



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D. C. 20548

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B-146285

MAY 30 1974

The Honorable John Brademas  
Chairman, Select Subcommittee on  
Education  
Committee on Education and Labor  
House of Representatives



Dear Mr. Chairman:

In accordance with your February 19, 1974, request, we have analyzed the data we collected on the disposition of revenue sharing funds by 250 local governments to determine the extent to which the funds were being targeted for handicapped people of all ages and children. A more general description of the uses of revenue sharing funds by these governments and our views on certain accountability aspects of revenue sharing are contained in our report entitled, "Revenue Sharing: Its Use by and Impact on Local Governments" (B-146285, Apr. 25, 1974), which has been provided to your office.

The Revenue Sharing Act (Public Law 92-512) provided for distributing approximately \$30.2 billion to State and local governments for a 5-year program. The Office of Revenue Sharing, Department of the Treasury, made initial payments under the revenue sharing program in December 1972 and had distributed about \$6.6 billion through June 30, 1973, to the 50 States, the District of Columbia, and about 38,000 local governments. Approximately one-third of the funds were distributed to the States and the remaining two-thirds to local governments.

One objective of revenue sharing is to give State and local governments flexibility in using the funds. Therefore, the act provides only general guidance on how local governments can use the funds by requiring them to be spent within specified, but quite extensive, priority areas. The areas are: maintenance and operating expenses for public safety, environmental protection, public transportation, health, recreation, libraries, social services for the poor or aged, and financial administration. In addition, a local government may use the funds for any ordinary and necessary capital expenditure.

We selected the 250 governments primarily on the basis of dollar significance and geographical dispersion. Our selection included the 50 cities and 50 counties that received the largest amounts of revenue sharing funds for calendar year 1972. The 250 governments received

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about \$1.658 billion through June 30, 1973, or about 38 percent of the approximately \$4.4 billion distributed to all local governments.

Including interest earnings on the revenue sharing funds through June 30, 1973, about \$1.688 billion was available for use by the 250 governments. The necessary legal and procedural steps were taken by 219 governments to authorize the expenditure of \$1.374 billion of these funds. The remaining 31 governments had not authorized the expenditure of any of the funds. As your office agreed, we analyzed the purposes for which the 219 governments had authorized expenditure of revenue sharing funds.

#### LIMITATIONS ON ANALYSIS

We did not accumulate specific data on revenue sharing funds authorized for the handicapped or children. We did obtain reasonably specific information, however, on the purposes for which the governments had earmarked revenue sharing funds. Therefore, we believe the data presented in this report indicates fairly the extent that the funds were being targeted toward these two groups. In certain instances the local governments had authorized the funds at a broad program or activity level without identifying the projects or activities to be financed. Some of these authorizations might result in the expenditure of funds for the handicapped or children.

The data we collected on the uses of revenue sharing funds was derived primarily from the governments' financial records. Because of the nature of revenue sharing, the actual effects of the funds may be different from the uses indicated by financial records.

When a government uses revenue sharing to wholly or partially finance a program which would have been financed from its own resources, other uses may be made of its own freed resources. Freed funds may be used for such things as tax reductions, increasing the funding for other programs, and reducing the amount of outstanding debt.

Because of such factors as changing amounts of revenue available to a government from its own sources and changing budgetary priorities, it is exceedingly difficult, and perhaps impossible in some jurisdictions, to identify objectively the actual effects of revenue sharing. Therefore, revenue sharing's effect on the local governments' assistance programs for the handicapped and children could be substantially different from that indicated by the information in this report. Also, this report contains no data on the extent to which such programs are being financed from other sources. Thus, a particular government may have earmarked no

revenue sharing funds for the handicapped or children but nonetheless have significant programs in these areas.

