

45 Special Message to the Congress on Special Revenue
Sharing for Manpower. *February 7, 1972*

To the Congress of the United States:

There are few issues of greater concern today, to the Congress and to the President, than the state of the American economy. We are passing from a period when the economy was inflated by the strains of war to a time when it will be challenged by the needs of peace.

Adding to the inevitable problems of

transition has been the increasingly vigorous economic competition of other countries. We welcome this competition, but we must also realize that it requires us to give renewed attention to increasing American productivity—not only to ensure the continued improvement in our own standard of living, but also to keep our Nation's goods competitive in the

world's markets, thereby providing jobs for American workers.

During the late fifties and early sixties our annual rate of increase in labor productivity averaged 3.4 percent. But by the mid-sixties it had begun its drop to an average of only 1.8 percent.

We are taking important steps to revive the productivity of American labor. Our New Economic Policy is shrinking the bulge of inflation. We are proposing a new program to promote technological progress—for advances in research and development are essential ingredients of rising productivity. But technological advance is not the whole story: increases in the skills of our labor force also play a large part.

We are not interested in the competitiveness of our labor force for its own sake. We are concerned about the individual American—concerned that he learn the skills to gain employment or learn more skills to gain better employment. We are concerned about the health of our economy, knowing that a strong, highly productive economy is the individual American's best insurance against unemployment. This is why the Federal Government provides manpower training—to increase the opportunities of jobless Americans to share in the abundance of America.

Today, I again urge that the Congress enable us to improve our manpower programs by enacting the Manpower Revenue Sharing Act.

Ten years ago, the Congress recognized Federal responsibility for comprehensive manpower training by passing the Manpower Development and Training Act of 1962. The MDTA and the Economic Op-

portunity Act of 1964 have grown to include over a dozen separate, narrow grant programs, each with its own purposes. Yet, even though manpower programs have grown in number, the need for manpower training has outpaced the capability of these older programs to provide services. Our commitment is strong, but we have not bridged the gap between the promises and the performance of Federal manpower programs. Something better is needed—on this we can all agree.

THE OLD WAY: A NEED FOR REFORM

Like the field of manpower training, many other areas of Federal assistance are suffering from a hardening of governmental arteries. Federal programs are meant to meet the needs of individual citizens living in 50 States and in thousands of communities, but those diverse needs are not being met by rigid, standardized Federal programs. Instead, the pressure on State and local resources is building to the breaking point. The traditional answer would be the establishment of even more separate categories of Federal aid.

Federal aid is needed, but the proliferation of Federal plans, programs, categories, and requirements has compounded the individual problems faced by American communities today. Frequently, Federal involvement has merely generated a false sense of security—a security which has been betrayed by the continuing multiplication of communities' social needs and the failure of government to meet those needs.

Federal aid outlays account for 21 percent of State and local revenues today, but

many Federal grants require State and local officials to match some percentage of Federal aid with local money which could be better spent in other ways to solve local problems. In many cases, State and local officials must decide either to accept Federal aid with its accompanying allocation of State and local funds or to receive no Federal aid at all.

Federal maintenance of effort provisions further distort local priorities by requiring State and local governments to continue projects irrespective of their effectiveness in meeting their own needs. Once again, our communities lose more of the flexibility which would enable them to meet what they consider their most pressing needs.

Frustrating and time-consuming project approval requirements, a jungle of red tape, often make it impossible for State and local governments to count on having Federal money when it is needed. No matter how pressing some needs may be, communities must wait, sometimes months or even years, for the slowly grinding wheels of bureaucracy to consider each grant in minute detail.

The real problem lies not with the Federal Government's intentions, but with how it tries to meet communities' needs—by undertaking one narrow, inflexible program after another. The number of separate categories has grown until no one is sure of their boundaries. In 1963, there were only 160 individual grant programs amounting to about \$8.6 billion, but now there are over 1,000 such programs amounting to almost \$40 billion. Each rigid category of additional aid reflects the worst kind of arrogance: the presumption that only the Federal Government

knows local needs and how to meet them.

If we have faith in the American people—and I for one do—then we must recognize that in thousands of communities, each with its own problems and priorities, there live people quite capable of determining and meeting their own needs and in all probability doing a better job of it than the Washington bureaucracy. Quite simply, today's local needs are likely to be met best by local solutions.

