</tr>
<tr>
<td>Aged (over 65)</td>
<td>12.4</td>
<td>14.7</td>
<td>7.7</td>
</tr>
</tbody>
</table>

* Below the federally defined poverty level of $3,745 for a family of four as of 1969.

Source: Adapted from data provided by Professor Frank Avesing, Professor of Sociology, Center for Urban Studies, St. Louis University.
Table 1.5

Employment By Group in St. Louis City and County 1969
(in percent)

<table>
<thead>
<tr>
<th></th>
<th>City</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employed</td>
<td>Unemployed</td>
</tr>
<tr>
<td>Black Civilian Workforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>Females</td>
<td>92%</td>
<td>8%</td>
</tr>
<tr>
<td>Spanish Surnamed Civilian Workforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td>98%</td>
<td>2%</td>
</tr>
<tr>
<td>Females</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>Whole Civilian Workforce</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Males</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>Females</td>
<td>94%</td>
<td>6%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>94%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Relatively high black unemployment has resulted largely from migration of industry out of the central city to the north and west. Poor public transportation put the new jobs out of reach for the central city work force. This movement, Mr. Avesing concluded, aggravated the difficulties for those left behind in the central cities. (Transcript, pp. 24-25).

Education and income levels in 1970 were far higher in the county area than in the city, as Table 1.6 shows. The table also indicates some significant differences between city and county and between majority and minorities. In general, mean income for city residents in 1970 was two-thirds that of county residents. There was a similar, but smaller difference between black persons' incomes in the two areas. More important, the income of black people living in St. Louis county was considerably lower than the average for the whole county. They were much more likely to be poor. Women's incomes were significantly lower than men's. While a large proportion of city residents had incomes below the poverty line, only a small proportion of residents in the county were poor. Education levels were much lower in the city than the county. The difference in education between blacks and whites residing in the county was small but significant.

City Government

St. Louis City has political and fiscal autonomy, having withdrawn from the county in 1876. In this respect it differs from the usual city-county pattern. St. Louis City assumed powers and responsibilities that would otherwise be borne by the county such as circuit court, some welfare, health, and jails and thus assumed costs which would otherwise be shared by all the citizens in the area.

The city provides a complete range of services to its citizens, either directly or through State-mandated boards. Because St. Louis City is both a city and county, however, many of its services, such as police and courts, are regulated by the State to a greater degree than a similar services in cities incorporated in St. Louis County.

St. Louis City is governed by an elected mayor and a board of aldermen. The mayor and his staff are capable of influencing the board of aldermen as a consequence of having access to more information and a citywide popular electoral base. The 28 aldermen are elected from wards to 4-year terms. They are involved in city government on a part-time basis and do not have large staffs. Lacking the time, capacity, information, and advance warning of problems provided to the mayor by the city's large bureaucracy, the board of aldermen usually accepts the mayor's leadership and ratifies his decision. But on some occasions the board has demonstrated independence. The aldermen and ward committeemen have an informal veto power on local projects.
Table 1.6

Income and Schooling of Residents in St. Louis City and County, 1970

<table>
<thead>
<tr>
<th>Home*</th>
<th>MEDIAN EARNINGS</th>
<th>City</th>
<th>County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>$6,791</td>
<td>$9,480</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>3,829</td>
<td>4,014</td>
<td></td>
</tr>
<tr>
<td>Black Population</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>5,705</td>
<td>6,779</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>3,385</td>
<td>3,468</td>
<td></td>
</tr>
<tr>
<td>Spanish surnamed Population</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>7,197</td>
<td>10,210</td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>3,527</td>
<td>4,088</td>
<td></td>
</tr>
</tbody>
</table>

Poverty** (in percent)

<table>
<thead>
<tr>
<th>Persons Below Poverty Level</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>20.3%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Black Population</td>
<td>31.2%</td>
<td>19.6%</td>
</tr>
<tr>
<td>Spanish surnamed Population</td>
<td>8.2%</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Education*** (Median Years of School Completed)

<table>
<thead>
<tr>
<th>Total Population</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>9.6 years</td>
<td>12.4 years</td>
</tr>
<tr>
<td>Female</td>
<td>9.6 years</td>
<td>12.3 years</td>
</tr>
<tr>
<td>Black Population</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>9.5 years</td>
<td>11.0 years</td>
</tr>
<tr>
<td>Female</td>
<td>10.0 years</td>
<td>11.3 years</td>
</tr>
<tr>
<td>Spanish surnamed Population</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>11.7 years</td>
<td>13.5 years</td>
</tr>
<tr>
<td>Female</td>
<td>11.9 years</td>
<td>12.5 years</td>
</tr>
</tbody>
</table>

County Government

St. Louis County is governed by an elected supervisor and an elected council of seven members. As the elected executive the supervisor is the leader of the government, and the council provides legislative support although not without internal argument.

In the county, responsibility for government is split between county government and a variety of local governments—incorporated and unincorporated. The incorporated municipalities include 66.4 percent of the county's population. The county government provides planning, health care, recreation facilities, drug abuse programs, and some police services to everyone in its jurisdiction. It also provides police, roads, and community development services to unincorporated areas of the county. Other areas provide these through their own governing bodies.

Both city and county recognize that economies in administration of services may be obtained through cooperative efforts. Negotiations have been proposed to bring the city back into the county, at least for some purposes. Such efforts have been undertaken without success twice in the past 25 years. The advantage for the city would be countywide sharing of central city burdens, but the city would lose considerable autonomy and the capacity to establish its own priorities.

During the period covered by this study, the demographic and political differences of city and county remained unaltered. In the context and based on the nature of revenue sharing, we can examine the changes that new funds could produce.

The Reason for this Study

The Missouri Advisory Committee's concern, given these broad parameters, was to examine the use of general revenue sharing, i.e. what was done and why, in greater St. Louis.

The Missouri Advisory Committee wished to investigate the extent to which "the so-called new federalism is another way of talking about

---

24 St. Louis County, Department of Planning, St. Louis County Fact Book, December 1973. The Advisory Committee did not attempt to deal with the role of the 94 incorporated areas in the county, whereas the comparable role of the city is reported.

"States rights," as Commissioner Frankie Freeman of the U.S. Civil Rights Commission suggested. (Transcript, p. 35) It wished to know what the impact of GRS would be on minorities, women, and the poor. Would the dismantling of "Great Society" programs have an adverse effect on minorities? Would GRS, as its proponents claimed, mean greater responsiveness to public needs and greater opportunity for public participation? Or would it mean, as Commissioner Freeman feared, that the States would continue the patterns and practice of discrimination which were associated with claims to States rights in the 1950s and 1960s?

It is the Advisory Committee's hope that its report will promote better understanding of GRS among citizens and indicate priorities for change to administrators and elected officials.
CHAPTER II

THE ALLOCATION PROCESS

General revenue sharing funds have been administered in many different ways and used for many different purposes. Actual use could depend upon administrative choices, perceived needs, or expressed community preferences. In the city and county of St. Louis all these elements were present in the decisionmaking process. This chapter describes the administration; the allocation, its rationale and purposes; and alternate allocations of GRS funds.

A. City of St. Louis

Joseph L. Badaracco, former president of the board of aldermen, told the Advisory Committee that the city had attempted to fund special programs and projects during fiscal year 1972 when it first received GRS funds. City Budget Director Jack Webber explained that the city of St. Louis now treats GRS funds as normal revenue.

Budgetmaking in the city follows classic lines. Operational departments submit proposals to the budget director who, after consultations with the departments, submits revised totals to the board of estimate and apportionment (consisting of the mayor, comptroller, and president of the board of aldermen). The board of estimate holds departmental hearings, and political choices between competing demands and the requirement of a balanced budget are made. The board of estimate then holds a public hearing, after which the budget is then submitted to the 28-member board of aldermen which must either cut the proposals further, accept the items, or reject the budget entirely. The board cannot increase the size of the budget. The board of aldermen refers the budget to its ways and means committee which reports back to the board. The board of
a andermen normally approves what the board of estimate proposes, according to Mr. Badaracco. (Transcript, pp. 161, 178)

The board of estimate is the key decisionmaker, but its powers are limited. Basic services and the staffs to operate them consume a large portion of available revenue. Mr. Webber and Mr. Badaracco pointed out that police and court expenditures are determined by the State legislature. Ongoing programs command support merely because they exist. Employees are civil service. Consequently, the largest part of the budget is not open for discussion. What remains to decisionmakers is review of special projects and programs whose short-term quality make termination possible. In times of plenty, new programs which respond to community needs are possible. In hard times, the question becomes which to cut rather than how to meet new needs. (Transcript, pp. 164ff, 183ff)

GRS funds first arrived after the completion of the budget process for fiscal year 1972. Since the amount to be received could not be determined in advance, this funding was treated as additional revenue. During the preceding city mayoral election, both candidates, Alonso Cervantes (the defeated incumbent) and John Poelker (the ultimate victor who was comptroller at the time), had committed themselves to fund community projects. (Transcript, p. 165) Thus, politics and circumstance dictated limited funding of "Challenge of the 70's" and other local programs. (Transcript, p. 186)

According to Mr. Badaracco, inflation, increased salary demands, and curtailment of Federal categorical funding to ongoing programs forced the use of GRS funds for normal budget purposes. (Transcript, pp. 166-169) Mayor Poelker described the transition to a Senate committee thus:

In the final analysis, however, the projected budget crisis for the following budget year, beginning May 1, 1973, brought necessary realism to the planned expenditure of the general revenue sharing funds. It became apparent that...in maintaining minimal services in the city's operating budget, the general revenue sharing funds had to be used as a necessary adjunct to existing revenues in order to maintain existing city services in lieu of adding new services or addressing the back-

"Challenge of the 70's" is a lengthy list of possible programs for services and facilities developed for Mayor Cervantes by a wide-based citizens group.
log of capital improvement needs.

This decision was made in consideration of the fact that the limits of authorized tax levies had been reached, as is identified by the broad scope of tax levies that exist in the city of St. Louis. The tax levy on real and personal property for city operating purposes is $1.49 per $100 evaluation. We have a local option sales tax of 1 percent, the maximum authorized by the State legislature; we have a 1 percent local earnings tax, the maximum authorized by the State; we have a 10 percent tax on public utilities gross receipts, the highest in the State of Missouri; and a $2 per $1,000 of gross receipts on merchants, manufacturers, and other businesses.

Now you can see from this that we have a broad variety of local option taxes at the local level. A general statement is, if there is a tax that the city of St. Louis does not levy, they have not heard about it.

With the proceeds from these multiple taxes at a depreciating or minimum growth rate due to a continuing loss of the affluent population, a continuing movement of businesses and job opportunities, and a depreciating real property tax base, our options were few indeed.27

According to Mr. Badaracco, the decision to use GRS funds to maintain existing city services was done on the principle that the new programs were the most dispensable. (Transcript, p. 169)

It was suggested that the decision reflected intensified demand for salary increases by government employee unions based on the availability of GRS funds and a commitment by politicians to use

Those funds to help city workers and avoid a strike. Although Mayor Poelker and others interviewed contended that there was no immediate connection between the pay increases and GRS funds, others have argued that there would not have been such a large increase without GRS funding. The Brookings Institution reported:

Originally the city's civil service commission recommended a wage increase averaging $30 per month for all city employees. This figure was raised, according to the associates' report, with the increase specifically attributed to revenue sharing.

The pay raise proposal originated in the civil service commission, which recommended a 4.5 percent increase for all city employees, amounting to an average monthly increase of $30. When the proposal got to the board of aldermen for final consideration, the officers of several unions representing city employees put on a little muscle while the bill was in the ways and means committee. When the committee chairman found out that the unions wanted $50 monthly for each employee, he so informed members of the civil service commission. Along with other committee members, the chairman recommended that the civil service commission revise its original recommendation. The commission did, changing its recommendation to $48.50 a month. The increase will cost the city more than $2 million annually over the original recommendation of 4.5 percent.

The ways and means committee chairman specifically stated, 'The city will really be able to do a job for its employees in the next 5 years with the revenue sharing money.' During the pay discussions, the availability of revenue sharing money was constantly brought up. There is no doubt that revenue sharing played a part in this year's pay increase.28

The city's allocations and actual expenditures are summarized in the following table.