PROGRAMS FOR THE HANDICAPPED

A total of 18 governments authorized part of their revenue sharing funds in programs or activities for the handicapped. These authorizations totaled about \$4.3 million, or about three-tenths of 1 percent of the \$1.374 billion authorized by the 219 governments. Enclosure I briefly describes the programs for the handicapped that were being financed with revenue sharing funds by the 18 governments. When a program was directed toward handicapped children, we classified it as a program for the handicapped. The more significant programs included:

- Suffolk County, New York, authorized \$2,104,702 for three programs consisting of \$991,235 for transporting physically handicapped children to school, \$716,087 for the physical rehabilitation of children with such medical problems as chronic diseases, and \$397,380 for physical therapy and recreation for the emotionally disturbed.
- Passaic County, New Jersey, appropriated \$1,400,419 for assisting mental health programs primarily to maintain patients in State institutions for the mentally disabled.
- Fresno County, California, appropriated \$225,000 to purchase and remodel a hotel for use as a rehabilitation center for the mentally ill.
- Portland, Oregon, appropriated \$67,000 for the handicapped. Of this, \$45,000 was to renovate recreation buildings, including installing ramps and modifying restrooms. The other \$22,000 was for providing ramps at curbs on city streets.

PROGRAMS FOR CHILDREN

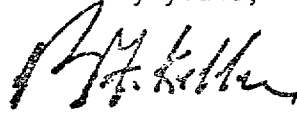
A total of 52 governments authorized part of their revenue sharing funds in children's programs or activities. These authorizations totaled about \$15.4 million, or a little more than 1 percent of the \$1.374 billion authorized by the 219 governments. Enclosure II briefly describes the programs being funded by revenue sharing. The more significant programs included:

- Suffolk County, New York, authorized \$1,953,456 for three programs consisting of \$1,400,356 for payments to foster parents for foster care, \$507,099 for juvenile delinquent institutional care, and \$46,001 for a youth service program.
  
- Riverside County, California, appropriated \$1,226,563 for several projects, including \$577,144 for constructing a juvenile detention hall and \$546,000 for constructing an office building for the juvenile probation department.
  
- Los Angeles County, California, appropriated \$1,062,054 for juvenile probation activities, including \$487,621 for capital improvements at juvenile halls and \$457,450 for capital improvements at several boys probation camps.
  
- Baltimore, Maryland, authorized \$1 million for summer youth activities consisting of \$650,000 for a youth employment program directed toward the disadvantaged and \$350,000 for a recreation program directed toward inner city children and the handicapped.

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We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Acting Comptroller General  
of the United States

Enclosures - 2

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LOCAL GOVERNMENTS WHICH HAD AUTHORIZED  
REVENUE SHARING FUNDS FOR PROGRAMS  
FOR THE HANDICAPPED  
AS OF JUNE 30, 1973

<u>Government</u>	<u>Amount authorized</u>		<u>Nature of expenditure</u>
	<u>Capital outlay</u>	<u>Operation and maintenance</u>	
Anchorage, Alaska	\$ 38,500		Modification of city buildings for handicapped
	14,400		Curb cuts for handicapped
Baton Rouge, La.		\$ 22,000	Mental health center
Burlington, Vt.		10,898	Visiting nurse service for chronically ill and disabled
Fargo, N. Dak.	50,000		Mountable curbs for handicapped
Fremont County, Wyo.	10,000		School for retarded children
Fresno County, Calif.	225,000		Mental health building
Fulton County, Ga.		40,000	Mental health
Jackson County, Mo.	67,150		Hearing disability diagnostic center
		37,731	Recreation program for the handicapped
		43,746	Mental health
Jefferson County, Ala.	23,750		Improved mental health facilities
King County, Wash.		7,476	Mentally handicapped
		6,375	Physically handicapped
Monroe County, N.Y.		21,678	Mental health
Navajo County, Ariz.	8,000		Mental health facilities
Passaic County, N.J.		1,400,419	Mental health
Portland, Oreg.	22,000		Curbs and ramps for handicapped
	45,000		Modifications of recreation facilities for handicapped

<u>Government</u>	<u>Amount authorized</u>		<u>Nature of expenditure</u>
	<u>Capital outlay</u>	<u>Operation and maintenance</u>	
Prince Georges County, Md.		\$ 45,564	Mental hospitals
Toledo, Ohio		50,000	County mental health and retardation board
Suffolk County, N.Y.		991,235	Transportation of handicapped children
		716,087	Physical rehabilitation of children
		397,380	Mental health
Sullivan County, Ind.	<u>          </u>	<u>8,000</u>	Mental health
Total	<u>\$503,800</u>	<u>\$3,798,589</u>	

Note: After June 30, 1973, funds could be reauthorized for other purposes before expenditure. Some governments authorized revenue sharing funds already received, as well as anticipated receipts. In such cases, the amounts shown above represent a proration of the amounts appropriated, to reflect appropriations of funds received through June 30, 1973.

