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This Issue: BUSINESS IN NEBRASKA

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REVENUE SHARING
Part 1: Survey of Nebraska Municipalities

Without a doubt one of the major domestic successes of the first Nixon administration was the advent of a revenue sharing program, a general transfer of Federal funds to state and local governments. This program was hailed by the President as the start of the "New American Revolution," and its goals were described in a 1969 speech:

> Our ultimate purposes are many: To restore to the states their proper rights and roles in the federal system with a new emphasis on and help for local responsiveness; to provide both the encouragement and the necessary resources for local and state officials to exercise leadership in solving their own problems; to narrow the distance between people and the government agencies dealing with their problems; to restore strength and vigor to local and state governments; to shift the balance of political power away from Washington and back to the country and the people.

The Bureau of Business Research has just completed a six-months study of the operation of revenue sharing in Nebraska's municipalities. One of the purposes was to determine whether the goals are being met, not only the goals set forth by President Nixon but those of other proponents as well. The study encompassed three aspects: first, the attitudes and opinions of those local chief executives who have been recipients of revenue sharing; second, the way in which the first funds were spent; and third, the way in which the money was distributed. Future articles will deal with the second and third aspects of the study and will include certain recommendations to improve the functioning of the program.

This article reports the responses given to a mail questionnaire sent to the mayors of Nebraska municipalities in the fall and winter of 1973. Responses in the tables below have been separated on the basis of first class city (population 5,000-100,000), second class city (800-4,999), and village (under 800).[1] The number of responses is indicated in parentheses at the head of each column in the tables. This number varies due to the fact that "no answer" responses were omitted from the analysis.

The first and possibly most significant finding of the survey is that, to an overwhelming degree, the mayors like revenue sharing. Certainly that in itself is unusual when Federal programs are discussed! As Table 1 shows, nearly three-fourths of all mayors report that they like revenue sharing. Support is strongest in the largest towns and weakest in the villages, but still very high. Furthermore, 85 percent of the mayors want revenue sharing to be renewed in 1976 when the act expires.

Table 1 "Overall, what is your opinion of revenue sharing?"	City Size 5,000-100,000	 800-4,999	 Under 800	 Total
No. of cities:	(24)	(88)	(235)	(347)
Generally like it	92%	76%	71%	74%
Generally don't like it	4	5	10	8
Have formed no opinion	4	19	19	18

At the same time many mayors regard revenue sharing as a temporary program, an attitude which may be reflected in the rather cautious spending pattern that has emerged to date. Table 2 shows the nearly even division of opinion as to whether revenue sharing is temporary or permanent. (In a practical sense, of course, the program is only five years in length and must be renewed in 1976, but Federal programs have a way of living on for many years.) The greatest confidence in the long life of the program is shown by the largest towns, the least by the smallest.

Table 2 "Do you think revenue sharing is a temporary, short-term thing, or probably permanent?"	City Size 5,000-100,000	 800-4,999	 Under 800	 Total
No. of cities:	(23)	(85)	(228)	(336)
Temporary	44%	46%	55%	52%
Permanent	56	54	45	48

When asked to compare revenue sharing with the categorical-grant programs, mayors clearly preferred revenue sharing. There are important distinctions, however, between the largest and smallest towns in this regard. In the first class cities over 40 percent of the mayors appear unwilling to abandon completely the grants-in-aid, as Table 3 demonstrates. But over 70 percent of the village mayors would apparently prefer a straight revenue transfer to a combined program of revenue sharing and grants.

The reason for this sharp difference in preference is not hard to understand. Many villages have never had much experience with Federal grants because of the complicated application process.

(Continued on page 2)

[1] A mail questionnaire, cosponsored by the League of Nebraska Municipalities, was sent to the elected chief executives of Nebraska municipalities in October, 1973, with one follow-up letter sent six weeks later. A total of 347 responses was received.