The time has clearly come to reform the way in which the Federal Government aids local and State authorities. The time has clearly come when those who serve at the State and local level and are charged with the responsibility for finding workable solutions to State and local problems should be given a chance. Clearly, it is time that Federal aid became truly that, aid, not rigid and often confusing control.

Waste, confusion, and inefficiency are too often the price paid by local and State governments for Federal aid under the present system. Last year the Federal Government discovered the following cases, to cite just a few examples:

- One Northcentral State had 93 people on its government payroll to do nothing but apply for Federal *education* grants.
- A study of grant programs in one Western city revealed that only 15 percent of the Federal funds to that city went through its mayor or elected government.
- Federal demands on the time and attention of local officials is particularly serious. In one small Midwestern city, a part-time mayor had to attend sixteen separate evening meetings per month, one with Fed-

eral officials from each of the sixteen separate grant programs in which his small city participates.

THE NEW WAY: SPECIAL REVENUE SHARING

In a series of special messages to the Congress last year, I proposed Special Revenue Sharing, a new system of Federal aid which would serve the purposes of our State and local governments better than the system of narrow Federal grant programs now operating. I proposed that funds be made available to States and localities for six broad purposes—manpower, law enforcement, education, transportation, urban community development, and rural community development—to be used, for each of these purposes, as they see fit to meet their particular needs. Those proposals, if enacted, would consolidate over 150 separate programs into six general purpose areas. Under our Special Revenue Sharing proposals, in the first full year of operation, \$12.3 billion in Federal funds would be provided to States and localities for those six broad purposes. These funds would be free from matching requirements, maintenance of effort restrictions, presently rigid prior Federal project approval requirements, and, best of all, inflexible Federal plans. But there are two major stipulations: (1) the money is subject to all the civil rights requirements of Title VI of the Civil Rights Act of 1964, and (2) no government unit would receive less money under these proposals than it did under the old system of narrow Federal grants.

Special Revenue Sharing is not a wholesale dismantling of the Federal grants system, as some critics have charged. It is a careful effort to decide which level of

government can best deal with a particular problem and then to move the necessary funds and decision-making power to that level of government. When a Federal approach is needed we should take that road, but when a local approach is better we should move the resources and power to that level.

I realize that these are challenging concepts, which have major implications for the structure of American government—Federal, State and local—and for the effectiveness with which government serves the people. They require us in Washington to give up some of our power, so that more power can be returned to the States, to the localities, and to the people, where it will be better used. It is appropriate, therefore, that the Congress give full consideration to all of these proposals for fundamental reform and move rapidly to create effective programs to meet today's needs.

MANPOWER SERVICES FOR THE SEVENTIES

I recognize that it is incumbent upon those who propose change to justify the changes. I believe our experience with Federal manpower programs over the last 10 years justifies the changes we are proposing.

All those represented in the current array of patchwork manpower programs—the schools, private employers, public agencies, nonprofit groups, not to mention the unemployed workers—know that the present system is not delivering the jobs, the training, and the other manpower services that this Nation needs and has a right to expect.

As we begin the second decade of comprehensive manpower assistance for our

unemployed and underemployed citizens we know we must do better, and we can do better. It is time for a change.

Manpower experts throughout the Nation agree that the necessary reform of the Nation's system of manpower training should have as its three basic goals the decategorization, the decentralization, and the consolidation of existing manpower development efforts.

The Manpower Revenue Sharing Act that I have proposed would allow us to achieve those goals. It would benefit citizens in every corner of the Nation and offer renewed hope to members of our society who have lacked opportunity—hope for jobs, for advancement, and for a better standard of living. It would establish a new framework of constructive partnership for manpower training among Federal, State, and local governments. Its principles are simple and fundamental, yet far-reaching.

THE PRINCIPLES OF MANPOWER SPECIAL REVENUE SHARING

First, the Manpower Revenue Sharing Act does *not* mandate any existing categorical program or guarantee its perpetuation—irrespective of its performance—in any community. However, it would *not* prohibit the continuation of any project which a particular locality feels effectively serves its own and its workers' needs. It is time to end the restrictiveness of the old, narrow programs which have frustrated communities' efforts to develop manpower programs geared to their own needs and circumstances.

In its first full year of operation, the Manpower Revenue Sharing Act would provide \$2 billion for manpower purposes, of which \$1.7 billion would be divided

among State and local units of government—without unnecessary red tape—using a formula based on the size of their labor force and the numbers of unemployed and disadvantaged. The remainder would be used by the Secretary of Labor to meet the generalized national needs of this new system.

