

RAHALL *Report*

FEDERAL AID TO STATES AND LOCAL GOVERNMENTS

by Congressman Nick Rahall

President Reagan says he has a dream about a New Federalism. In the dream, state and local governments would get much of the responsibility, authority and money that Washington has accumulated. However, in reality, states and local governments have been given the responsibility and authority, but a lot less money.

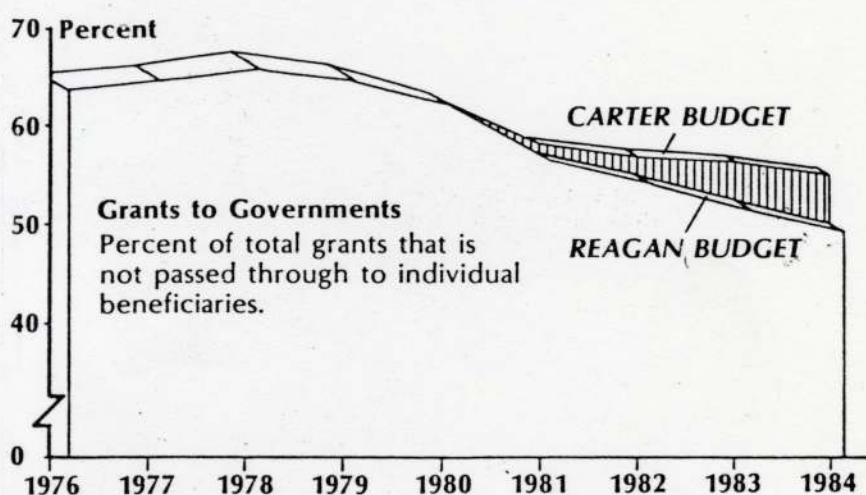
States, cities and counties are now placed in the position of finding a way to fill the void left by Federal government assistance. Their authority to control some programs has been increased by the enactment of new block grant programs, but as a result of the Reagan Budget plan, federal aid to states and localities has been reduced by over \$7 billion--with further cuts expected.

States also stand to lose more than \$2 billion as well in tax revenues and higher borrowing costs because of the Reagan tax cut plan.

The chart below illustrates the trend taking place in Federal assistance to states and local governments:

Federal Aid Trends Since 1976

State and Local Governments Keep Less of Their Aid ...



At the present time, the Treasury Department is preparing a measure to take one more chunk away from local governments, with a reduction in Federal Revenue Sharing.

Since 1972, revenue sharing has been the one program which has given local governments the ability to determine their own needs. In the 1979 alone, the 4th District of West Virginia received over \$9 million in revenue sharing funds.

I have joined an effort in Congress, by co-sponsoring H. Res. 250, which maintains revenue sharing through FY '83.

State and local governments are in a tight budget squeeze, and now is not the time for the Federal government to cut off an important assistance program to these branches of government. Services must be provided to the people of these areas, and it is imperative that their faith be maintained.

Wesley Colver 11/9/81

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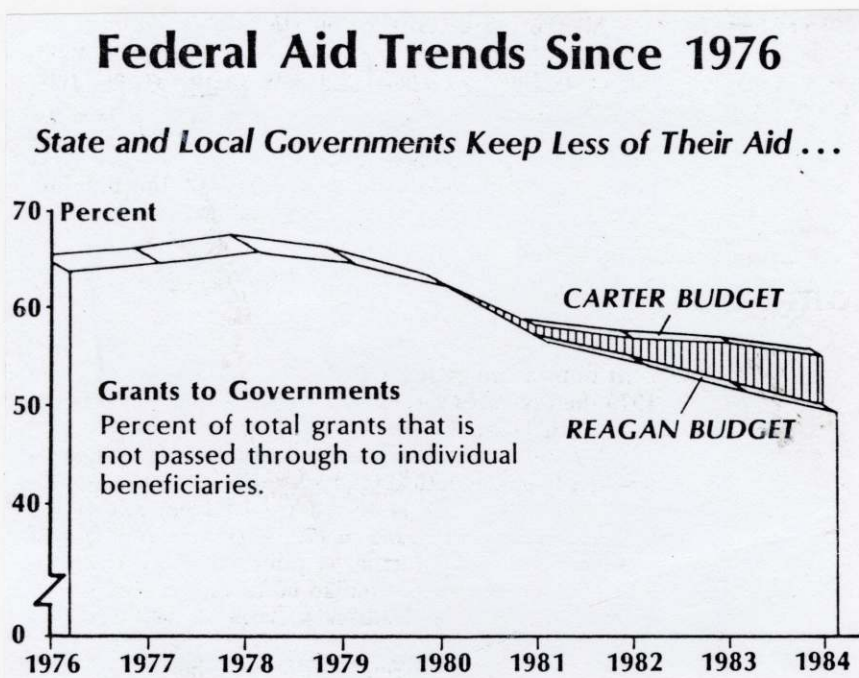
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NJR
For approval

(MP)

words?

MS
OK

but need to follow up with report a state & local govt. having to raise taxes against rising from Reagan Admin. to do this!

mp