The data in these tables have been arranged on a population basis which corresponds with the legal classes for municipalities established by state law. However, several communities legally fall into a different size class, as for example, second class cities which decline in population to village size, but still retain the city form of government. For the purposes of this analysis the corresponding population sizes were used to analyze the data, rather than the actual legal class. All chief executives are referred to as mayors, although the correct title in villages is chairman of the village board of trustees.

(Continued from page 1)

Table 3 "Which of the following do you prefer?"	City Size 5,000-100,000	800-4,999	Under 800	Total
No. of cities:	(24)	(86)	(220)	(330)
Revenue sharing	50%	64%	74%	69%
The usual Federal grant system	8	1	4	4
Some combination of the two	42	35	22	27

Few villages in Nebraska have a full-time clerk, let alone someone with the time and experience needed to understand Federal grant applications and administration. On the other hand, larger towns have had more experience with grants and have the personnel needed to handle them.

Several questions in the survey dealt with more specific attitudes toward revenue sharing, with the aim especially of learning whether the political or economic benefits of revenue sharing were dominant. (The political benefits, according to the proponents, stressed the return of decision making to local officials, while the economic benefits were to be the relief of local financial problems.) Surprisingly, some clear differences emerge between the larger and smaller towns on this question. The larger the town, the more likely it is to emphasize the political advantages of revenue sharing. In the smaller towns economic considerations outweigh the political, especially when it comes to avoiding tax increases. (See Table 4.)

Table 4 "What, in your opinion, is the *best* thing about revenue sharing?"	City Size 5,000-100,000	800-4,999	Under 800	Total
No. of cities:	(23)	(85)	(223)	(331)
Returns decision making to local governments	56%	43%	27%	33%
Much-needed money has helped us through current financial difficulties	--	4	14	10
Easier to handle than other Federal grants	13	29	18	21
Allows increase in services without raising taxes	22	24	38	33
Other	9	--	3	3

One can speculate as to why this difference exists between large and small towns. Perhaps elected officials in the larger towns see their roles as political, while those in smaller towns do not. Also the larger towns have probably had more intergovernmental experience and as a result have become more aware of and protective toward their role as "defender of the community."

While there is overall strong support for revenue sharing, there are still complaints about the actual operation of the program, as Table 5 shows. The effect of revenue sharing on local taxes came in for criticism from the first and second class cities, although few of them seemed to be in a serious financial crisis (Table 4). Revenue sharing can, in fact, be used to reduce taxes, but because the tax effort of the community is one of the three factors which determine the allocation, tax reduction is likely to reduce the next allocation.

Both the second class cities and the villages objected strongly to the "strings" on revenue sharing. Of those strings, the most onerous appeared to be the report filing and newspaper publication requirements, as Table 6 demonstrates.[2] More than 40 percent of the towns listed those two items, with the strongest opposition coming from the villages. A frequent comment was that the cost of publication was high compared to the amount of money received. One mayor wrote that the Federal government "required the same amount of red tape for a small town with little money as for a large city that gets several million dollars."

Table 5 "What is the *worst* thing about revenue sharing?"	City Size 5,000-100,000	800-4,999	Under 800	Total
No. of cities:	(24)	(86)	(231)	(341)
Not enough money to really help	8%	12%	13%	12%
Too many other Federal programs were cut	12	7	2	4
Too much pressure from local interests all wanting some of the money	21	5	3	5
Deciding how to spend it	--	5	4	4
Can't be used to cut taxes without hurting the next allocation	25	25	12	16
The strings attached (restricted uses, filing reports, etc.)	17	39	60	52
Other	17	7	6	7

Table 6 "Did any of these 'strings' on revenue sharing cause you any problems?"*	City Size 5,000-100,000	800-4,999	Under 800	Total
No. of cities:	(24)	(84)	(226)	(334)
Can't use it to match Federal grants	17%	18%	14%	15%
Limited to certain uses	25	25	25	25
Nondiscrimination clause	--	--	--	--
Requirement that all wages paid be the prevailing rate	17	4	5	5
Filing required reports	29	33	46	42
Publishing reports	33	23	56	46
Keeping the financial records	17	23	23	23
None of these was a problem	29	37	16	22
Other	4	1	5	4

*Multiple responses allowed.