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LOCAL GOVERNMENTS WHICH HAD AUTHORIZED  
REVENUE SHARING FUNDS FOR  
PROGRAMS FOR CHILDREN  
AS OF JUNE 30, 1973

<u>Government</u>	<u>Amount authorized</u>		<u>Nature of expenditure</u>
	<u>Capital outlay</u>	<u>Operation and maintenance</u>	
Ada County, Idaho	\$ 700,000		Juvenile home
Anchorage, Alaska		\$ 22,000	Youth programs--Boys Club and Camp Fire Girls
Baltimore, Md.		350,000	Summer youth recreation
		650,000	Summer youth employment
Baton Rouge, La.	50,000		Family court detention center
Butler County, Ohio		4,500	Neighborhood youth bureau
Charleston County, S.C.		147,000	School guards
Cincinnati, Ohio		25,000	Playhouse in park
Clark County, Nev.	100,000		Juvenile court services
Columbia, S.C.		50,000	Day care center
Columbus, Ohio	304,450		Playground renovation
	25,000		Playground development
		210,000	Summer youth program
		72,500	Youth services bureau
Cuyahoga County, Ohio		212,029	Juvenile court
Denver, Colo.		482,250	Summer youth employment
El Paso, Tex.	100,000		School zone signs and markings
	90,000		Playground equipment
Fargo, N. Dak.		50,000	Summer youth employment
Fort Worth, Tex.		22,516	Youth services program
Fresno County, Calif.	50,000		Schools (air-conditioning)
	22,413		Juvenile hall

## ENCLOSURE II

<u>Government</u>	<u>Amount authorized</u>		<u>Nature of expenditure</u>
	<u>Capital outlay</u>	<u>Operation and maintenance</u>	
Fulton County, Ga.	\$ 278,000	\$ 694,780	Children's services Juvenile court--renovate building and satellite centers
Hartford, Conn.	126,996		Improving school buildings, school parking lots, and bleachers
Isle of Palms, S.C.		325	Tot lot equipment
Jackson County, Mo.		68,354 27,342	Children's Mercy Hospital Youth service center
Jacksonville, Fla.	48,092		Playground equipment
Jefferson County, Ala.		240,000	Family court (juveniles)
Jefferson Parish, La.	—	155,971	Juvenile detention home
Kanawha County, W. Va.	4,012		Child shelter
Kansas City, Mo.		295,758 15,987 9,992	Summer neighborhood youth corps Youth opportunity program Youth program--coaches council
Las Vegas, Nev.	110,000		Teen center expansion
Los Angeles County, Calif.	487,621 457,450 76,888	40,095	Juvenile halls Boys Camp (probation) Juvenile courts building Youth foundation
Louisville, Ky.	500,000		Youth center for performing arts
		83,125	School traffic guards
McLean County, Ill.		47,579	Juvenile probation
Milwaukee County, Wis.		642,339	Children's court center--detention
Milwaukee, Wis.		300,000 155,000 115,000	School health services School crossing guards Child health services



<u>Government</u>	<u>Amount authorized</u>		<u>Nature of expenditure</u>
	<u>Capital outlay</u>	<u>Operation and maintenance</u>	
Monroe County, N.Y.		\$ 66,997 15,893	Youth employment program School health programs Children's detention
	\$ 20,190		
New Orleans, La.		2,745	Juvenile court
Portland, Oreg.	22,600 31,500		Playground equipment Wading pools
Prince Georges County, Md.		276,891 74,772	School crossing guards School security
Pulaski County, Ark.		5,000 1,036	Children's hospital Boy Scouts
Richmond, Va.	885,000		Air condition high school
Riverside County, Calif.	624,132 546,000 31,300 1,502		Juvenile halls Probation (Juvenile office) Juvenile court Youth center Summer youth program
		23,629	
Sacramento County, Calif.	200,000		Children's receiving home Summer camp
		5,250	
St. Louis County, Mo.		100,000	Summer youth employment program
	40,000		Center for boys
St. Louis, Mo.	3,953 1,168		Playground equipment Child guidance equipment
San Antonio, Tex.	6,745 43,525	68,255 56,475	Youth service project School sidewalks
San Diego, Calif.		440,000	Summer youth program
Santa Clara County, Calif.		50,000	Summer youth employment
Shelby County, Tenn.	700,000		Addition to high school