Comptroller John Bass told the Missouri Advisory Committee:

Certainly we have, I would say, a library full of dialogue from citizens and things that we would preferably like to do and that would be good for the citizens and good for the city. However, I think that there are some minimal things that have to take place in a city, minimal services, health services, fire, police protection. But the economy of doing this, we don't have the wherewithal within our tax base. (Transcript, p. 198)

Cuts in categorical grants, Mr. Webber and Mr. Badaracco claimed, were partially replaced by either GRS or special revenue sharing. (Transcript, pp. 191-2, 164-165) Speaking of the Human Development Corporation and similar agencies, Mr. Badaracco pointed out "you simply couldn't terminate them, because they were established. They were providing a need." They were funded. The new programs were terminated. Some funds were used to prevent further tax burden. (Transcript, pp. 167, 168)

But there were alternate proposals. "Challenge of the 70's" had mapped comprehensive improvements. At least one community group, Walnut Park Church and Community Organization, had proposed a community service facility. According to Jo Ann Trapp, the director of the organization, an elaborate, fully documented rationale was prepared and submitted to Mayor Cervantes in November 1972. The mayor proposed funding the project in January 1973, but by May 1974 funds were terminated. (Transcript, pp. 140-147) The only

29The Human Development Corporation is the local community action agency. It is funded through the Community Services Administration, the Federal agency that succeeded the Office of Economic Opportunity.

30City of St. Louis, Office of the Mayor, Dec. 9, 1972.

31The Need for a Community Center in Northwest St. Louis, Dec. 9, 1972, mimeo. The group comprised a variety of church and civic associations in northwestern St. Louis City.
### Table 2.1

St. Louis City Revenue Sharing Funds
Appropriations and Expenditures

<table>
<thead>
<tr>
<th>Project</th>
<th>Fiscal Year</th>
<th>Appropriated Amount</th>
<th>Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transit Subsidy</td>
<td>1973</td>
<td>$266,025</td>
<td>$266,025</td>
</tr>
<tr>
<td>Forestry Equipment</td>
<td>1973</td>
<td>344,000</td>
<td>292,856</td>
</tr>
<tr>
<td>Tree Trimming</td>
<td>1973</td>
<td>200,000</td>
<td>199,986</td>
</tr>
<tr>
<td>Tree Removal</td>
<td>1973</td>
<td>100,000</td>
<td>99,025</td>
</tr>
<tr>
<td>Park Improvements</td>
<td>1973</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Senior Citizen Centers</td>
<td>1973</td>
<td>640,000</td>
<td>345,161</td>
</tr>
<tr>
<td>Streets - Repairs</td>
<td>1973</td>
<td>1,000,000</td>
<td>633,498</td>
</tr>
<tr>
<td>Fire Station</td>
<td>1973</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>Rail Renovation</td>
<td>1973</td>
<td>486,000</td>
<td>421,398</td>
</tr>
<tr>
<td>Med. Secut. Institution</td>
<td>1973</td>
<td>24,000</td>
<td>24,152</td>
</tr>
<tr>
<td>Unimproved Streets</td>
<td>1973</td>
<td>300,000</td>
<td>294,868</td>
</tr>
<tr>
<td>Traffic - Motor Vehicle Equipment</td>
<td>1973</td>
<td>6,494</td>
<td>6,494</td>
</tr>
<tr>
<td>Street Cleaning - Sign Blanks</td>
<td>1973</td>
<td>99,506</td>
<td>89,822</td>
</tr>
<tr>
<td>Street - Motor Vehicle Equipment</td>
<td>1973</td>
<td>190,760</td>
<td>190,760</td>
</tr>
<tr>
<td>Streets Construction Equipment</td>
<td>1973</td>
<td>356,440</td>
<td>354,405</td>
</tr>
<tr>
<td>Streets Communication Equipment</td>
<td>1973</td>
<td>3,600</td>
<td>3,220</td>
</tr>
<tr>
<td>Refuse - Motor Vehicle Equipment</td>
<td>1973</td>
<td>368,400</td>
<td>309,709</td>
</tr>
<tr>
<td>Refuse - Construction Equipment</td>
<td>1973</td>
<td>40,000</td>
<td>44,794</td>
</tr>
<tr>
<td>Demolition</td>
<td>1973</td>
<td>1,400,000</td>
<td>1,376,330</td>
</tr>
<tr>
<td>Community Sanitation Equipment</td>
<td>1973</td>
<td>6,100</td>
<td>5,978</td>
</tr>
<tr>
<td>Dog Pound Equipment</td>
<td>1973</td>
<td>20,740</td>
<td>17,375</td>
</tr>
<tr>
<td>Dog Pound Maintenance</td>
<td>1973</td>
<td>1,000</td>
<td>625</td>
</tr>
<tr>
<td>Salaries</td>
<td>1974</td>
<td>16,005,630</td>
<td>12,985,290</td>
</tr>
<tr>
<td>Salaries</td>
<td>1975</td>
<td>21,100,000</td>
<td>21,000,000</td>
</tr>
</tbody>
</table>

\[\text{Source: City of St. Louis, Office of the Comptroller, data supplied to Missouri Advisory Committee to the U.S. Commission on Civil Rights.}\]
remaining evidence of this program, Ms. Trapp said, is a half block full of rubble. (Transcript, p. 157)

The principal beneficiaries of GRS thus far in the city appear to have been the city employees and a few demolition companies. The pattern in St. Louis County was different.

B. County of St. Louis

County officials had been strong advocates for GRS, but they were reluctant to accept the State and Local Fiscal Assistance Act as a permanent Federal commitment. The county's favorable fiscal status permitted them to treat GRS funds as additional revenue over and above what was needed for existing services. (Transcript, pp. 290-291, 301-303)

The county's procedures for decisionmaking varied. In FY 1973 the county had initially appropriated GRS funds in a supplementary appropriation, without public hearing. Following protest, a hearing of 6 hours and 22 minutes was held on April 29, 1973, as part of a regular council meeting. Notice was mailed to all the local media. Consideration of revenue sharing for FY 1974 was included in the regular budget hearing on November 29, 1973. For FY 1975, the budget was considered at 3:00 p.m. on December 5, 1974. This hearing included revenue sharing. In addition, a special hearing on revenue sharing was held at 4:30 p.m. that day.32

The hearings for FY 1974 and FY 1975 were the culmination of a budget process that began in July. At that time, the department of the budget held conferences with operating departments to review budgets. Following approval by the county supervisor, a public hearing was held, and approval was then given by the county council. (Transcript, p. 306)

Controversy surrounded the choices that had been made. At first GRS funds had been appropriated to complete funding for construction of Queeny Park golf course. The procedures by which the decision was made and the choice of priorities caused dispute in the county between officials and citizen groups.

The county contended that substantial amounts were also allocated to transportation, drugs, juvenile justice, blight, and health as well as parks and recreation. County officials said that the social projects indicated that the extent to which GRS funds

were used for recreation had been limited. The expenditure of GRS funds by the county are illustrated in Table 2.2 on the following page.

The press reported that initial allocations were exclusively for recreation. Legal action on the process by which GRS funds were authorized for Queeny Park golf course caused the bonds authorized under the 1969 bond issue to be unmarketable. (Transcript, pp. 358-359) The appropriation ordinance was repealed and the funds reallocated. Professor John Collins of the University of Missouri-St. Louis observed that county officials were very defensive about their choice. Dorothy Poor of the Ad Hoc Citizen's Committee argued that the reallocation of GRS funds to some purposes other than construction of a golf course was a response to the initial controversy. (Transcript, pp. 274-275) The county had not refunded "many of the discontinued Federal programs...."33

The county has reported to the Advisory Committee the planned expenditure for the period July 1, 1974, through June 30, 1975. These indicate that $3,792,635 will have been spent on public safety, $800,000 for environmental protection, $500,000 for public transportation, $685,000 for health, $130,000 for social services, aged or poor, and $300,000 for financial administration. Nothing was allocated for recreation.34 The consequence over the entire period 1972-1975 is to shift the balance of expenditure away from recreation.

Council President Gerald Rimmel and others in county government initially chose to limit the use of GRS funds mainly to the unincorporated areas, even though the entitlement amount is based on the total county population. Congressman James Symington (D-Mo.), reporting an official ruling of the Office of Revenue Sharing, said "Clearly no preferential treatment should be given unincorporated areas solely on the basis of population."35

Alternate priorities had been suggested. Metroplex, Inc., the community action agency for the county, had listed as priorities:

Table 2.2

St. Louis County General Revenue Sharing
Actual Use Report through December 31, 1974

<table>
<thead>
<tr>
<th>Special Projects</th>
<th>$   546,333</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drug Abuse Program</td>
<td>344,500</td>
</tr>
<tr>
<td>Community Development</td>
<td>64,498</td>
</tr>
<tr>
<td>Summer Employment</td>
<td>175,991</td>
</tr>
<tr>
<td>Lakeside Center</td>
<td>80,000</td>
</tr>
<tr>
<td>Police</td>
<td>2,774,076</td>
</tr>
<tr>
<td>Blight Program</td>
<td>1,442,844</td>
</tr>
<tr>
<td>Planning Commission</td>
<td>24,500</td>
</tr>
<tr>
<td>Highways</td>
<td>1,565,000</td>
</tr>
<tr>
<td>Medical Care</td>
<td>565,000</td>
</tr>
<tr>
<td>Community Health</td>
<td>668,000</td>
</tr>
<tr>
<td>Parks</td>
<td>6,658,256</td>
</tr>
</tbody>
</table>

Source: St. Louis County, Financial Report, St. Louis County, Missouri for FY 1974, March 27, 1975, pp. 70-71.
transportation, moderate and low-income housing, comprehensive health facilities and services, and a variety of social services.\textsuperscript{36} Others had objected to the particular uses proposed by the county, especially the various recreation facilities. (Transcript, pp. 275ff) The League of Women Voters had submitted a list similar to that of Metroplex. (Transcript, p. 298) None of these were adopted.

Suits by dissatisfied citizens and a countersuit by county officials have marked the allocation process to date. (Transcript, pp. 358-359) The development of two recreation complexes has been the most publicized expenditure to date. There was also a substantial outlay for police and lesser expenditures for highways and blight.\textsuperscript{37}

The Brookings Institution's study of general revenue sharing found both separate and merged budget administration of GRS funds. While it reported some differences in the decisionmaking process, it did not report significant differences in the priorities chosen. In both methods, the circumstances in which the funds arrived, the fiscal state of the government and the timing of the payments determined how officials and politicians dealt with the GRS revenue.\textsuperscript{38}

Allocations and administration might be affected by the extent to which GRS funds were viewed by decisionmakers as regular or extraordinary revenue. But this may be merely a consequence of the vastly different fiscal positions of city and county.

There was evidence that some differences do occur. The extent to which citizen participation affects these differences is the subject of the next chapter.

\textsuperscript{36}Metroplex Priorities, n.p., n.d.

\textsuperscript{37}The county has commented: "The record is also clear that GRS has been totally devoted to programs and capital improvements which have improved the social welfare and environment of all its citizens." Supervisor Gene McNary, letter to Dr. John Ervin, Nov. 21, 1975 (hereafter cited as \textit{County Response}).

\textsuperscript{38}Brookings Study, p. 266ff.
CHAPTER III

CITIZEN PARTICIPATION

Government in the United States has traditionally emphasized the importance of citizen involvement and participation. Such participation is encouraged by the Office of Revenue Sharing, but maximum feasible participation is not required in the administration of GRS funds. Morton Sklar of the Center for National Policy Review told the Advisory Committee during its hearing May 21, 1975, "One of the underlying purposes of revenue sharing was to give citizens a greater opportunity to participate in the process by which spending decisions were made." (Transcript, p. 55)

In 1974 the Office of Revenue Sharing called upon local governments to: "Establish committees or advisory boards to collect input from members of the community and appoint minorities and women to these...." Indeed, one of the arguments for GRS was that local officials and decisions would be more accessible to participant citizens than the Federal Government. Such participation is encouraged by ORS in its pamphlet, Getting Involved.

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41 Ibid.
Opportunities for participation are also required by local legislation. Both city and county are required to hold public hearings prior to enactment of their budgets. (Transcript, pp. 163, 10) But a hearing is not equivalent to participation. In the preceding chapter, the nature of the budget process in both city and county was described. In both cases community and government priorities differed. In both cases government prevailed. To what extent was this the consequence of inadequate opportunities for citizens to influence their local governments in the choices made?

A. City of St. Louis

Citizen participation with respect to GRS allocation decisions greatly depends upon the opportunity to influence the budget process. The chance for citizens to state their views is clearly essential. But also important is the extent to which such views are heard in time to affect budgetmaking priorities. On both points complaints have been made.