It would authorize a broad range of services, including:

- classroom instruction in both remedial education and occupational skills;

- training on the job with both public and private employers, aided by manpower subsidies;

- job opportunities, including work experience and short-term employment for special age groups and the temporarily unemployed, and transitional public service employment at all levels of government.

These services, all designed to help move people toward self-supporting employment, augmented by temporary income support, relocation assistance, child care and other supportive services authorized by the Act, would make it possible for our communities to mount integrated manpower development programs truly responsive to their own priority needs.

The *second* major goal of Manpower Special Revenue Sharing is to increase substantially reliance upon State and local governments to manage major manpower activities. Local governments are often powerless when jobs are not to be had. It is time we equipped our local governments with the resources and decision-making power to meet their responsibilities.

The Manpower Revenue Sharing Act meets this objective. It would provide communities with the resources they need to help get people into jobs and job-train-

ing. Decisions on what needs to be done to improve specific local manpower conditions cannot and should not be made in Washington. They should be delegated to the area where the unemployed person lives and wants to work.

The *third* way to move toward a new era in manpower development is through consolidation of the multiple, frequently inconsistent, funding authorizations for manpower activities. Even members of the congressional Appropriations Committees frequently chafe under the unmanageable task of sorting out the confusing array of alphabetical "programs" created by existing manpower enactments. While a good deal of untangling has been done by administrative action, the only durable solution is an overall reform.

The Manpower Revenue Sharing Act would replace the two major pieces of legislation which have spawned most of the acronym programs—the Manpower Development and Training Act and Title I of the Economic Opportunity Act—with a single statute which incorporates the flexibility needed by State and local government.

The Manpower Revenue Sharing Act submitted to the Congress in March of 1971 incorporates all three of these vital concepts. I believe that the application of these principles in the Manpower Revenue Sharing Act is sound, but the principles are more important than the details. Reasonable men may disagree on the specifics of any important legislation, but there comes a time when its principles must be earnestly debated and decisions made. For the principles of Manpower Special Revenue Sharing, that time has come. The fine points of this legislation, which were discussed in my message of March 4, 1971, are open to refinement,

but I believe the principles of Special Revenue Sharing are too important to be eviscerated.

Our country needs new manpower legislation. Let us now write a new charter for the second decade of manpower development that will produce solid performance—for the economy, for the unemployed and underemployed, and for government itself.

RESTORING THE AMERICAN SPIRIT

The Special Revenue Sharing approach to providing Federal help would enable us to deal more effectively with many of this Nation's most pressing problems. But it would do much more. It would help to restore the American spirit.

In recent years many Americans have come to doubt the capacity of government—at all levels—to meet the needs of an increasingly complex Nation. They have watched as the power to effect change in their communities has moved gradually from the local level, with the reality of friends and community, to the national center, to Washington. There was a time when the increasing centralization of government fostered a greater sense of national purpose. But more recently, the weight of unfulfilled promises reinforced by the growing complexity of social problems has caused many Americans to doubt the capability of our system of government.

By providing new resources to the levels of government closest to the problems and closest to the people involved—people who may see their problems in a different light than the Federal Government—both General and Special Revenue Sharing will do much to revive the confidence and spirit of our people. A free and diverse Nation

needs a diversity of approaches; a free Nation should invest its faith in the right and ability of its people to meet the needs of their own communities. No greater sense of confidence can be found than that of a community which has solved its own problems and met its own needs.

Confidence in government is nowhere under greater challenge than among the young, yet the future of America depends upon the involvement of our young in the day-to-day business of governing this land. By making resources available to the more localized units of government, where more people can play a more direct role—and by placing the power of decision where the people are—I hope that many of the young will come to realize that their participation can truly make a difference. This purpose—this philosophy—is at the heart of Special Revenue Sharing.

The people's right to change what does not work is one of the greatest principles

of our system of government—and that principle will be strengthened as the governments closest to the people are strengthened. Though the Federal Government has tried with intelligence and vigor to meet the people's needs, many of its purposes have gone unfulfilled for far too long. Now, let us help those most directly affected to try their hand. American society and American government can only benefit from ensuring to our citizens the fullest possible opportunity to make their communities better places, for themselves, for their families, and for their neighbors.

RICHARD NIXON

The White House,

February 7, 1972.

NOTE: On the same day, the White House released two fact sheets on special revenue sharing for manpower and the transcript of a news briefing by Secretary of Labor James D. Hodgson on the message.