

URBAN BRIEF 2

WHO'S IN CHARGE? 1977

Who are the leaders in developing and activating strategies to deal with the problems of cities? Given the interconnections of urban issues and a new Administration and Congress, that leadership and the arenas for action are still difficult to pinpoint. Here is a reading at the federal level in the early months of the Carter administration and the 95th Congress.

ADMINISTRATION

President Carter, during his campaign, expressed strong support for cities--through jobs, welfare, direct aid to cities, housing, transportation and crime programs coupled with a close working partnership with the nation's cities. During the transition period, he announced urban priorities in three general areas: more precise targeting of federal aid where the need is greatest (i.e. revising allocation formulas for federal aid to help ailing cities), use of public dollars to stimulate private reinvestment, and untangling the red tape that often frustrates intergovernmental operations. Of course, his economic stimulus proposals, announced shortly after he took office, have significant implications for cities--especially public works, public service employment, job training, jobs for youth and countercyclical revenue sharing.

Just who is taking the lead in the new Administration in translating these priorities into action is still unclear. The cast of characters is becoming known but how they will interrelate is another matter.

White House

President Carter's background as a governor, with experience working with both the federal government and local governments, indicates that he is likely to devote personal attention to urban affairs and intergovernmental relations. Three members of his staff appear to have prime responsibilities:

- Stuart E. Eizenstat, presidential assistant for domestic policy, has been assigned to develop legislation related to cities among his other domestic duties. The assignment puts him in a lead position for urban policy development for the Administration.
- Jack H. Watson Jr., Cabinet secretary and coordinator of intergovernmental relations, is (under the latter function) Carter's liaison with the mayors, governors and county officials and troubleshooter for their problems with the federal government.
- Bert Lance, director of the Office of Management and Budget, has the responsibility and staff capability for implementing the various directives for distributing federal funds to state and local governments. Because both Eizenstat and Watson have additional duties besides urban concerns and because of the reduction in the White House staff, Lance and OMB may end up with a strong role in managing intergovernmental matters.

Cabinet

Carter is committed to use his Cabinet secretaries more extensively than recent administrations. In the light of White House staff reductions and Eizen-

stat's other domestic policy duties, it is likely that more policy development, as well as policy management, will fall to the departments. It will be interesting to watch how Eizenstat and the Cabinet will handle their shared policy-making duties. (In reality, the line between making policy and managing it are often blurred. Management strategies, such as the allocation formulas mentioned below, can determine policy as well.)

The Cabinet department with the most obvious urban responsibilities is the Department of Housing and Urban Development (HUD), although many other departments are clearly involved.

"Targeting" or allocating aid to areas of greatest need, is a key issue at HUD (and at other departments that dispense federal aid to cities). A recent Brookings Institution study sponsored by HUD shows that the present allocation formula for Community Development Block Grants (CDBG), which HUD administers, favors fast-growing towns and cities, which lie mostly in the South and West, at the expense of the older declining cities, located mostly in the northeast quadrant. At issue: a new formula might cut the pie differently and alleviate both the fiscal burdens of older declining central cities and the growing pains of burgeoning communities.

HUD has proposed adding a factor of age of housing to the formula, in order to direct more funds to cities with old and deteriorating housing. The proposal is tied to a request for a three-year extension of the CDBG program, progressing from \$4 billion to \$4.15 to \$4.30 annually. Secretary Patricia Harris, who has already identified herself as a friend of the cities, also proposes a \$400 million-a-year action fund to be used for dealing with the most critical urban problems on a flexible emergency basis.

Other key HUD appointees (subject to confirmation) include Robert E. Embry Jr., Baltimore's former housing and community development commissioner as assistant secretary for community planning and development; Donna Shalala, former professor at Teachers College at Columbia University and treasurer of Municipal Assistance Corporation as assistant secretary for policy development and research; Geno Baroni, from the presidency of National Center of Urban Ethnic Affairs to the new post of assistant secretary of neighborhood development, consumer affairs and regulatory functions.

All the other domestic departments and many independent agencies bear watching. Of special interest:

- Commerce, particularly the Economic Development Administration (EDA), where targeting is also a key issue. EDA has been under attack by large-city mayors for an apparent rural-suburban bias in allocating anti-recession public works funds. In a number

of cases, small communities with relatively low unemployment got more than large cities with high unemployment. Secretary Juanita M. Kreps has pledged that large cities and other high unemployment areas will fare better in the next distribution of funds and that Commerce will use its influence to stimulate private reinvestment in depressed cities.