The statutory budgetmaking process does not require public hearings prior to submission of the budget to the board of estimate. (Transcript, pp. 177-179) Moreover, the board of aldermen, the elected representatives, can only cut the budget or approve it. (Transcript, p. 179) The budget director told the Advisory Committee that new programs could emerge: 1) on direction of the mayor to an operating department, 2) from a department itself, or 3) from citizen pressure on a department. He provided no evidence that the third had occurred on major policies, or that the board of estimate was influenced by citizen participation. (Transcript, p. 180) Only after a Missouri Supreme Court decision did the board of estimate begin to comply with the State's open meeting law.**

Indeed Mayor Poelker's executive assistant, A.J. Wilson, indicated that citizens seldom appeared at city budget hearings. Mr. Wilson said "Whether [participation] is adequate or not depends upon one's feelings about levels of participation." (Transcript, p. 214) He contended that it was not who participated but how money was spent that was important. (Transcript, pp. 214, 217, 218).

Mayor Poelker said, "We have a pretty darned good communications system....We have hundreds of boards and commissions...and hundreds of neighborhood associations that have meetings, and there are also city officials at those meetings." (Transcript, pp. 234-235).

**Cohen v. Poelker, 520 SW 2d 50 (1975).
Comptroller John Bass contended that fiscal restraint has made real change difficult. As a consequence, he said, significant participation is unlikely. (Transcript, p. 202) Former president of the board of aldermen, Mr. Badaracco, argued that since the money was needed for the general fund, participation would be a sham. (Transcript, pp. 173-74)

The only formal opportunity for citizens to be heard is at the hearings of the board of estimate and apportionment. Mr. Badaracco reported that such hearings rarely produced any changes. (Transcript, pp. 173-174) He argued further that despite hearings, there could be no citizen impact. He said he believed "it could be misleading to people to bring them in and have them establish their priorities when...there is not going to be enough money available to take care of any of their wants." (Transcript, pp. 173-174)

In Comptroller Bass' view, citizen participation should be primarily through the election process. (Transcript, p. 202) The election promises of candidates Cervantes and Poelker did result in a one-time appropriation of funds for neighborhood improvements in FY 1972. (Transcript, p. 168)

The Walnut Park Church and Community Organization felt particularly mistreated. This organization represents an area bounded by West Florissant Avenue, Riverview Boulevard, Wabash railroad tracks, the city limits, and Interstate 70 which contains about 5,480 people. The neighborhood has been changing rapidly. Younger black families are replacing older white ones. The school population is rising.

At the invitation of Mayor Cervantes this organization submitted a proposal for a community center to include sports, meeting, and social services facilities. The organization viewed such a facility as a means to "greatly revive their efforts to save the community." They pointed out that in 1972 the recreation commissioner, Irving C. Clay, also recommended a community center in their section of the city.45

On January 13, 1973, Mayor Cervantes announced,46 "I will propose to the board of estimate and apportionment when it meets on Tuesday

45 Walnut Park Church and Community Organization, The Need for a Community Center in Northwest St. Louis, December 1972, mimeo.
that we expend $1.2 million for the construction of a community center to be located in the Walnut Park area of our city." Money was appropriated for site acquisition, and demolition of existing structures, and design.

On May 9, 1974, Mayor Poelker wrote to the director of the Walnut Park organization indicating that funds for construction were no longer available because of a potential budget deficit, and offered to include the project in a bond issue. The bond issue was rejected by the voters. Most recently Walnut Park has been promised some community development funds. Transcripts, pp. 140-149 As of mid-1975 the only tangible effect of GRS funds was, as the Walnut Park organization director said, "half a city block full of rubble." (Transcript, p. 157)

These negotiations with the city were carried on largely through the Walnut Park area alderman, Milton Svetanies. This was not sufficient to assure them an opportunity to protest budget re-allocation. (Transcript, p. 139) They first learned that they had lost funds from an article in the Post-Dispatch. (Transcript, p. 145)

An equally unsatisfied constituency was Yeatman Community Center. They requested GRS funding for operating expenses to supplement existing sources, but were told by Comptroller Bass that no funds were available.

Although the city did hold open hearings, Mayor Poelker stated that there had never been much public interest in them. Nor was there any special effort by the city to get citizens interested in the hearings. City officials were convinced that the press gave adequate coverage, although they admitted that most of it dealt with the cutbacks and environmental suits. City officials did not push the media to cover budget hearings, nor did they provide data in a form readily usable by the media, at least after FY 1972.

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*7 Mayor John Poelker, letter to Jo Ann Trapp, May 9, 1975.
*8 St. Louis Post-Dispatch, Apr. 18, 1975.
*0 Mayor Poelker, interview in St. Louis, Apr. 25, 1975.
*1 Vaughn Whiting, staff writer, Division of Commerce and Industrial Development, Eldon Wallace, budget analyst, Division of the Budget, interviewed by Robert Christman for Brookings Institution. (Commission files)
In short, citizen participation in the city of St. Louis was minimized due primarily to insufficient advance publicity and a general feeling of powerlessness by individual groups. This caused little protest. Such was not the case in the county.

B. County of St. Louis

Controversy over citizen participation in St. Louis County GRS decisions was great, marked by legal action and public efforts by citizen groups to gain a hearing. Although they did force a public hearing, citizen groups continue to protest the hearing format used by the county. They questioned the extent to which county hearings provide meaningful opportunities to be heard. Community groups that have attempted to participate have reported difficulties in getting data.

According to one council member, the county council made its initial allocation of GRS funds without benefit of a public hearing or any form of citizen participation.\(^52\) (Transcript, p. 255) Council member James Butler told the Advisory Committee that the council reserved to itself the right to determine expenditures. They did not need, or want, citizen pressure, he said. (Transcript, p. 255)

Heddy Epstein has chronicled the episode.\(^53\) Ms. Epstein said that she first heard about the proposals to fund recreation complexes on the evening of March 14, 1973. When she called Robert Baer, Supervisor Lawrence Roos' administrative assistant, and Ed Sprague, county council administrative director, both contended no such proposals were to be made the next day. At the county council meeting on March 15, 1973, Supervisor Roos did propose to use GRS funds to fund the Queeny Park golf course. This was protested by Councilman

\(^52\)James Butler, interview, St. Louis, Apr. 9, 1975. This procedure was legal since the appropriation was to occur following the regular budget process as a special appropriation. However, local governments are required to follow their regular budget procedure for GRS allocation. (PL 92-512, Sec. 123.4) Thus, in subsequent years, the county held hearings either as a part of or separate from the regular budget hearings.

\(^53\)Heddy Epstein, manuscript submitted to Missouri Advisory Committee, typed, n.p., n.d. (hereafter cited as Epstein MS). Ms. Epstein was executive director of the Greater St. Louis Committee for Freedom of Residence, a private, not-for-profit organization founded in 1961 to combat race and sex discrimination in housing and landlord and tenant relations. See also St. Louis Globe-Democrat, Apr. 21-22, 1973.
Butler who moved that a public hearing be held and alternate priorities be considered. But the motion was defeated. On March 29, 1973, however, Council President Rimmel announced that a hearing would be held on Thursday, April 19, 1973, at 3:00 p.m. When asked by Mr. Butler about public participation, Mr. Rimmel responded, "The general public is well aware of the tradition of hearings."

Councilman Maurice Steward added that "Anyone interested in the subject can communicate with his councilman." Councilman O'Hara contended that "The problem with public hearings of this kind...is that they are] usually fairly localized. This hearing is for input from the entire population of the county."

Ms. Epstein said she arrived at 1:20 p.m. for the meeting, but any athletes and proponents of recreation areas who arrived later were allowed to speak first. The first female to speak, she said, was the 22nd speaker, and the first black speaker was 33d. According to Ms. Epstein, it was 8:00 p.m. before she was heard. She alleged, "Everyone who spoke in opposition to development of the golf course was treated in a shabby manner."

Former Supervisor Roos told the Advisory Committee:

I think it was patterned pretty much after the way the legislature of the State of Missouri and the U.S. Congress works. The proponents of the program make their presentation normally. The chairman of the governing body has the prerogative under your system to set the priority for the appearance of witnesses....Anyone who wanted to be heard was heard, and, in my opinion as a citizen as well as the supervisor of St. Louis County, there was nothing unique to bring in proponents of your program. When a tax measure is proposed by the White House, the Secretary of the Treasury is scheduled, and he presents the administration's point of view. Others rebut it. Everybody had an opportunity to appear, proponents as well as opponents, which is the way these things should be conducted and are usually conducted.

(Transcript, pp. 341-342)
A representative of the League of Women Voters told the Advisory Committee that the county government was not able to comprehend the demand for participation:

I think they were totally unprepared....I think there was no realization on their part that there was, in fact, a growing demand on the part of the general citizenry. The citizenry in fact wanted to be more involved in the process of setting priorities within government, and setting priorities within government means having some say on how you allocate your budget figures. (Transcript, p. 289)

Margaret Gayles, representing Metroplex, Inc., a service agency which has a large constituency of low-income citizens, said the organization was not approached for suggestions on the use of GRS funds. (Transcript, p. 327) The Ad Hoc Citizens Revenue Sharing Committee was formed to fight for participation. Specifically, it circulated a petition calling for a referendum on the council's proposal to build a golf course.54

For fiscal year 1975, a hearing was scheduled at 4:30 p.m. on December 5, 1974, in the council chambers. Eight people spoke.55 Ms. Poor claimed that the county effort to get citizen involvement was spurious. (Transcript, p. 275)

A member of the local chapter of the League of Women Voters told the Missouri Advisory Committee that "very few people knew anything about revenue sharing at all." (Transcript, p. 287) She said:

When citizen groups have tried to get information from the county government[they] found that it was very difficult to do so if only because the facts and figures were in so many different places. They were not in any one office, and they had to have access to each of several department heads in order to get a complete picture. They did feel that they were put off for that reason, if for no other. (Transcript, p. 293)

54Written statements submitted by Dorothy Poor to the Missouri Advisory Committee, May 22, 1975, and Nov. 19, 1975.
This was denied by Robert Keller, chief accounting officer, St.
Louis County, who said that all data was centralized in his office.
(Transcript, pp. 304-306)

Information on general revenue sharing was not readily available
in the media, according to Lois Bliss, member of the League of
Women Voters. Another member, Mary McKee told the Advisory Committee:

I also believe that the county believes that they
are making an effort to reach citizens. They do
not realize evidently how little credibility they
have with some citizens groups in terms of getting
information to them. (Transcript, p. 294)

County officials told the Advisory Committee they considered
that formal legal notice constituted sufficient publicity. They
claimed that such notice always appeared in local weeklies, though
not always in the dailies. (Transcript, pp. 311, 312)

Witnesses told the Advisory Committee that even if citizen groups
are informed and heard, there was no evidence of any opportunity for
participation in the setting of priorities. (Transcript, p. 289)

Bliss pointed out:

One of the things that we found was that the
county government was really not at all prepared
for nor were they aware of ...this rising feel-
ing for open government. I think they were
totally unprepared....(Transcript, pp. 288-289)

Morton Goldor, deputy county counselor of St. Louis County,
pointed out to the Advisory Committee that plans for the North and South
Complex were "thoroughly analyzed by consultants and many sites were
studied." He said that there were "no minority consultants." (Transcript, pp. 368, 369)

John Lucks, director of administration for the county, said,
we have a great number of citizens advisory commissions in St. Louis
County that work with each department. Many of these have a role

"The county has responded: "Based on the record as a whole the
county categorically denies that information with regard to GRS is
not available to the media or interested citizens....It appears to
the county that the Commission has taken a narrow view of the county's
public information process." County Response."
in the budget process." (Transcript p. 307) Asked if the county has guidelines for membership on these commissions to include minorities and women, Mr. Lucks replied, "I can't speak to that." (Transcript, p. 308)

The organizations which appeared at the Missouri Advisory Committee's informal hearing were in agreement that they had not received a genuine opportunity to participate in the county's revenue sharing decisions. Some complained about lack of advance notice. Others complained about inability to get data. Others complained about lack of hearings or other meaningful contact with the county decisionmakers.

These frustrations were compounded by the disparity between citizen priorities and government priorities. Ms. Bliss reported that the county opted for short-term capital improvement projects because it believed funds would not last. (Transcript, pp. 290-291) But community groups expressed preference for specific new or improved local services. (Transcript, pp. 273-275, 298, 329) According to Counselor Butler the county refused to contemplate these.

C. **Summary**

Various citizen groups have criticized city and county officials for not providing opportunity for citizen participation. These groups charge that neither jurisdiction has given much publicity to impending GRS decisions, provided much information to its citizens, or furnished much opportunity for effective public comment.