The restricted uses of revenue sharing came in for some criticism in all sizes of towns. The objections seemed to center around the use of the money to pay off past bonded indebtedness. Revenue sharing can be used to pay off bonds, but with certain restrictions, including the important ones that no interest can be paid with the funds and that only debts incurred after revenue sharing was enacted are eligible. Many Nebraska communities built water and sewer facilities in the 1960s and would like to pay off their bonds but cannot use revenue sharing for this purpose.

The objections to record keeping seem somewhat surprising, in the light of already existing state controls over local financial records. For the very smallest towns with a part-time village clerk, keeping the financial records is already a difficult burden, but it does not seem that revenue sharing is requiring much more effort

[2] On August 3, 1973, Senator Carl Curtis introduced in the United States Senate an amendment to the revenue sharing legislation which would allow local governments which receive less than $5,000 a year in revenue sharing payments to publish their reports in a simplified form. A similar amendment introduced in the House of Representatives by Congressman Walsh of New York would allow the report to be posted in a post office or public building in any local government which received less than $5,000 per year.

than would otherwise be necessary. Yet revenue sharing does mean that Federal auditors have a right to look at the records of any recipient government. Perhaps it is apprehension about this, rather than the record keeping itself, which is the source of concern.

While certain aspects of the program, then, are objected to by the local governments, it must be kept in mind that 12 percent of the towns (and nearly double this percentage in second class cities) reported that none of the "strings" was a problem. This should seem hopeful to Washington bureaucrats accustomed to receiving numerous complaints about their Federal aid programs!

Another series of questions in the survey dealt with the effects of revenue sharing on local budgeting processes, as perceived by the mayors. Most mayors report little impact, which is somewhat surprising in light of the amount of money received.

Table 5 shows 12 percent of the towns reporting that revenue sharing is "not enough money to really help." Yet, when revenue sharing is measured as a percent of the annual adjusted taxes of all Nebraska municipalities, the figure turns out to be 36 percent. This is somewhat deceptive, however, because intergovernmental revenue transfers of all other types are excluded from the figures. Nonetheless, it does appear that revenue sharing makes a substantial contribution to the local budget.

According to its proponents, revenue sharing would make it easier for local governments to plan their annual budgets, because of the certainty of revenue sharing compared to the uncertainty and irregularity of Federal grants. Yet just as many towns report that revenue sharing has made their budgeting process more difficult as report that it is easier, and most of them report that it has made no real difference. The most frequent complaint which has appeared in the written comments was that the amount of money to be received was not known in advance, so that planning for its use was difficult. (See Table 7.)

Table 7 "Has revenue sharing made your local budgeting process easier or more difficult, or made no difference?"	City Size 5,000- 100,000	 800- 4,999	 Under 800	Total
No. of cities:	(24)	(87)	(232)	(343)
Easier	21%	17%	16%	16%
More difficult	21	10	19	17
Has made no difference	58	73	65	67

The State and Local Fiscal Assistance Act does not specifically require any citizen participation in the spending decisions on revenue sharing but does require that the money must be budgeted according to state and local laws. Nevertheless, more than one-fourth of all towns did hold public hearings on revenue sharing. (See Table 8.) It should be noted, however, that state law requires public hearings on all municipal budgets, so it may be that at least some of these were not specially called hearings but part of the regular legal process required under the law.

Table 8 "Did your community hold any public hearings to gather suggestions on spending revenue sharing?"	City Size 5,000- 100,000	 800- 4,999	 Under 800	Total
No. of cities:	(24)	(85)	(233)	(342)
Yes	29%	26%	28%	27%
No	63	69	69	69
Other methods used for public input	8	5	3	4

It will be noted in Table 5 that 21 percent of the first class cities objected to the pressures exerted by "local interests all wanting some of the money." This complaint fell off sharply in the other two sizes of towns, even though the proportion of public hearings remained fairly similar.

