



technical bulletin

Municipal Technical Advisory Service
Institute for Public Service, The University of Tennessee
In cooperation with the Tennessee Municipal League

Nov. 13, 1978

REVENUE SHARING "RULE" ON BANK EMPLOYMENT POLICIES HELD VOLUNTARY

(Reprinted from October 1978 NLC League Letter for State Municipal Leagues)

In challenging a regulation created by the federal Office of Revenue Sharing, the North Carolina League of Municipalities discovered how federal agencies, in their attempts to promote broad policies, overstep their legal authority. In this case the agency has admitted it, but has not given wide notice to the fact that the regulation has been downgraded to a voluntary guideline.

Instructions

On Oct. 7, 1977, the Office of Revenue Sharing issued an instruction to all recipients (REF: 53-30A) that said: "As a primary recipient of revenue-sharing funds, you have a responsibility also to ensure that the bank or other financial institution in which you have revenue-sharing funds on deposit is an equal opportunity employer and lender."

The Office of Revenue Sharing also indicated that documentation of the financial institution's compliance should be on file with the recipient government.

The North Carolina League, in a letter dated May 12, 1978, said that its staff could not find a specific citation in the law that gave ORS the authority to make such a requirement.

Response

On Aug. 29, 1978, the Office of Revenue Sharing replied that there "is no specific section or subsection of the law or the current revenue sharing regulations addressing this specific subject." Nor, said ORS, is there any specific section which requires that a recipient government must obtain equal opportunity policies, or supporting documents, from its financial institutions.

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Bernardine Denning, director of the Office of Revenue Sharing, went on to say that she felt there was a strong "moral and ethical obligation" for cities to provide leadership in promoting equal opportunity within their communities. However, she did not say whether ORS would inform the 42,000 GRS recipients of the change in the status of the Oct. 7, 1977, letter.

Ed Davis of the North Carolina League has more information.

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