Lack of adequate opportunities for participation is not unusual. The Missouri League of Municipalities has reported that 52.5 percent of municipalities in Missouri did not provide an opportunity for participation in GRS decisions, 34 percent held public hearings, 4 percent had special citizen advisory committees, 19 percent held community plan reviews, and 19 percent had some other form of contact.\(^57\)

The consequence has been protest and litigation. A general sense of frustration was expressed to the Advisory Committee by those groups that have tried to become involved.

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\(^{57}\) League of Municipalities, Revenue Sharing: Missouri Cities' Experiences (Jefferson City: League of Municipalities, 1975), pp. 19-20. Percents total more than 100 due to multiple modes of possible participation.
CHAPTER IV

EMPLOYMENT

In its report, The Federal Civil Rights Enforcement Effort - 1974: To Provide Fiscal Assistance, the U.S. Commission on Civil Rights stressed that the State and Local Fiscal Assistance Act of 1972 (1 U.S.C. § 1242(a)) incorporates provisions that go beyond Title VI of the 1964 Civil Rights Act. The 1972 act prohibits sex discrimination and contains specific prohibition of discrimination in employment even where employment is merely incidental to the program being funded by GRS.

The Office of Revenue Sharing, in its pamphlet, General Revenue Sharing and Civil Rights, stipulated:

...units of government have been required to take into consideration the effect of revenue sharing programs on minorities....

All recipient governments must now be conscious of the percentage of minorities and women in their work force as compared to the percentage of minorities and women in their population. It is presumed that, in the absence of discrimination, an employer's work force will generally reflect the minority and female composition of the area from which his work force is drawn. Where a recipient government deter-
mines its work force is not reflective of its population, it should take affirmative action to correct the imbalance through active recruiting and, where necessary, implement an affirmative action plan for the hiring of qualified minorities and females.\textsuperscript{59}

This chapter is concerned with the efforts of the city and county of St. Louis either to achieve a satisfactory level of employment of minorities and women or to establish effective affirmative action programs.

A. City of St. Louis

Elliott Scearce, director of personnel for the city of St. Louis, told the Advisory Committee:

\begin{quote}
We were in the equal opportunity business before the Equal Opportunity Commission was ever set up.... Our goal is getting in as many that are qualified. As you can see, the goals we achieved are superb. (Transcript, pp. 98, 100)
\end{quote}

The Advisory Committee was interested in the extent to which 1) the city's hiring practices were adjusted to the need for affirmative action; 2) the number of minorities and women employed, especially in the upper income job classifications (above $10,000), as a proportion of the total population; and 3) whether the city's hiring procedures encourage affirmative action. Its concern was based on several lawsuits that had been filed and on complaints lodged with the U.S. Equal Employment Opportunity Commission.

The proportion of women and minorities employed by the city of St. Louis is shown in Table 4.1 on the following page. This table shows that males were overrepresented and females underrepresented in the city payroll by comparison with their proportion of the civilian work force in the city. Blacks and women were dramatically underrepresented in jobs paying more than $10,000 per year. Part of the blockage to upward mobility may well be the vastly disproportionate number of white males who held senior level jobs. This particularly affected women who held only 20 percent of the higher status jobs, while constituting 56 percent of the civilian

\textsuperscript{59}U.S., Department of the Treasury, \textit{General Revenue Sharing and Civil Rights}, n.d., p. 3.
Table 4.1

Employment By The City Of St. Louis (By Salary Level)  
In Comparison To The Total Population (Excludes Police Dept.)  
(In percents rounded to nearest whole number)

<table>
<thead>
<tr>
<th>Salary</th>
<th>Total</th>
<th>White</th>
<th>Black</th>
<th>Spanish Surnamed &amp; Others</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>M</td>
<td>F</td>
<td>M</td>
<td>F</td>
<td>M</td>
</tr>
<tr>
<td>Below $10,000</td>
<td>50</td>
<td>50</td>
<td>18</td>
<td>15</td>
<td>32</td>
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<tr>
<td>Above $10,000</td>
<td>80</td>
<td>20</td>
<td>67</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>61</td>
<td>39</td>
<td>35</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>N</td>
<td>5163</td>
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Population 16 Years & Older  

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<td>19</td>
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</tbody>
</table>

Source: Summary Data on Employment by City of St. Louis adapted from tables supplied by City of St. Louis Department of Personnel.  
work force. The figures for the police department, which was funded by the city but separately administered, were even more striking. White males constituted 73.4 percent of the force. Only 14.6 percent were black males. White females constituted 7.8 percent and black women accounted for 4.2 percent. The fire department was the subject of repeated complaints from minorities. Comptroller Bass commented:

Take the fire department. Here we have a suit in court where we talked about perhaps having a thousand firemen and, of that thousand, we have less than a hundred that are minority members. I don't see that that is an area where the skills and talent are of such shortage that statistically the kind of population that we have would not give us a better sample.

I would also say that, as I understand it from the record, 30 years ago in the City of St. Louis, before we had affirmative action, we had five [black] captains in the fire department. Today, in 1975, we have only five with affirmative action. This is the bottom line kind of things that I am talking about. I am talking about a city with a population of, I would say, 42 percent minority representation and these are products of the St. Louis school system...a school system that has carried an A rating, as far as preparation and giving the kinds of skills that are necessary to participate in just what I would consider a functional test. There is some built-in, subtle differences that are causing the sample in employment opportunities to come out kind of skewed.

I am saying in my judgment I don't think that our system has been flexible and fair in that there is equal opportunity for everyone to participate in that system. (Transcript, pp. 208-209)

In short, there was a clear disparity between the proportion of women and minorities employed in higher status city jobs and their proportion of the work force. The concern of the Missouri Advisory Committee was why such a situation has perpetuated itself in the

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midst of dramatic racial and demographic changes in the city during the past two decades.

The city of St. Louis has been challenged by several groups on the extent to which blacks and women have an opportunity to succeed in the civil service. The recruitment and promotion process has been challenged. The absence of effective affirmative action is conspicuous.

Most employees of the city of St. Louis are hired under regulations of the city civil service commission. Elliott Scearce, director of personnel, reported that selection is made under "The Rule of Three." Following a preliminary examination, the top three candidates are presented to the hiring officer who chooses one. Of this hiring practice, the St. Louis Sentinel said:

It is no secret among black people that civil service...is filled with enough loopholes for those in authority to exclude or include whom they please. More often than not, blacks have come up on the short end.61

Mayor Poelker has said:

I am certain that more minority personnel will be able to qualify for these higher positions with improved education opportunities and work experience....62

Mr. Scearce acknowledged that his department had not yet been able to solve the problem of invalid testing procedures. (Transcript, p. 94-95) The courts have found tests invalid which include racial cases and require skills irrelevant to the post sought.63 Indeed, the street department's tests have been the target of legal action.64 Promotion in city employment, according to Mr. Scearce, is determined

St. Louis Sentinel, Apr. 10, 1975.


Elliott Scearce, interview in St. Louis, Apr. 13, 1975 (hereafter cited as Scearce interview).
by civil service rules which prescribe certain examinations for every job at a higher level to evaluate applicants on knowledge, skills, job relatedness, and experience. Mr. Scearce said that minorities have moved up in city service as rapidly as the opportunities present themselves. He contended that in some professional job categories minorities were overrepresented, but he admitted that many left city service to find better opportunities. In describing his own department, Mr. Scearce reported that 5 out of 30 people on his regular staff were black, but there was no black serving in a supervisory role. (Transcript, p. 107)

The city's director of personnel told the Advisory Committee:

The department acts under the affirmative action basis, under the basis of its rules since 1945. We have acted affirmatively. We were in the equal opportunity business before the Equal Employment Opportunity Commission was ever set up...the results cannot be exceeded by any city in the United States. (Transcript, p. 98)

Frankie M. Freeman, a lawyer in St. Louis and a Commissioner of the U.S. Commission on Civil Rights, in discussing equal employment opportunities in city government has said, "The basic reason for the lack of women and minorities in the top ranking positions is due to race and sex discrimination, period." Gwen Giles, commissioner of the St. Louis Council on Human Relations, has said, "I would advise the mayor that indications of racial disparities in placement of minorities and women in city government indicates a probable discriminatory system."

In late October 1975 the city adopted an affirmative action program. According to Ms. Giles, this plan was designed to achieve change within 5 years. In the first year, departments that had failed to hire an appropriate proportion of minorities and women would be identified. The location of blockages to minority recruitment in the employment process would be identified and corrected, subject to the availability of funds. Ms. Giles did not know whether such funds would be available. The plan did not specify goals and timetables.

65Ibid.

66St. Louis Post-Dispatch, Apr. 3, 1975.

67Ibid.
Responsibility for implementation would rest with Personnel Director Searce and a committee composed of representatives of the council on human relations, the mayor, the civil service commission, and the personnel department. This plan was only minimally acceptable to Ms. Giles. She had submitted an alternate plan with stronger and more precise language which was rejected by other city officials.\(^6\)

According to Mr. Searce, no Federal Government department has conducted a Title VII review of the city's hiring practices. Had such a review been conducted, departments might have required an effective affirmative action plan as part of the conciliatory agreement.\(^6\) According to Perry Hooks, assistant regional administrator, Equal Opportunity Division of the Department of Housing and Urban Development, HUD believes it has the right to negotiate for such a plan as a consequence of its regulations issued July 5, 1973 (38 U.R. 17949).\(^7\)

Lack of effective affirmative action can be seen in the number of complaints filed with the Equal Employment Opportunity Commission, which reported that it had processed 176 cases of racial discrimination and 39 cases of sex discrimination involving city personnel between 1972 and May 1975.\(^7\) As a consequence of an LEAA advisory, the police department in April 1975 discontinued testing that had been found to be discriminatory. The fire department is being sued by FIRE,\(^7\) an organization of black firemen, and the U.S. Department of Justice.\(^7\) Both suits charge a range of discriminatory hiring and promotion practices. (Transcript, p. 97)

Of the city's hiring practices, Mr. Bass told the Missouri Advisory Committee:

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\(^7\)Searce interview.


\(^7\)Firefighters Institute for Racial Equality v. City of St. Louis et al., 74-200c.

\(^7\)U.S. v. City of St. Louis et al., 74-c30.
I am saying in my judgment I don't think that our system has been flexible and fair in that there is equal opportunity for everyone to participate in that system. So I differ with our personnel structure in that one says that it provides a super service and that there is satisfaction. I am saying, as the fiscal officer of the city of St. Louis and also as a citizen of the city of St. Louis, I am dissatisfied with the bottom line, and the bottom line is the results that have occurred that has resulted in participation in the system. (Transcript, pp. 208-209)

B. County of St. Louis

St. Louis County also has problems in providing for equal employment opportunity. Hiring procedures raise questions about the extent of equal opportunity, and there have been complaints about the effectiveness of affirmative action.

Table 4.2 on the following page indicates the proportions of each ethnic and sex group employed by the county, compared to their proportion of the entire population. The overrepresentation of white males and consequent underrepresentation of females in upper salary jobs is particularly noticeable, but these numbers conceal the extent to which blacks and other minorities are absent from the technical and professional grades in the county civil service. The county reported, after reviewing this report, that these grades include 12 percent minorities and 35 percent females. They contend that this affords these groups the potential of higher salaries. Since those proportions are lower than the proportion of women and minorities in the county work force, the logic of such a proposition is unclear. But the real issue is the extent to which change occurs.

In April 1975 county officials assured staff of the U.S. Civil Rights Commission that their various departments were doing a good job on affirmative action. In particular they cited the police department for commendation. Former Supervisor Roos told the

74Chambers interview.

75County Response.

Table 4.2

Employment By the County of St. Louis (By Salary Level) in Comparison to the Total Population
(in percents rounded to nearest whole number)

<table>
<thead>
<tr>
<th>Salary</th>
<th>Total</th>
<th>White</th>
<th>Black</th>
<th>Spanish Surnamed</th>
<th>Other</th>
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<td>F</td>
<td>M</td>
<td>F</td>
<td>M</td>
<td>F</td>
</tr>
<tr>
<td>Below $10,000</td>
<td>48</td>
<td>52</td>
<td>40</td>
<td>38</td>
<td>13</td>
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<tr>
<td>Above $10,000</td>
<td>82</td>
<td>18</td>
<td>79</td>
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<td>1</td>
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<td>TOTAL</td>
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Work-age Population

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Sources: Summary data on employment by County of St. Louis adapted from tables supplied by County of St. Louis Personnel Department, Population data adapted from Bureau of the Census, Census of Population: 1970, General Social and Economic Characteristics, Final Report PC(1)-C27 Missouri. The county has commented: "According to manpower information from the Missouri Division of Employment Security, minorities represent 15 percent of all persons listed in the St. Louis SMSA labor force (the area from which the County's work force is drawn); women represent 40 percent of this workforce." County Response.
Missouri Advisory Committee in May 1975, "I know of no case, no instance, of the expenditure of revenue sharing funds where we did not adhere to policy...with regard to the treatment of minorities and women." (Transcript, p. 338) In August 1975, just 3 months later, the affirmative action policies to which the county officials referred were repudiated as ineffective by a representative of Supervisor McNary.77

Most county jobs are filled on the basis of the evaluation of the personnel office evaluation of an oral interview, a rating of training, experience, and some testing. No validation procedures on testing had been introduced as of May 1975. (Transcript, p. 117) The principal method of notifying the public of available jobs is through an intra-governmental newsletter. The county also advertises in minority newspapers. Personnel Director Earl Chambers stated, "When you talk about upward mobility, I think one of the first obligations that you have is to see what you have inside the house." He admitted that special efforts were necessary to recruit qualified black professionals, and said there was no black supervisor in the personnel department. (Transcript, pp. 123, 125, 129)

Much was said to the Advisory Committee about the accomplishments of the affirmative action program in the county. These statements have since been publicly contradicted, sometimes by county officials.