An explanation for this difference may lie in the fact that few people show up at public hearings in small towns, and these few are usually representing individual rather than group interests. The larger the town, the more likely it is to have a variety of organized interests and articulate spokesmen to defend them. Far greater pressures may be placed upon elected officials in larger towns, a fact which explains the discrepancy in responses to this question.

The mayors were also asked what they considered the effect of revenue sharing to be on their local budgets. The responses, summarized in Table 9, show that the most important effect was to allow for a new service or facility that would not otherwise have been provided. At the same time, revenue sharing was used to help meet the rising costs of government.

Table 9 "Did revenue sharing . . .?"*	City Size 5,000- 100,000	 800- 4,999	 Under 800	Total
No. of cities:	(20)	(82)	(214)	(316)
Allow you to provide a new service or facility that you could not otherwise have provided	80%	60%	54%	57%
Allow you to keep up with the rising costs without adding any new services or facilities	15	27	29	28
Force you into higher public spending than you liked	10	5	4	5
Make no real difference in your budget	25	21	14	17
Other	--	12	11	10

*Multiple responses allowed.

The Federal government also attempted to discover the effect of revenue sharing on local finances through two questions included in the first Actual Use Reports filed by recipients in September, 1973. The first question dealt with the effect on debt, the second with the effect on taxes. The responses to these questions are summarized in Tables 10 and 11.

As Table 10 indicates, most Nebraska municipalities did not see much relationship between revenue sharing and the local debt. In the first class cities, however, 25 percent said it *lessened* debt increase, while in the second class cities the *avoidance* of a debt increase appeared to a much larger degree than in the other two groups.

Table 10 "How has the availability of revenue sharing funds affected the borrowing requirements of your jurisdiction?"	City Size 5,000- 100,000	 800- 4,999	 Under 800	Total
No. of cities:	(24)	(72)	(187)	(283)
Avoided debt increase	13%	21%	11%	14%
Lessened debt increase	25	10	6	8
No effect	37	33	46	42
Too soon to predict effect	25	36	37	36

The same heavy responses "no effect" and "too soon" appear again in the question on taxes, (Continued on page 6)

Review and Outlook

The dollar volume of Nebraska business increased by almost 20 percent in January as compared with a year earlier, while that for the United States went up 12.6 percent. In both cases agricultural dollar volume was up nearly 50 percent, with Nebraska slightly behind the nation as a whole, and in both cases this accounted for most of the rise in the total index, but agriculture has a greater weight in the state than in the United States, so the state shows a larger total increase than the nation.

The nonagricultural index also rose more in the state than in the nation, due chiefly to the larger increases in the distributive and manufacturing sectors. Only construction activity declined in dollar volume in both areas. (See Table 1.)

Physical volume data (the dollar values adjusted for the increase in the price level), also given in Table 1, show the state index for January 4.3 percent above January, 1973, with the United States index up only .5 percent. Thus the big increases in dollar volume are still due primarily to inflation, but the January figures still give no evidence of a recession in Nebraska. Only construction lags behind 1973; even in manufacturing the state shows a rise of more than 3 percent in physical volume.

Motor vehicle sales in the state (not shown in the tables) likewise show little evidence of the national slump in this line of business. The dollar volume for the state was up 1.6 percent from January, 1973. Since these are dollar figures, they indicate that any decline in sales of more expensive (Continued on page 5)

Notes for Tables 1 and 2: (1) The "distributive" indicator represents a composite of wholesale and retail trade; transportation, communication, and utilities; finance, insurance, and real estate; and selected services. (2) The "physical volume" indicator and its components represent the dollar volume indicator and its components adjusted for price changes using appropriate price indexes—see Table 5, page 5.