- Treasury, where an urban development bank (Urbank) is under consideration to provide low-interest federal loans to cities and businesses willing to locate in them. Plans for it are high on the agenda of Secretary W. Michael Blumenthal's new urban office.

- Health, Education and Welfare, where Secretary Joseph Califano is chairing an intergovernmental task force on welfare reform. If that reform meant assumption of a larger share of welfare payments by the federal government, this change would have strong implications for cities and states. Almost the entire panoply of HEW programs are significant to cities because of the urban concentration of health, educational and welfare problems. (Another significant development: the large cities are now discovering what many others have already discovered--that federal aid to schools is dependent on HEW's assessment of non-discrimination practices. New York City faces possible loss of \$200 million for alleged discrimination.)

- Transportation, with its responsibility for the Urban Mass Transit Administration

- Labor, which manages manpower training and other stimuli to reduce unemployment, which is greatest in the older, declining cities. Jobs are basic to the long-term recovery prospects for cities.

- Defense, whose decisions about locating installations can add or subtract jobs in the surrounding area. Northeastern cities are particularly concerned.

Independent federal agencies significant to urban problems include those dealing with small business, environmental protection, banking and mortgage practices, energy (which, subject to Congress' reaction to Carter's reorganization plans, may move to departmental status) and others.

CONGRESS

Urban overtones could be detected in the early weeks of the 95th Congress: reorganization of Senate committees, shifting some of the functional areas that relate to the cities...a new House Subcommittee on Cities, with a mandate to look at (although not act upon) urban problems as a whole rather than in their segmented legislative parts...introduction of bills, discussed below, designed to spotlight the importance of neighborhood vitality.

Senate

Sen. William Proxmire (D-Wis), chairman of the Committee on Banking, Housing and Urban Affairs, has introduced three city-oriented bills early in the session--one to establish a National Commission on Neighborhoods to study and make recommendations to strengthen neighborhoods (National Neighborhood Policy Act, S.417), to encourage neighborhood preservation (Neighborhood Preservation Act of 1977, S.411) and to encourage financial institutions to meet credit needs of their communities (Community Reinvestment Act of 1977, S.406)

Under reorganization, many urban-oriented responsibilities are grouped under this committee, including

urban development, public and private housing, urban mass transit, financial aid to commerce and industry, monetary policy, money and credit.

While reorganization increased this committee's scope over urban affairs, it also underscored the reality that the problems of cities are so varied and inter-related that it is almost impossible to lump them for assignment to one committee. Other relevant committees and functions include:

- Environment and Public Works (solid waste, air, water and noise pollution, improvement of rivers and harbors, public works, bridges and dams and regional economic development.)

- Finance (general revenue sharing)

- Governmental Affairs (intergovernmental relations)

- Human Resources (education, labor, health, public welfare, vocational education and the study of income maintenance.)

- Agriculture (food stamps)

- Energy and Natural Resources to the extent that it is concerned with location of energy installations.

- Armed Services to the extent that it is concerned with the location of military installations.

House of Representatives

Rep. Henry S. Reuss (D-Wis.), chairman of the Banking Currency and Urban Affairs Committee, has formed and staffed a new non-legislative subcommittee on the city. Reuss, who conducted two weeks of hearings in September 1976 on the "Rebirth of the American Cities," is chairing the subcommittee himself. He has outlined these policy considerations he believes must be addressed:

1. Jobs: to bring jobs to the people in the cities; to take the people to where the jobs are; and interim public service jobs.

2. Restructure federal aids to cities: assume welfare benefits; equalize the transfer of funds; revise formulas for grants in aid.

3. Conservation of neighborhoods, land and energy.

4. Equalize tax burdens among area jurisdictions.

His subcommittee will be conducting hearings on the experience of foreign cities, on the distribution of federal grant-in-aid funds to cities, and on energy and land use as they affect cities.

Other items on the subcommittee's agenda--whether by hearings, studies or other means: neighborhood revitalization, impact of federal programs on cities, economic decline of central cities, streamlining operations of state, regional and local governments. Special projects planned are an analysis of the federal budget, tracking the flow of federal funds to cities, and publication of a set of urban indicators designed to reflect the well-being (or lack thereof) of cities.

As new people, with new promises and hopes, and new ways to deal with urban problems begin to fall into place, urban buffs around the country will want to monitor both ends of Pennsylvania Avenue to see what kind of impacts federal policies and programs (existing and proposed) will have for the future of cities.