On May 29, 1973, Supervisor Lawrence Roos announced a county affirmative action plan which established an affirmative action staff to set goals and methods for compliance with the Equal Opportunity Act of 1972.78 This plan called for action primarily by the EEO officer, the personnel department, and some department heads. It included recruitment, selection, classification, training, and target level components.79

77St. Louis Post-Dispatch, August 1975. See also Francis B. Leonard letter to staff dated Sept. 25, 1975. (Commission files) Data supplied by the county in this and earlier letters showed promotions of black employees in 1974 were less than their proportion of the whole work force. Promotions in 1975 were only slightly improved.


79Ibid.
In June 1975 a biracial community group, Concerned Citizens for Good County Government, led by Benny W. Gordon, Jr., published the results of an inquiry that showed that "the county government is biased against blacks in hiring and promoting to higher level positions, particularly in the police department." They went on to argue that:

Those who know what's really going on in those offices told us that no blacks have been hired or promoted into the higher level jobs in the last year. So the county's record is probably worse than it was a year ago.

Gordon contended that "the police department has no black officer above the rank of sergeant and only one black sergeant."

Francis Leonard, EEO officer, admitted the failure of the plan. We found much of it unrealistic...we didn't know how to make it work. We had the blueprint but not the tools. In a written statement to the St. Louis Post-Dispatch, Mr. Leonard acknowledged that managerial and supervisory personnel could not be trained sufficiently to achieve the goals of the original plan. Despite deadlines of 6 months to 1 year in the original plan, few of the county's original affirmative action goals have been accomplished, he said.

The first black lieutenant was appointed subsequent to the completion of this report, St. Louis Post-Dispatch, Nov. 2, 1975.

The county has responded that the article describing the changes "was repudiated by a letter to the editor from the county's EEO Officer published in the St. Louis Post-Dispatch, Sept. 5, 1975." It concluded that:

...Like governments and industry nationwide, St. Louis County has not been able to fully achieve every goal which it set out for itself although there have been some achievements made that were not called for in the original plan. Lack of success of some objectives neither invalidates the Plan nor means that it was ineffective. It merely means that the Plan needs to be revised and it is the County's intention to do that as was stated at the hearing (page 122). County Response.
The Equal Employment Opportunity Commission reported that it had processed 3 cases of sex discrimination and 25 cases of race discrimination relating to St. Louis county government employees between 1972 and May 1975.\textsuperscript{85}

C. Summary

It is clear that both city and county have had difficulty in establishing an affirmative action policy or program. The city had no such program. Personnel Director Scearce's claim that the city's minority hiring record was "superb" (Transcript, p. 99) did not stand up under scrutiny. Blacks and women were concentrated in the bulk of lower paying and lower status positions. Although St. Louis County had an affirmative action program, it was abandoned as unworkable after the Advisory Committee completed its informal hearing. The distribution of minorities and women employed by the county was found unsatisfactory.

In short, as of the completion of this report, neither the city nor the county had working affirmative action programs.

\textsuperscript{85}Keenan letter.
CHAPTER V

DISCRIMINATION AND GRS

To what extent do nondiscrimination and concern for the poor extend to programs financed by GRS funds? To what extent do the regulations prohibit discrimination? To what extent have regulations been enforced? To what extent do the regulations encourage assistance to the poor? What has been the response of St. Louis city and county to these challenges?

The laws and regulations governing use of GRS funds specifically prohibit their use to discriminate against any person on the grounds of race, color, national origin, or sex. Evidence was received about such discrimination in the application of GRS funds. Public policy, furthermore, requires that the poor benefit wherever possible. The Advisory Committee heard testimony that the poor and their needs were ignored, considered a lesser priority, or denied access to programs.

ORS regulations prohibit discrimination in employment and require affirmative action. The regulations also prohibit discrimination in the selection of sites for facilities. The applicable regulation reads:

A recipient government in determining the site or location of facilities may not make selections of such site or location which have the effect of excluding individuals from, denying them the benefits of, or subjecting them to discrimination on the grounds of race, color, national origin, or sex....
A recipient government shall not be prohibited by this section from taking any action to ameliorate an imbalance in services or facilities provided in any geographic area or specific group of persons within its jurisdiction, where the purpose of such action is to overcome prior discriminatory practice or usage.86

Civil rights groups monitoring the GRS program have been disappointed with the results so far. The National Clearinghouse for Revenue Sharing reported frequent underrepresentation of minorities and females in the upper salary levels of most State and local government staffs.87 Many jurisdictions are in violation of the affirmative action requirements.88

The ORS regulation on sites and facilities follows the doctrine enunciated in Hawkins v. Town of Shaw (Miss.)89 The court held that discrimination in the provision of, or access to, services and facilities is illegal. ORS has received complaints from several areas that GRS funds have been used to locate facilities so that minorities were denied equal access.90

Do the poor receive reasonable consideration in the allocation process? Since the 1930s, and particularly during the 1960s, public policy clearly required the States and local governments to provide for the poor in general programs especially those affecting the public welfare.91


88 Ibid., p. 15.

89 437 F.2d 1286 (5th Cir. 1971).

90 Ibid., pp. 32-33.

Morton Sklar of the National Clearinghouse for Revenue Sharing pointed out that it is difficult to prove that the poor and minorities are not helped by GRS funding. Fungibility works two ways. If money can slip from legitimate programs, it can also slip into them. The data confirmed that the poor and minorities receive only a small proportion of the funds allocated. Most localities did not continue to support federally funded programs when they were asked to take over. The average planned expenditure for social services was less than 3 percent of total GRS funds available. Actual Use Reports indicated that even less was spent for this category. By fiscal year 1973-74, Planned Use Reports indicated that only 5 percent was devoted to social services. This is increasingly a problem as Federal categorical grants are canceled and


93 Fungibility is the capacity to substitute funds appropriated for one purpose with funds appropriated for another. In the context of GRS, the ACIR comments: "Because revenue sharing dollars can be substituted for equal amounts of State and local revenue from their own sources, many of the conditions on the use of revenue sharing funds are largely cosmetic in character....But exercising a minimum of care, recipient governments can arrange their use of revenue sharing funds to conform to the letter, if not the spirit, of all existing requirements. For example, a recipient government can allocate revenue sharing funds for expenditure in the public safety area with the effect of freeing an equal amount of local funds for use in non-priority areas or to provide tax relief. (ACIR, General Revenue Sharing: An ACIR Re-evaluation (Washington, D.C., 1974), p. 19).

94 Sklar, "The Impact of Revenue Sharing," p. 117.

95 Ibid.


97 Ibid.
not replaced by special revenue sharing funds.\(^98\) The mesh of Federal and local funds for social programs requires that cities increase their contributions as Federal categorical grants are withdrawn. The prohibition on using GRS funds to match Federal money discourages continued local support of such programs since these require a massive local commitment.\(^99\)

The Revenue Sharing Clearinghouse reports that 26 cities studied proposed to use an average of only 2.9 percent of GRS funds to benefit the poor and aged. The six counties studied proposed to use only 0.7 percent to support such programs. None of these jurisdictions had less than 5 percent of their households below poverty level; many had more than 10 percent of such households in their jurisdictions.\(^100\) The poor are receiving less than their proportionate share in direct aid from GRS funds.

It is against this background that the Advisory Committee investigated the extent to which minorities and the poor have benefited from GRS funds in St. Louis city and county.

A. City of St. Louis

The city of St. Louis used most of its GRS funds to subsidize the salaries of municipal employees. The extent to which this decision may be discriminatory was a principal concern to the Advisory Committee.

So far as the Advisory Committee was able to determine, GRS funding did not result in any move by the city towards affirmative action in hiring. The city has not demonstrated that any improvement in the personnel ratios has occurred since using GRS funds for salaries.

The director of personnel indicated that he did not have data from which such a calculation could be made.\(^101\)

\(^{98}\)Ibid., p. 24.

\(^{99}\)Ibid., p. 22.

\(^{100}\)Revenue Sharing Clearinghouse (Newsletter) November/December 1974, p. 6.

\(^{101}\)Elliott Scearce, letters to Commission staff, Mar. 20, and Sept. 1975.
As stated earlier in Chapter IV, the city had adopted an affirmative action program as of September 1975, but no policy changes had been instituted that might lead to the creation of an effective plan.

Nor has GRS been of much help to minorities in program allocations. City officials have admitted that they did not fully refund categorical grants that were cut in fiscal years 1973-75. Mr. Bass said:

We have not been able and will not be able to make the transition where we absorb all of the categorical grant activities. Many of the categorical grants were really designed to demonstrate to government what some of the kinds of things are that can take place in a community. If you found things that were useful that had an impact that you would adopt them and that was the intent of the programs.

But I think the problem we got into was the habit that this was here forever. Then we had to make decisions about whether...we wanted to pick them up. I don't think that we could, because, in picking them up, we would have to get rid of some of your old traditional structures, and we haven't been that open that that has occurred.... (Transcript, pp. 206-207)

Many projects which were funded in 1973 with GRS money did not survive in subsequent years.

GRS funds did not significantly benefit services to minority groups or substantially increase their share of the city's payroll. According to Comptroller Bass, the shift to GRS funds may have resulted in a net reduction in the services available to minorities. (Transcript, pp. 201ff)

County of St. Louis

Recreation, police, blight, and other programs have been funded by the county using GRS money. To what extent did they benefit minorities? Mr. Golder contended that:

One only has to look at the 3-, 5-, 10-mile census tracts from the service area of that site and an aerial photo will show you that it is a heavily trafficked area...so both of
these areas contain sufficient people and the service area was sufficient to build a complex of this nature. (Transcript, p. 350)

In a letter published in The Clayton Citizen on November 20, 1974, the ad hoc committee on revenue sharing pointed out that the proposed facilities were distant from any centers of population and lacked adequate access to public transportation. It cited County Parks and Recreation Director Wayne Kennedy as saying: "They (the North and South County Parks) were purchased primarily because they were good golf course sites--neither would make an interesting park site. They were virtually treeless and were mostly farm or pasture land." The ad hoc committee criticized the expense of ice hockey and golf, the proposed principal uses for the parks, as being aimed to the wealthy elite. They contended that the funds could be better used for local facilities in areas where there was an immediate need. The county response to these charges was that the sites were selected to anticipate future needs and to allow the county to assemble large tracts that were unavailable in more populated areas. (Transcript, p. 368)

102The Clayton Citizen, Nov. 20, 1974.