ECONOMIC INDICATORS: NEBRASKA AND UNITED STATES

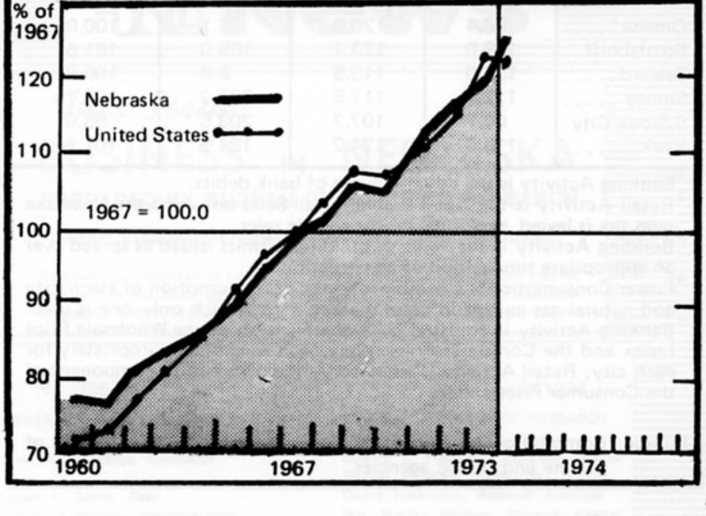
1\. CHANGE FROM PREVIOUS YEAR

January, 1974	Current Month as Percent of Same Month Previous Year		1974 Year to Date as Percent of 1973 Year to Date	
Indicator	Nebraska	U.S.	Nebraska	U.S.
Dollar Volume	119.9	112.6	119.9	112.6
Agricultural	146.1	148.1	146.1	148.1
Nonagricultural	114.4	111.2	114.4	111.2
Construction	97.6	98.2	97.6	98.2
Manufacturing	123.6	121.5	123.6	121.5
Distributive	115.2	108.3	115.2	108.3
Government	106.8	108.0	106.8	108.0
Physical Volume	104.3	100.5	104.3	100.5
Agricultural	109.7	106.9	109.7	106.9
Nonagricultural	103.4	100.2	103.4	100.2
Construction	88.4	88.9	88.4	88.9
Manufacturing	103.9	103.2	103.9	103.2
Distributive	105.3	99.0	105.3	99.0
Government	100.4	103.1	100.4	103.1

2\. CHANGE FROM 1967

Indicator	Percent of 1967 Average: Nebraska	U.S.
Dollar Volume	193.6	176.9
Agricultural	248.3	250.5
Nonagricultural	182.8	174.3
Construction	190.1	170.2
Manufacturing	186.6	169.1
Distributive	181.0	175.6
Government	182.6	180.7
Physical Volume	125.4	122.7
Agricultural	118.7	124.6
Nonagricultural	126.8	122.6
Construction	119.5	107.0
Manufacturing	126.2	118.1
Distributive	129.5	125.7
Government	118.2	125.0