103The county also financed small parks through a system of matching grants to municipalities. They had provided $1,201,311 in GRS funds (out of a total of $6,658,256) for such parks, for the period ending Dec. 31, 1974. St. Louis County, Financial Report, St. Louis County, Missouri for FY 1974, pp. 70-71. The county has responded: "The county assumes from the nature of the conclusions set forth in the draft report that the Commission [sic] believes minority groups do now [sic] swim, ice skate or use the other recreation facilities provided or improved by GRS. These other facilities include the construction of 20 tennis courts in incorporated and unincorporated areas of the county and the lighting of 7 ballfields. Minority groups extensively use the park and recreation facilities operated by the County Department of Parks and Recreation.... If the Commission's report [sic] is read literally it would mean that minority residents of incorporated areas of St. Louis County are entitled to recreation facilities but the county should be derelict in providing similar facilities which are open to all citizens.... The record is completely devoid of any evidence on which the Commission [sic] can base a conclusion that minorities do not participate in recreation programs or that minorities are lacking in private transportation facilities. County Response.
The county also had other programs, and did report considerable use of county medical facilities by minority groups. It was, however, unable to document benefits to minorities and the poor of other GRS-funded programs.\textsuperscript{104}

Officials of the incorporated areas which contained the largest proportion of the poor and minorities also protested. They objected to the failure of the county to support services reaching into their jurisdictions.\textsuperscript{105}

The St. Louis associates of the National Clearinghouse on Revenue Sharing project concluded that some GRS-funded county programs, such as anti-blight measures, would benefit the poor and minority groups of the county.\textsuperscript{106} But the associates could not identify any major programs funded by GRS as serving the poor and minorities. They concluded that "GRS is a drop in the bucket in considering the needs for social services.... County officials have not really become more responsive, except indirectly to the needs of poor and minority groups as a result of GRS."\textsuperscript{107} When categorical grants were the principal form of Federal funds, this inattention was impossible. Local officials agreed that GRS was much more convenient for them. (Transcript, pp. 337-338)

C. Summary

Morton Sklar reported that the failure to apply mandated affirmative action requirements was characteristic of many of the areas studied.\textsuperscript{108} He reported that cuts in categorical grants, not

\footnotesize{104 No response had been provided as of the completion of this report to a request for the data by the Advisory Committee.}

\footnotesize{105St. Louis Post-Dispatch, Dec. 18, 1974.}

\footnotesize{106St. Louis Chapter, League of Women Voters, Summary of the General Revenue Sharing Monitoring Project in St. Louis County. In FY 1975 funds were allocated to mass transit. Allegations had been made that B. State Transit, a recipient of GRS funds from the county, discriminated against the poor and minorities both in employment and route selection, St. Louis Globe-Democrat, Sept. 26, 1975.}

\footnotesize{107League of Women Voters, Summary of the GRS Monitoring Project.}

\footnotesize{108Morton Sklar, Civil Rights Under General Revenue Sharing, p. 9-23.}
fully replaced by special revenue sharing block grants, have disproportionately deprived the poor and minorities. Most jurisdictions have not used GRS funding to retain categorical programs. Instead, they preferred short-term capital improvements. In St. Louis city GRS funds were able to prevent the further decline of municipal services, and thereby those services to minorities.

The Urban League reported that the shift to GRS funds had the effect of reducing the services most needed by the poor. Local governments responded to the priorities they saw as imposed by Washington. These appear to favor police at the local level and education at the State level. Neither the city nor the county used GRS funding to provide substantial help to minorities, the poor or women. Many of their GRS-funded programs do little more than assist such groups indirectly.

110 Ibid., p. 117.
111 Robert T. Christman, "Monitoring Revenue Sharing" (Brookings Institution, n.d.).
CHAPTER VI

ROLE OF THE OFFICE OF REVENUE SHARING

General revenue sharing funds are administered and monitored by the U.S., Department of the Treasury, Office of Revenue Sharing (ORS). The U.S. Commission on Civil Rights reported in February 1975 on the efforts of the ORS to enforce civil rights requirements of the State and Local Fiscal Assistance Act.

The primary responsibilities of the Office of Revenue Sharing are to provide eligible governments with their entitlement checks and to ensure that these governments, in turn, comply with the requirements of the Act.113

In FY 1975, 51 of the projected 121 employees were to be in the compliance unit. In FY 1974, only 4 out of 28 compliance officers specialized in civil rights matters. ORS estimated that 5 person-years had been spent on civil rights.114 The Commission concluded that "ORS has not taken adequate steps to ensure that it has sufficient civil rights compliance staff to conduct even a minimally effective civil rights enforcement program."115 The Commission pointed out that ORS' monitoring tasks could have been eased had it negotiated formal arrangements with other Federal agencies to share information and take joint action on civil rights matters.116

113 FCREE IV, p. 12.
114 Ibid., pp. 18-20.
115 Ibid., p. 131.
116 Ibid.
ORS can act on civil rights matters when an audit shows a violation, or when a complaint is made alleging a violation of the act or ORS regulations. The Commission asserted that ORS' Audit Guide did not provide the basis for a meaningful civil rights compliance review. The Commission further contended that ORS did not have effective mechanisms to monitor such audits.\textsuperscript{117} The Commission found the complaint procedure inadequate.\textsuperscript{118}

The Missouri Advisory Committee sought to determine whether the problems identified by the Commission at the national level were applicable at the local level. To this end, it sought information on audits, complaints, and ORS initiatives with respect to civil rights violations in St. Louis city and county application of GRS funds.

ORS audits were to include a check on the application of the nondiscriminatory rules. As of September 1975, no audit had been conducted nor was any planned.\textsuperscript{119} This inaction occurred despite the well publicized actions, including legal action, taken by various groups to protest decisions made by the city and county, and the evidence reported in Chapters IV and V of this study.\textsuperscript{120}

The ORS complaint procedure has been recounted by the U.S. Commission on Civil Rights.\textsuperscript{121} The procedure has not been followed in dealing with at least one complaint from St. Louis County citizens.\textsuperscript{122} On November 13, 1974, a complaint was sent by Dorothy Poor on behalf of the ad hoc citizen's revenue sharing committee. This complaint alleged that St. Louis County was in violation of ORS regulations by failing to provide an adequate opportunity for citizen participation in GRS allocation decisions. The complaint included a variety of documents with several pointing to the lack of access by the poor or minorities to the proposed North and South

\textsuperscript{117}Ibid., pp. 132-133.

\textsuperscript{118}Ibid., pp. 133-134.

\textsuperscript{119}Dana Baggett, acting compliance manager, ORS letter to Commission staff, Sept. 22, 1975 (hereafter cited as Baggett letter).

\textsuperscript{120}Ibid., and FCREE IV, pp. 54ff.

\textsuperscript{121}FCREE IV, pp. 70ff.

\textsuperscript{122}As of September 1975 ORS had received three complaints from St. Louis.
County recreation complexes. When Ms. Poor heard from a representative of ORS that the complaint had not been received, she sent a duplicate letter in February 1975. As of May 1975 the ad hoc committee had received only a formal acknowledgment of receipt. The compliance office completed its investigation of this complaint in September 1975. Its disposition is unknown. ORS explained that:

Our experience indicated that it takes somewhat less than 1 month's working time on the average to process a case from initial receipt of a complaint to resolution of the case and closeout. Since few cases are 'average' and we have many more cases than we have professional staff to assign to them, predicting calendar time is difficult at best.

The U.S. Commission on Civil Rights reported that ORS required formal complaint prior to action. It received two other letters from the St. Louis area that it could construe as complaints. Mr. Baggett said that under present regulations ORS did process statements that suggest a complaint even if none was formally alleged. It waived the formal requirement that the complaint be in writing. Thus, ORS suggested it would place the burden of proof upon the receiving authorities.

Access to ORS by the general public was limited. As late as April 1975 there was no station-to-station number at ORS which Missouri governmental units could call to check on problems. A number was finally published in September 1975. As of October 1975 the Advisory Committee was unaware of any published phone number which citizens can use to find out about complaint procedures or to make inquiries.

Dorothy Poor, letter to ORS, Nov. 13, 1974.

Baggett letter.

Ibid.

Ibid.

Ibid.

Ibid.

ReveNews, Vol. 3, No. 2 (September 1975), p. 3.; Vol. 3, No. (October 1975), p. 3. ORS has commented that a number for Missouri governments was published in ReveNews, Vol., No. 1. It had been omitted from subsequent lists.
The limits of the compliance process have been detailed by the U.S. Commission on Civil Rights. The most glaring weakness is the paucity of compliance officers and the superficial compliance monitoring. ORS adopted a passive/reactive posture on compliance and took it on faith that recipient governments were in compliance.\(^{130}\)

National and regional newspapers have reported on discrimination in employment and the provision of facilities in the St. Louis area that used GRS funds. Thus far, ORS had not dealt with complaints about the absence of adequate participation opportunities in the city and county. It anticipated that legislation proposed by the Ford administration would require a formal public hearing on GRS fund planning.\(^{131}\) There was no indication of any plan to render citizen input effective.\(^{132}\)

There was no formal mechanism by which discrimination could be monitored on a regular basis in Missouri. The Missouri Commission on Human Rights declined to assume such responsibility.\(^{133}\) No other agency was equipped for such a task. There was no record of informal arrangements to monitor civil rights compliance.

ORS was completely dependent upon local audit arrangements. In the case of St. Louis City and County, private auditors conducted the legally mandated audit. ORS could only hope that they would observe the requirements of the civil rights component and report violations. Other agencies could not ensure whether such audits would effectively monitor civil rights issues.

ORS appears to be unable to respond to local complaints and problems. It has not questioned the extent to which its own nondiscrimination regulations have been applied nor has it investigated complaints about such violations.

\(^{130}\)FCREE IV, pp. 43ff.

\(^{131}\)Baggett letter.

\(^{132}\)See discussion in Chapter 3.

\(^{133}\)Baggett letter.
CHAPTER VII

INEQUALITY IN THE FORMULA AND THE CALCULATION OF ENTITLEMENTS

Many reports have raised questions about the impact of the formula and the methods by which entitlements are calculated. The Advisory Committee was especially concerned about: 1) the impact of the 145 percent maximum and 20 percent minimum rules; 2) the consequence of the use of census data to calculate the population component of entitlements and reports of undercounting of minorities; and 3) the relative fiscal impact of the formula in the different fiscal environments of city and county.

City of St. Louis

St. Louis was disadvantaged by the formula used for the distribution of GRS funds. Townships rather than cities benefited from the 20 percent floor on payments. Cities which made the most tax efforts, had large populations, etc., lost under the 145 percent maximum payment rule. Both practices affected St. Louis City adversely.

The 145 percent rule limits the total amount any local government can receive to 145 percent of the per capita amount in each State initially available for local distribution.\textsuperscript{134} If this formula had not been used, St. Louis would have received between 68 percent and 9 percent more funds. But Kansas City would have lost 15 percent of its allocation.\textsuperscript{135} Morton Sklar argues:

\textsuperscript{134} Brookings Study, p. 156.

\textsuperscript{135} Ibid., p. 159 and Advisory Committee on Intergovernmental Relations, General Revenue Sharing (Washington, D.C., 1974), p. 68.
...many cities, such as St. Louis, whose large allocations would be justified because of its population, per capita income and tax effort, end up with artificially lowered allotments. In effect, they are subsidizing their neighboring jurisdictions by not getting the full share to which they are entitled. (Transcript, p. 52)

Of the 145 percent rule, the Brookings report recommended that:

...the revenue-sharing law would be greatly improved by elimination [of the 145% rule].... The primary financial effect of such action would be to increase the amounts going to more than a score of the nation's hardest-pressed large municipalities....[This would] provide better recognition than the law now gives to the particular financial problems of high-tax cities....136

The problem with merely removing limits is that needy jurisdictions would not be the exclusive beneficiaries. At some point "the taxes paid by residents cease to be a significant portion of the unit's adjusted taxes."137

While sausage manufacturers and ski-lift operators are both legitimate providers of tax revenues, rewarding places with extraordinary levels of adjusted tax per capita at the expense of places whose residents and corporations carry a burden more in proportion to public services needed seems indefensible.138

Yet this would be the consequence, SRI argued, of mere elimination of the 145 percent constraint.

136Brookings Study, pp. 159-160.


138Ibid.
The 20 percent formula has a slightly different effect. Under this formula, no local unit can receive less than 20 percent of the statewide per capita amount initially available for local distribution.139 Seven percent of municipalities and 46 percent of townships in Missouri benefit from this minimum. Its effect is to give more funds to smaller units of government, most with populations under 1,000. But the reciprocal effect is to take funds away from larger cities.140 Elimination of the rule has been recommended by SRI.

The governments that would lose substantially under the removal of the 20 percent floor have either very affluent residents in their jurisdictions or have very low activity. The absolute amounts of funds that would be lost to these jurisdictions are also relatively small.... The Advisory Commission on Intergovernmental Relations (ACIR) argument, that retaining the 20 percent floor had the politically sound effect of spreading a modest proportion of the funds around to generate wide political support for its passage with the Congress (ACIR, 1974), appears to be the main justification for retaining it.141

The anti-urban bias is particularly noticeable in Missouri. The Missouri Municipal League reported:

...collectively, Missouri municipalities receive almost 12 percent of total revenues from Federal revenue sharing funds, and the significance of these funds increases as the size of the municipality decreases. Revenue sharing funds account for 8.2 percent of total revenues in St. Louis and Kansas City, 9.5 percent of total revenues in other municipalities from 2,500-10,000 population, and 16 percent of revenues in municipalities of less than 2,500 population.142

0Ibid., pp. 161-162.
41SRI Alternatives, p. 45.
2Taxation and Revenue in Missouri Municipalities (Jefferson City: MML, 1974).
The consequences of removing the 145 percent limit and 20 percent limit for Missouri have been considered by the Stanford Research Institute:

...nearly every local unit loses something, and 87 percent of all units (most of them townships serving fewer than 10,000 people) would lose over 15 percent of their EP allocations.\textsuperscript{143}

St. Louis would gain 69 percent, North Kansas City 23 percent, Viburnum 35 percent, Missouri Township 90 percent, and South West City Township 72 percent.\textsuperscript{144}

SRI performed an allocation exercise for a higher ceiling:

...setting the upper PCLS [limit] at 300 percent and no lower constraint....The most significant finding is that high-need, high-responsibility governments definitely gain (often substantially) while low-need, low-responsibility governments consistently lose. Commercial and industrial enclaves remained constraints...while large cities do not lose by the imposition of that upper constraint.\textsuperscript{145}

The method used for determining entitlements has also been questioned. Under present rules each State may choose whether to apply the House or Senate formulas. The former is of greater benefit to urbanized States, while the latter profits the less populous ones. This had worked to the disadvantage of some States, including Missouri, which are fairly balanced between urban and rural populations. Equally significant is the choice of items which are included in the formula. Some have contended that more appropriate measures are available.

The House-Senate compromise which allows States the best possible formula in the determination of their entitlement created inequalities. Thirty-one States based their allocations on the

\textsuperscript{143}\textit{Ibid.}, p. 41.

\textsuperscript{144}\textit{Ibid.}, p. 42.

\textsuperscript{145}\textit{SRI Alternatives}, p. 45.
Senate formula. Nineteen States and the District of Columbia received allocations based on the House formula. The consequence was that "Congress increased allocations of about half the States, in most cases quite materially at the expense of the others." Missouri, which used the House formula, got 7.9 percent less than it would have gotten if the choice was not available.

As the Brookings study pointed out, the present formula encouraged a jurisdiction to tax itself highly. Brookings contended that this disincentive was undesirable, reducing the incentive to place greater reliance on nontax financing, e.g., borrowing or user charges. Mr. Wilson pointed out that it had an adverse effect on St. Louis City by forcing the city to keep tax rates at a level that discouraged continued residence and new development. (Transcript, p. 220)

The problem with the present GRS formula is that it does not measure governmental need. SRI argued:

Constituency need is not a particularly accurate reflection of government need. A city or county government may be in fiscal need even though it has a wealthy constituency because of State-imposed constraints on the tax rate or debt ceiling, or the refusal of the majority of constituents to vote for increases in the revenue base. Or, a constituency may be relatively poor, but its government may have no fiscal problems because of substantial nonresident or corporate revenues. The city of Commerce in Los Angeles County has a high income from its property tax base and a relatively low constituency income; Alpine County, California, has a high government income from State transfers for the construction of a maintenance of roads to serve ski resorts, but a low constituency income. While the use of a government need measure opens up questions about the efficiency of public services, the relative productivity of various forms of public service organizations, and the differential

6 Brookings Study, pp. 48-49.
7 Ibid., pp. 47ff.
8 Ibid.
impacts of State-imposed regulations on the fiscal capacity of local governments, one measure has been proposed for government need.\textsuperscript{149}

The Brookings study recommended the substitution of equalized values for taxable property. But the SRI pointed out that there was no way in which equalization could be assured.\textsuperscript{150} SRI rejected median incomes because it discriminated against areas with a high proportion of young, old, or small populations. The proportion of those below the poverty line appeared an obvious candidate. This failed to take account of pockets of poverty in the midst of considerable affluence. In short, there appeared to be no ready measure of need.\textsuperscript{151}

The nearest approximation proposed was the substitution of adjusted revenue for adjusted taxes. The argument offered was "if there is no apparent fiscal burden, or if the revenues are not raised by a particular unit of government, then the source should not be included in a measure of revenue effort."\textsuperscript{152} In a trial projection, this had the effect of "consistently moving monies away from county governments toward other types of local government."\textsuperscript{153} City-counties, such as St. Louis, gained approximately 12 percent. It consistently awarded high need and took funds away from low-responsibility, low-need governments.\textsuperscript{154} SRI contended that change from adjusted taxes to adjusted revenue would be a desirable one. In short, the formula and its application worked consistently to the disadvantage of St. Louis City.

The problem of population undercount is endemic to large cities and is acknowledged by the census takers. But as of October 1975 there was no evidence that correcting factors sufficient to restore equity had been identified or implemented.

\textsuperscript{149}SRI Alternatives, p. 68.
\textsuperscript{150}Ibid.
\textsuperscript{151}Ibid., p. 72.
\textsuperscript{152}Ibid., p. 73.
\textsuperscript{153}Ibid., pp. 76-77.
\textsuperscript{154}Ibid., p. 80.
The Census Bureau estimated that 7.7 percent of the black population were not counted in 1970. For the city of St. Louis, this meant that 25,000 persons were not included in the count, a loss of $500,000 per year in GRS funds.155

The Brookings study pointed out that St. Louis City is already under "extreme financial pressure."156 A staff associate for the Brookings Institution has written: "Economically, the city has reached its residential and business property tax dwindle....157 The city is locked into a position whereby it is unable to obtain the additional funding that is required to keep up services.

B. County of St. Louis

Although St. Louis County suffered from some of the same distribution problems that continue to affect the State of Missouri, it did not suffer from the particular problems which affect the city. The county had a rising population and a rising tax base. It did not suffer from population undercount as did St. Louis City. The multiple-tier structure of government also worked to the net advantage of the county in funds available.

Census figures showed the county's population to be rising. This rise was not merely a gross increase. It also represented an influx of relatively affluent people. Similarly, the movement of industry has been from the city into the county. The result was a dramatic increment to the population and the tax base. (Transcript, pp. 249-251)

These changes produced an effect just the reverse of that experienced by the city. The county's increased population and tax base resulted in an increase in the funds available to the county. This occurred without the background of increased need that existed in St. Louis City. Contrary to the Brookings findings, this allowed the county to avoid maximizing local tax rates.

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155 Extensive comment on this point is provided in W.C. Grindly et al., General Revenue Sharing Data Study (Cambridge, Mass.: MLI, 1974), Appendix C.

156 Brookings Study, p. 229.

Updated census figures indicated even greater problems. The city is scheduled to lose $1.3 million as a consequence of 1973 estimates of population loss. This loss would be offset in part if the black population had been counted accurately. Until this is corrected, St. Louis and its citizens will lose GRS funds and the services these funds could provide.

The extent to which St. Louis City population is declining while there is a concomitant increase in its needs, has already been noted. The formula used in Missouri includes factors for general tax effort, relative income, and population. As population falls and tax receipts decline, the size of the GRS entitlement is reduced. Cities such as St. Louis which are already maximizing their tax collection efforts have no way to compensate for their population and income losses. (Transcript, pp. 230-233) Mayor Poelker described the city's efforts:

Someone asked the question, what about your local tax effort? Wouldn't you have done something else if Federal revenue sharing hadn't come along?
It would have been a very difficult decision because, if you look back at the city of St. Louis over the last 20 years, we have done these things about every 3 or 4 years to try to resolve the inflation, the cost of providing service, and a depreciating tax base.

Back in the middle '50s we put on a 1/2 percent earnings tax. That lasted about 4 years; that helped us. When that 4-year period was up, we raised it to 1 percent. Then we had to look for another source. We went to increasing the utilities tax from 5 to 10 percent. Then we adopted local sales taxes. In the meantime, we were gradually increasing our merchants and manufacturers tax.

At the time revenue sharing came along, it came in about the fourth year of the last cycle, which was the adoption of the local sales tax, which was providing about $16 million a year. Revenue sharing came along and it looked like it was going to fill the gap for another 4 years and it has,

just about. Now we are at another crisis point. There is really nothing that we can raise to provide this kind of an increase in our revenue of some $16 to $20 million which we really need... that we can take off of the shelf. We have to go back to the legislature and to people to tax themselves to provide these services. (Transcript, pp. 230-231)

States can make changes in the formula for calculating local government entitlements provided that the various limits are observed.

The Brookings study pointed out:

Few if any States seem likely to enact legislation to alter the within-State allocation of the funds provided for their local governments. Thus far, none of the 19 States whose State or local governments are represented in the field research sample for this study have given serious consideration to such action. The discretion allowed for State legislation in this area is limited significantly by the fact that State legislation could not alter the overall coverage of local governments (for example, by excluding particular types or sizes of units) or materially change the effect of the floor and ceiling provisions of the Federal formula.\(^{159}\)

Such changes might benefit other cities in Missouri, but the city of St. Louis would still be limited to its present allocation by the 145 percent rule.

The proportion of poor and minorities in the county is significantly lower than in the city. These groups which are most subject to undercount form a smaller part of the whole. The consequent undercount is thus minimized.\(^{160}\)

\(^{159}\)Brookings Study, p. 61.

Not only has the county's population been increasing, as Mr. Avesing reported, but the wealth of its people has also increased. The county reported that "new offices and industrial parks continued to develop as the demand for new expanded facilities remained steady."\textsuperscript{161} Median family income rose from $7,600 to $12,300 between 1963 and 1973.\textsuperscript{162} Total assessed valuation increased by 5.7 percent between 1972 and 1973. There was a further increase of 6.3 percent between 1973 and 1974. The county's total tax rate remained fixed in 1973 and declined in 1974. This decline made the county's rate approximately 80 percent of the legal maximum.\textsuperscript{163}

The most significant advantage to the county is its multiple-tier structure. The county provides only general services and local services to unincorporated areas. The usual municipal services are provided by a variety of incorporated unit governments (which tax for the purpose and receive GRS funds to supplement their own efforts). Since minorities and the poor tend to be located in the incorporated areas, the demands upon the county are reduced. (Transcript, pp.; 314 ff)

C. Summary

Various modifications have been proposed in the formula to benefit governments with the greatest need. The most popular was abolition of the 145 percent maximum and 20 percent minimum entitlement rules. Stanford Research Institute has argued for a more comprehensive package of changes. They proposed that the maximum limit not be abolished but raised to 300 percent and that the 20 percent minimum be abolished. They suggested that the rule limiting GRS to 50 percent of adjusted taxes be altered to 20 percent of adjusted taxes and 20 percent of intergovernmental transfers. They also urged that adjusted revenue be substituted for adjusted taxes. Finally, they recommended that the multi-step distribution rules be abandoned and that all governmental units be allocated their share in one step. The consequence of this, they hypothesized, would be to reward governments with the next-highest-responsibilities and next-highest-need category. This would increase St. Louis' share from 19.4 percent of the State's total to 27.2 percent. Kansas City would gain by 10 percent. It would also reduce substantially the amounts available


\textsuperscript{162}Ibid., p. 3.

\textsuperscript{163}St. Louis County, Financial Report, St. Louis County, Missouri (Clayton, Mo., 1975), pp. 102-103.
They argued that this formula change, although giving less to cities than other possible formulas, would leave more to local governments in general. It would be politically more acceptable, since fewer governmental units would lose and their losses would be less than under other possible formula combinations.\textsuperscript{165}

The President has recommended that the 145 percent maximum be raised in steps to 175 percent but that the 20 percent minimum be retained.\textsuperscript{166}

No factor to measure special needs of central cities and other pockets of poverty has been proposed for the new legislation.