PHYSICAL VOLUME OF ECONOMIC ACTIVITY



3. NET TAXABLE RETAIL SALES[1] OF NEBRASKA REGIONS
(Unadjusted for Price Changes)

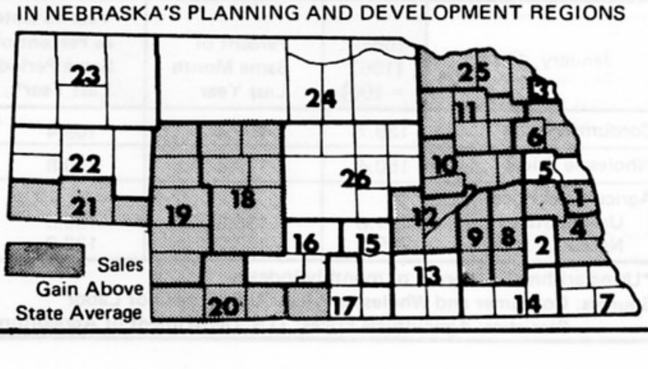
Region[2] and Principal Retail Trade Center	January, 1974 as percent of January, 1973	1974 Year to Date as percent of 1973 Year to Date
The State	127.4	127.4
1 (Omaha)	127.8	127.8
2 (Lincoln)	122.5	122.5
3 (So. Sioux City)	113.8	113.8
4 (Nebraska City)	130.0	130.0
5 (Fremont)	125.7	125.7
6 (West Point)	129.7	129.7
7 (Falls City)	125.4	125.4
8 (Seward)	129.6	129.6
9 (York)	138.3	138.3
10 (Columbus)	134.1	134.1
11 (Norfolk)	134.0	134.0
12 (Grand Island)	132.5	132.5
13 (Hastings)	124.8	124.8
14 (Beatrice)	124.2	124.2
15 (Kearney)	124.7	124.7
16 (Lexington)	118.6	118.6
17 (Holdrege)	123.2	123.2
18 (North Platte)	129.4	129.4
19 (Ogallala)	148.8	148.8
20 (McCook)	145.0	145.0
21 (Sidney, Kimball)	142.1	142.1
22 (Scottsbluff)	121.5	121.5
23 (Alliance, Chadron)	119.6	119.6
24 (O'Neill)	118.9	118.9
25 (Hartington)	128.5	128.5
26 (Broken Bow)	121.7	121.7

[1] Sales on which sales taxes are collected by retailers located in the state, *including motor vehicle sales.*

[2] "Planning and development" regions as established by the Nebraska Office of Planning and Programming and shown in the map below.

Source: Compilations by Bureau of Business Research from data provided by the Nebraska Tax Commissioner.

1974 YEAR TO DATE AS PERCENT OF 1973 YEAR TO DATE IN NEBRASKA'S PLANNING AND DEVELOPMENT REGIONS



(Continued from page 4) cars has been made up by sales of even more smaller cars and by price increases. The statewide figures, however, conceal substantial geographical variations. The Omaha, Lincoln, South Sioux City, North Platte, and Scottsbluff areas were down (15.3 percent for the five), while all other areas were up by an average of 13.6 percent.

The most spectacular feature of our January figures is the amazing rise of 27.4 percent from the previous January in dollar volume of retail sales (Table 3), which translates into a 19.5 percent increase in physical volume (Table 4). We thought the figures must be wrong when we first saw them, but the State Department of Revenue has checked them carefully and reports no discoverable mistake. Even the smallest rise shown in Table 3—that for the South Sioux City region—was almost 14 percent, while the Ogallala area soared nearly 50 percent, closely followed by the areas around McCook and Sidney. The Omaha area, which customarily lags most of the others, is slightly above the state average. The city data in Table 4 (adjusted for price changes) also show that the rise in retail sales was widespread, with only Blair, Beatrice, Lexington, and South Sioux City having less than a 10 percent increase. The state seems to have gone on a buying spree in January.

In this issue two important changes in the calculation and presentation of figures are introduced. The first pertains to the series "cash farm marketings," which is the basis for the figures on the agricultural sector presented in Tables 1 and 2 each month. This series has been a highly volatile one over the past several years. In each recent year cash farm marketings have dropped drastically in April, and this has pulled down the whole index for the state in that month. Eventually this April drop, if it continues, will be reflected in a revision of our seasonal correction factor. In the meantime we have smoothed the data on the assumption that the large fluctuations do not represent a real phenomenon in the state's economy.

The second change relates to the chart at the top of this page, which now presents a new type of index for each city. Instead of merely the banking activity, which has been used heretofore as the basis for this chart, we now have a city index comprised of banking activity (weighted .4), retail sales (weighted .4), and power consumption (weighted .2). This we consider to be a better indication of the city's business activity than the banking figures alone. It is not, of course, a true index of total business activity in the city, which is impossible to obtain as yet from the data available, but it is better. The figures for this new index are not published in the tables, although the components appear in Table 4, but they are available upon request. E. Z. P.

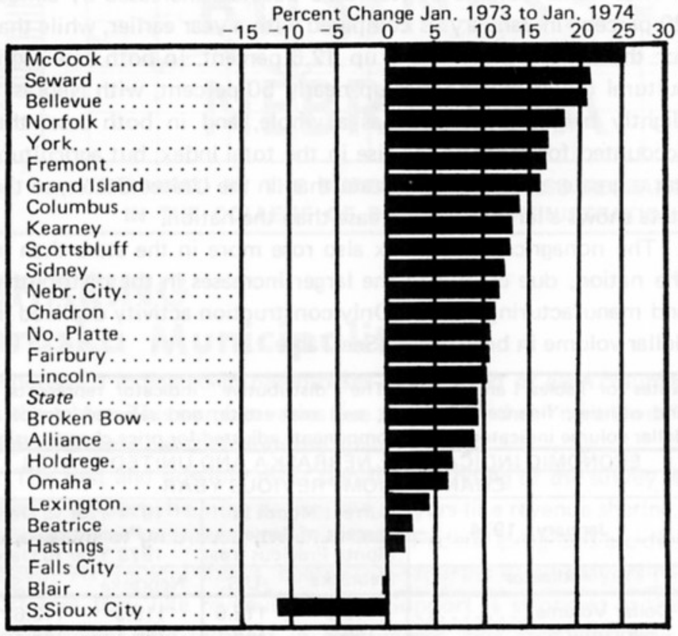
5. PRICE INDEXES

January, 1974	Index* (1967 = 100)	Percent of Same Month Last Year	Year to Date as Percent of Same Period Last Year*
Consumer Prices	139.7	109.4	109.4
Wholesale Prices	150.4	120.8	120.8
Agricultural Prices			
United States	201.0	138.5	138.5
Nebraska	209.2	133.2	133.2

*Using arithmetic average of monthly indexes.
Sources: Consumer and Wholesale Prices: U.S. Bureau of Labor Statistics; Agricultural Prices: U.S. Department of Agriculture.

CITY BUSINESS INDEXES

Percent Change Jan. 1973 to Jan. 1974



Source: Table 4 below.

4. CITY BUSINESS INDICATORS

The State and Its Trading Centers	Banking Activity[1] (Adjusted for Price Change)[5]	Retail Activity[2] (Adjusted for Price Change)[5]	Building Activity[3]	Power Consumption[4]
	Percent of Same Month a Year Ago			
The State	102.8	119.5	95.7	101.8
Alliance	103.3	114.8	153.8	108.3
Beatrice	98.7	105.2	138.4	104.7
Bellevue	98.4	136.5	128.1	112.7*
Blair	98.1	102.4	73.9	98.0
Broken Bow .	108.8	115.4	163.3	98.0
Chadron	109.1	116.3	151.8	106.8
Columbus . . .	109.6	123.9	71.0	103.4
Fairbury	102.7	117.4	64.4	113.9*
Falls City . . .	88.8	109.8	57.4	103.0
Fremont	108.1	122.8	120.1	122.4*
Grand Island.	110.8	129.6	127.4	100.4
Hastings	97.6	111.8	63.9	91.8
Holdrege . . .	105.5	111.2	69.2	101.6
Kearney	110.8	119.4	236.0	106.0
Lexington. . .	104.5	105.2	392.0	103.2
Lincoln	111.6	115.5	37.7	98.3
McCook	124.5	137.6	68.1	101.1
Nebr. City . . .	103.1	123.6	294.6	106.9
Norfolk	95.5	134.1	203.5	132.4
No. Platte . . .	105.9	125.0	483.5	92.2
Omaha	96.4	120.0	76.1	100.0
Scottsbluff . .	109.0	123.1	105.0	101.6
Seward	137.0	113.9	8.0	106.8
Sidney	112.7	117.5	223.2	103.1
S.Sioux City .	64.7	107.7	203.5	98.6
York.	115.2	124.2	134.2	105.5