The President's recommendations included:

2. Special appropriations granted to Alaska and Hawaii.
3. An agreement whereby the Secretary of the Treasury will report progress after 3 years.
4. The limits for local government to rise to 175 percent of average per capita entitlement in 6 percent intervals over 5 years.
5. The Secretary of the Treasury is to be given greater flexibility in determining publication and reporting of allocation and expenditure by localities.
6. An assurance that a public hearing, or something comparable, has been held will be required from all local governments.
7. The Secretary will be given power to withhold funds from governments which he finds discriminate under the terms of the act.\textsuperscript{167}

The Leadership Conference on Civil Rights has objected to these proposals on the grounds that:

\textsuperscript{164}SRI Alternatives, pp. 94-97.
\textsuperscript{165}Ibid., pp. 177ff.
\textsuperscript{166}U.S., Department of the Treasury, Renewal of General Revenue Sharing (Apr. 25, 1975).
\textsuperscript{167}Ibid., pp. 6-7.
1. The rights of citizens to participate would be left to the discretion of local officials.
2. Elimination of annual executive and congressional review would prevent adequate review of effectiveness.
3. The changes in the formula are insufficient and do not address the need of the cities.
4. Public accountability would not be sufficiently encouraged. Expenditures would remain unrestricted.
5. Funds would not be directed toward elimination of racial and economic barriers.
6. Existing compliance standards involving discriminatory use of Federal funds would be significantly undercut, if not repealed. Furthermore, there would be no attention to the problems of half-hearted or inadequate civil rights enforcement at the Federal level, as well as in States and localities. 168

These views were supported by the National Urban League. 169

Commissioner Frankie Freeman of the U.S. Commission on Civil Rights presented the views of the Commission to the Advisory Committee at its May open meeting. 170 The Commission agreed with many of the formula changes proposed by the Office of Management and Budget, although it wished to go further in the abolition of the 20 percent minimum entitlement. 171 It also asked that reports reflect actual expenditures more accurately. 172

The Commission’s primary concern was in civil rights compliance. The Commission pointed out that GRS funds could free local funds for a discriminatory purpose, thus supporting discrimination. 173


169 Comments of the National Urban League of the Office of Revenue Sharing, Proposed Deferral Regulations, n.d.


171 Ibid., p. 3.

172 Ibid., p. 6.

173 Ibid., p. 8.
mission believed that the only possible remedy for this problem was to place "the entire budgets of recipient governments under the prohibition against discrimination." The Commission argued that the Secretary of the Treasury should be required to enforce compliance within a fixed time limit, and urged that deferral of funds be mandatory when a formal finding of noncompliance had been made. The Commission objected to the proposal to remove references to Title VI from the purview of the Secretary of the Treasury. While the Commission contended that Congress did not intend such references, the Commission disagreed. The Commission pointed out that assurance of compliance with nondiscrimination is a prior condition for receipt of GRS funds. If this was so, the noncompliance with Title VI as clear evidence of ineligibility. Finally, the Commission urged that the Secretary of the Treasury be required to delegate such duties as data analysis, complaint investigation, compliance reviews, and negotiations to other departments with Title VI responsibilities.

The Advisory Commission on Intergovernmental Relations expressed general satisfaction with the bill but pointed out the need to eliminate "disparities between the nation's major central cities and their affluent suburban neighbors." The Brookings Institution and Stanford Research Institute made specific proposals to deal with this problem, which went well beyond those of the Administration.

In October 1975 the fate of revenue sharing was in doubt. Congress was clearly confronted with a range of alternate proposals. Major concern was whether to allow a program over which it had so little control to continue. What modifications might be made, short of a return to categorical grants, was the subject of hearings in both House and Senate.

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7 Ibid., p. 11.
7 Ibid., pp. 12-13.
7 Ibid., p. 15.
7 Ibid., pp. 16-17.
7 Ibid., pp. 18-19.
7 Ibid., pp. 18-19.
The National League of Cities stressed that revenue sharing should be continued. It believed catastrophe was the alternative. Although it proposed modifications, any bill that delivered a modest increase in funding would be acceptable. Whether Congress and the President could agree was moot.\(^{181}\)

In October 1975 the New York Times reported that:

> Congress is expected to defer until next year the issue of renewal of general revenue sharing.... There is said to be a fairly strong disposition in Congress to renew general revenue sharing in some form although there is no unanimity yet on what, if any, changes should be made.\(^{182}\)


CHAPTER VIII

CONCLUSIONS

The Missouri Advisory Committee received evidence regarding:
1) the nature of GRS-funded expenditures; 2) the limits of citizen participation; 3) the extent of job or facility discrimination in activities funded with GRS money; 4) the consequences of methods for calculating entitlements; and 5) the extent of ORS supervision. All of these suggested to the Advisory Committee the need for change.

Neither city nor county used GRS funds to support long-term programs specifically designed to benefit those with greatest need, minorities and the poor. In FY 1972 the city of St. Louis did fund some community service projects, such as the Walnut Park Center, but in FY 1973 funds were withdrawn to balance the general fund which provides for general municipal services. The Advisory Committee was unable to determine whether general revenue sharing funding was the only way by which normal services could be maintained.

Stressing the short period of time and the relatively small addition to its total revenue which GRS funds represented, the county concentrated its GRS funds on recreation projects in areas remote from the centers of poor and minority concentration and on police services. Neither jurisdiction completely refunded the substantial cuts in categorical grants that began in FY 1973. Neither sought to improve the effectiveness of ongoing social programs or to provide for newly-identified social needs.
In neither city nor county were citizens given reasonable notice of impending issues or decisions to be taken. The intent of the State and Local Fiscal Assistance Act was to return decision making to the local level where the public might better protect its interests. Most localities in Missouri failed to provide the kind of information upon which intelligent participation could be based. The public needed to know details about what projects or programs were to be funded, the expected impact of these programs, and the impact of GRS funds on these programs.

The Planned and Actual Use Reports did not provide either timely or complete information. ORS merely required that Planned Use Reports be submitted prior to the start of the pertinent entitlement period. Thus, they might appear well before budget plans had been made or well after final budget decisions had been taken. Citizens were not offered the 30 days customarily provided for court appeals or public comment on proposed Federal regulations. Reports were often deceptive. There was no requirement that Planned Use Reports reflect actual expenditure. Major variations could occur. The categories did not provide sufficient information so that the public could judge the merit of proposed expenditures, nor did local government make additional information readily available to interested groups of the general public. Neither jurisdiction actively encouraged the media to cover GRS decisions by providing data in a form usable to the media and easily communicated to the public.

Neither city nor county provided a reasonable opportunity for public comment on GRS decisions. Neither jurisdiction encouraged public participation at the formal hearings. Instead, hearings were used to ratify actions already agreed upon by bureaucrats and elected officials. Alternate opportunities for early involvement, such as citizen advisory committees, were either not utilized or were provided little opportunity for significant participation.

Citizen groups felt excluded from the decisionmaking process. Several groups with recognized constituencies of poor and minority people complained they were not asked to make proposals. County groups that did make proposals, such as Metroplex, Inc. and the local chapter of the League of Women Voters, found their proposals ignored. Groups interested in GRS decisions found it difficult to obtain information from their governments about the details of proposed expenditures. Few received adequate notice of public hearings on a regular basis. Interested groups often were contacted too late to affect government priorities. In neither city nor county was there evidence of significant minority involvement in GRS decisions.
The State and Local Fiscal Assistance Act and ORS regulations required that employment in programs funded by GRS be done on an equal opportunity basis, including affirmative action. The city of St. Louis reported that it acted affirmatively. Yet women and minorities were significantly underrepresented in the higher salary (above $10,000 per year) and high-potential jobs. The city adopted an affirmative action plan in October 1975. It had no precise goals or timetables. The county of St. Louis had adopted an affirmative action program, but in August 1975 it admitted that the program failed to produce any improvement in staff ratios. Neither city or county appeared to be in compliance with the nondiscrimination regulations.

Under Title VI of the 1974 Civil Rights Act each Federal department is obliged to ensure that funds provided to State and local governments not be used in a discriminatory fashion. As of October 1975 no Federal department had conducted a review to determine whether this was the case in St. Louis City.

The nondiscrimination rules also require that facilities and services be equally available to all. Both the city and the county emphasized that area-wide services were also available to minorities and the poor, but their special needs were not recognized. The county placed its large recreation projects in areas remote from the poor and minorities. These projects also lacked adequate public transportation components.

The distribution formula was found unfair to central cities. It did not take account of the special needs of urbanized areas in general, and central cities in particular. The imposed ceiling of 145 percent of the average per capita grant deprived the city of additional funds. Conversely, the 20 percent minimum allocated to jurisdictions in lesser need. The city also suffered from a significant undercount of its low-income minority people. Although proposals had been made to correct these inequities, no effective change had been recommended by the President in his proposals for renewal of GRS.

The Office of Revenue Sharing failed to ensure compliance with existing regulations against discrimination or to reduce entitlement losses to the cities. ORS was unable to process complaints from the St. Louis area in the 30-day period, nor did it provide convenient access for citizen complaints, such as a direct-dial line. ORS did provide such facilities for intergovernmental communication. The absence of field offices or a toll-free line escalated the physical and monetary cost of complaints to the poor and minorities.
In its report Federal Civil Rights Enforcement Effort, 1974: To Provide Fiscal Assistance, the U.S. Commission on Civil Rights recommended improvements in ORS management of general revenue sharing. The Commission called for delegation of responsibility to other departments for enforcement of nondiscrimination in such areas as law enforcement, health, and housing. It called for the addition of at least 300 staff persons to improve the capacity of ORS to process complaints. It recommended revised regulations that made clear the responsibilities of State and local governments with regard to equal opportunity, affirmative employment planning, and nondiscrimination in the delivery of program benefits. The Commission suggested that ORS collect data to ensure that nondiscrimination regulations were being enforced. It called for improvement in the audit procedures to enable more effective compliance review.

The Missouri Advisory Committee supports all these recommendations. In the following chapter the Committee reports its findings and makes specific recommendations.
CHAPTER IX
FINDINGS AND RECOMMENDATIONS

I. Use of General Revenue Sharing (GRS) Funds

Finding #1
The city and county have devoted negligible proportions of GRS funds to support long-term programs that addressed the specific needs of minorities and the poor. The city used its GRS funds to maintain existing services. The county devoted the largest proportion of its funds for recreation developments at locations remote from the minority and poverty centers and for police services.

Recommendation 1:
Both city and county should use GRS money to fund current and new "people-oriented" programs.

Finding #2
Neither city nor county supported the old categorical grant programs (such as OEO and Manpower) to their previous funding levels. Thus, minorities and the poor, who suffered most from the cuts in categorical programs, did not benefit from supplemental compensatory programs which might have been funded.

Recommendation 2:
Congress should amend the State and Local Fiscal Assistance Act to heighten the priority of programs designed to aid minorities and the poor.
II. Public Accountability for GRS Funds

Finding #3

The Planned and Actual Use Report forms did not give the public a true picture of the real impact of GRS funds.

Recommendation 3a

Congress should amend the State and Local Fiscal Assistance Act to require more detailed information and greater publicity as part of the public accountability effort. Information required should include problems faced by governmental units, the range of possible solutions, the option selected, the precise expenditures using that option, and the role of GRS funds in that option.

Recommendation 3b:

Congress should direct ORS to require more detailed information and greater publicity as part of the public accountability effort.

III. Citizen Participation in GRS Decisions

Finding #4

Neither jurisdiction encouraged public participation in the revenue sharing allocation process. The city did not give adequate notice of hearings (outside of formal legal notice). Although the county did communicate with citizen organizations, the county did not provide equitable hearing procedures.

Recommendation 4a

Congress should require that hearings about GRS funding: a) be fully publicized by all possible means; and b) occur early in the allocation process before budgets have been cleared informally by public officials. (Congress has already made similar rules for environmental protection.)

IV. Discrimination in Employment and Provision of Facilities and Services

Finding #5

Neither jurisdiction has an operative affirmative action program for hiring and promoting minorities and women.
Recommendation 5a:

The U.S. Equal Employment Opportunity Commission which has Title VII responsibilities should investigate discriminatory practices in St. Louis City and County immediately. These should be followed within 3 months by appropriate conciliatory agreements.

Recommendation 5b:

ORS should require both city and county to develop and implement effective affirmative action programs for public employment.

Finding #6

The county of St. Louis has failed to document the accessibility of recreation sites to the poor and minorities.

Recommendation 6a:

All Federal agencies with Title VI responsibilities should conduct reviews of discriminatory practices in St. Louis City and County immediately. These should be followed within 3 months by appropriate conciliatory agreements.

Recommendation 6b:

The county should correct the imbalanced use of GRS funds by concentrating future allocations on programs that will benefit minorities and the poor. Provision of public transportation to recreation sites should be one step in that direction.

Compliance Process

Finding #7

The small ORS civil rights compliance staff compels excessive reliance on State and private auditors and on formal assurances in monitoring civil rights compliance.

Recommendation 7:

Congress should appropriate additional funds to enlarge the ORS civil rights compliance staff to 300. This should be used to: a) allow regular onsite civil rights evaluations, and b) speed processing of complaints.
VI. **Formula Issues**

**Finding #8**

The present formula in the act does not take account of the special needs of urbanized areas in general or central cities in particular.

**Recommendation 8a:**

Congress should amend the act to alter the formula under which GRS funds are distributed. Increased funding should be made available for urban areas with special needs.

**Recommendation 8b**

Congress should alter the present 145 percent maximum to 300 percent and eliminate the 20 percent minimum. The addition of social need indicators in the formula (such as adjusted revenue) would help ensure that additional money went to jurisdictions with extraordinary need.

**Recommendation 8c:**

Congress should revise the calculation of entitlements to include correcting factors that minimize undercounts of minority populations in central cities.