[1] Banking Activity is the dollar volume of bank debits.
[2] Retail Activity is the Net Taxable Retail Sales on which the Nebraska sales tax is levied, *excluding motor vehicle sales.*
[3] Building Activity is the value of building permits issued as spread over an appropriate time period of construction.
[4] Power Consumption is a combined index of consumption of electricity and natural gas except in cases marked * for which only one is used.
[5] Banking Activity is adjusted by a combination of the Wholesale Price Index and the Consumer Price Index, each weighted appropriately for each city; Retail Activity is adjusted by the commodity component of the Consumer Price Index.

Source: Compilation by Bureau of Business Research from reports of private and public agencies.

(Continued from page 3)
found in Table 11. At the same time 24 percent of the cities felt that revenue sharing had prevented a tax increase and another 10 percent that it had avoided enactment of a new tax. It appears that the overall effect of revenue sharing may be to forestall increases in taxes, rather than to reduce taxes. Referring again to Table 9, 24 percent of the respondents in this survey (completed several months after the Actual Use Reports were filed) reported that revenue sharing allowed them to keep up with the costs of inflation without adding any new services or facilities.

Table 11
"In which of the following manners did the availability of revenue sharing funds affect the tax levels of your jurisdiction?"*

	City Size			
	5,000-100,000	800-4,999	Under 800	Total
No. of cities:	(24)	(72)	(186)	(282)
Enabled reducing the rate of a major tax	4%	6%	2%	3%
Prevented increase in rate of a major tax	33	32	20	24
Prevented enacting a new major tax	8	15	8	10
Reduced amount of rate increase of a major tax	--	4	6	5
No effect on tax levels	25	25	42	36
Too soon to predict effect	38	36	33	34

*Multiple responses allowed.

To sum up the attitudes of Nebraska's mayors toward revenue sharing, we would have to conclude that they are favorable—but with some reservations. The limitations on uses of the funds draw criticism, as well as the "red tape" that many thought would be eliminated by the new concept. Still, revenue sharing to date has not had a major impact on local budgeting processes. To the extent that it has, the effect has been to supplement existing financial resources, not replace them.

The economic effects of revenue sharing have been stressed, but it may be that in the long run the greatest impact will be in the political area. President Nixon emphasized this in a speech on February 4, 1971, when he said:

> In short, revenue sharing will not shield state and local officials from taxpayer pressures. It will work in just the opposite direction. Under revenue sharing, it will be harder for state and local officials to excuse their errors by pointing to empty treasuries or to pass the buck by blaming Federal bureaucrats for misdirected spending. Only leaders who have the responsibility to decide and the means to implement their decisions can *really* be held accountable when they fail.

The true essence of revenue sharing may be political accountability.

MARILYN MERTENS

REFERENCES ON REVENUE SHARING

The Revenue Sharing Advisory Service, a private organization, has two publications which are valuable to those who are interested in learning more about the details of the revenue sharing program. The first of these is the *Revenue Sharing Handbook.* This is a large, loose-leaf book which is updated monthly with special additions. Sections of the book include such topics as the latest court orders dealing with revenue sharing, the regulations published in the *Federal Register* which apply to the program, and specific information on data sources, accounting procedures, and prohibited and allowable expenditures. The *Handbook* is a very important publication for recipient governments which need detailed information on revenue sharing. The cost (which includes the monthly supplements) is $45 for local governments and $75 for state governments and private firms.

The second publication by the Revenue Sharing Advisory Service is a monthly bulletin which provides up-to-date information on actions of Congress and of the Office of Revenue Sharing. The *Bulletin* is a handy way to keep informed of changes in the program and of any special problems which are developing. The subscription rate is $25.00 per year.

Both of these publications are available from the Revenue Sharing Advisory Service, 1820 Jefferson Place Northwest, Washington, D.C. 20036.

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