FOCUS

NBC/LEO:
from a crawl
to a walk
WHEN CONGRESS passed the general revenue sharing bill in late 1972, it appeared to be all things to all people. Lately that optimism has given way to a close scrutiny of the real meaning of some pat phrases which helped bring support for the measure. Many are now asking which people are included in "power to the people." They ask whether "extra money" is really "extra" in the midst of cutbacks and impoundments in other programs. They wonder whether a "poverty" factor in the formula is the last the poor hear of the revenue sharing money.

These are all questions which must be answered with facts which pierce the rhetoric, but the dialog must go beyond revenue sharing itself. To the extent that revenue sharing has stimulated a debate over national priorities and programs, it is not without a saving grace. It is the special duty of black elected officials to see that their communities' needs are matched against the extent and form of federal aid. The issue is meeting needs and removing suffering, not simply local control.

The recently formed National Clearinghouse on Revenue Sharing (see Nov. Focus) is a promising way to complement local efforts. Efforts such as those of the Nebraska Urban League are encouraging. Working with university students, that group spoke with city and county officials to compare revenue sharing expenditures with community needs and to show the impact by income and race. Their findings are instructive: "Jobs were created for nine firefighters and three captains at the 103rd and Fort Street Station ... None of the jobs was filled by a minority person ... The 1973 budget allows $1,000,000 of GRS funds for the purchase of a downtown library site ... Its location is 44 blocks north of the Ames Street area which serves as the north boundary of the near northside (black) community ... Of the four million plus dollars allocated in Douglas County's budget for revenue sharing, nearly half was designated for a computer to be used in the office of the county finance director."

CITIZEN PARTICIPATION remains a key issue in revenue sharing, a program lacking a statutory citizen participation requirement. One effort the Treasury Department's Office of Revenue Sharing is making is in a booklet tentatively titled "The People and General Revenue Sharing." In its initial draft, however, that booklet gives great emphasis to the program facts and little to highlighting goals and issues in terms of citizen participation and disadvantaged groups.

At the same time, the academic community has been mobilizing for research on revenue sharing. At a recent conference sponsored by the National Planning Association and the federal National Science Foundation, a group of economists and others expressed the difficulty of evaluating revenue sharing's impact over a period of time. This results largely from the potential reshuffling of funds within budgets over several years to achieve a reordering of priorities which doesn't correspond to the statements of revenue sharing fund use. This means that a year's budget with revenue sharing money has to be compared to a year's budget prior to revenue sharing to see its real impact.

Discussion of the form and impact of federal assistance programs becomes particularly important in a year when the entire House of Representatives and one-third of the United States Senate will be elected. The workshop run jointly by JCPS and the Congressional Black Caucus prior to the Caucus' dinner last year stimulated greater efforts by local black elected officials to influence the position of their representatives in the United States Congress. That step to work more effectively within the national context is an important expansion in the role of black politicians.

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"TAX WELFARE" is the name Philip M. Stern gives to the money our tax system provides the wealthy. In his recent book, The Rape of the Taxpayer (Random House, 1973), Stern gives immense detail on the operation—and inequities—of our tax system.

Because tax laws are complex, and because the "welfare" in this instance is in the form of deductions as opposed to direct payments, the impact of the tax system often escapes public attention. Stern's statistics and his vivid descriptions drive home one point: tax laws benefit the richest Americans, leaving the burden of taxes on the mass of Americans with moderate and lower incomes.

For example, the average yearly benefit of tax savings is broken down by income level. Those persons earning more than a million dollars a year average $720,490 per year in "tax welfare." For those earning $100,000 to $500,000, it is $41,489; for those earning $50,000 to $100,000, it is $11,912; for those earning $15,000 to $20,000, it is $1,181; for those earning $5,000 to $10,000, it is $339; and for those earning under $3,000 per year, it is $16.

Stern offers this information in many ways. The 3,000 persons who earn more than a million dollars a year receive more than $2 billion a year in tax welfare benefits. Another 155 Americans earning over $200,000 a year paid no taxes in 1969. Although the tax laws provide for higher payments by the rich, the myriad of loopholes make the required percentages nearly meaningless. Thus, while those earning more than a million dollars a year are supposedly required to pay an average of 63.1 percent of their earnings in taxes, they actually pay an average of only 32.1 percent after using the loopholes.

The capital gains tax, which establishes lower rates for income earned from investments, is but one example of malapportionment of benefits from a tax break. The impact of capital gains tax preferences is to give an average "tax welfare" benefit of $640,667 to those earning more than $1 million a year, $22,630 to those earning $100,000 to $500,000 a year, $1 to those earning $3,000 to $5,000 a year, and nothing to those earning under $3,000 a year. Corporations have also proven adept at avoiding federal income taxes; a number of them paid no tax at all in recent years.

STERN DESCRIBES in detail the methods by which the wealthy avoid taxes. Tax shelters are a favored device. They include such methods as special rates for real estate investment, investment in cattle, timber and farming and capital gains taxes, permitting half of a husband's income to be attributed to his wife, asset depreciation range and investment tax credit for corporations, and special tax law provisions for individuals.

The author gives examples of how these laws work:

"Clark Movie Star, a top-bracket screen success, invests $30,000 in a cattle-raisine venture from which his expected cash return, over five years, will be $9,500. Will he make money or lose money, and how much?

"What's the answer, class? You say he'll lose $20,500? Terribly sorry, you're wrong. He'll make $11,000." For each year that the cattle venture loses money, Clark Movie Star is able to have a tax saving of 70 percent of that tax loss, which, over three years, adds up to $11,000."

Or take, for example, the famous, or infamous, Louis B. Mayer clause in the tax law. Section 1240 of the Internal Revenue Code provides special tax treatment for persons who meet a long series of explicit conditions which it appears no one could meet. It just so happened that only one person, movie mogul Louis B. Mayer, has ever met those provisions. That was because Mayer's tax attorney had the clause written into the tax law.

THE CAUSES of inequitable tax laws are determined to be the inordinate power of the wealthy to influence Congress and also a congressional committee system for tax matters which is based on secrecy and control by the few. The campaign financing system, which makes many congressmen beholden to wealthy contributors with an interest in tax benefits for their class, is seen as the first obstacle to reform. Secondly, the House Ways and Means (headed by Congressman Wilbur Mills, D-Arkansas) and Senate Finance (headed by Russell Long, D-La.) committees hold secret drafting sessions, have no subcommittees, exclude members with a penchant for reform, and present bills which each house must vote up or down without any opportunity for amendment. Finally, the complexity of the tax laws serves as a major roadblock to those who would question the laws.

Stern's solution turns on his belief that the tax laws cannot be reformed piecemeal; that attempts to remove individual favors bring out strong lobbies pointing to similar privileges for others. At the same time, the list of special privileges continues to grow.

The solution is to "abolish all the preferences, or loopholes—for the un-rich many as well as for the wealthy few—and taxing everyone, uniformly on the basis of his or her total income, 'from whatever source derived.'" (the language of the 16th amendment). The benefits of such an action, according to Stern, would be one or all of the following: a) lowering all existing tax rates by about two-fifths, b) raising upwards of $77 billion in added federal revenues, c) reducing the burden of present regressive taxes that bear most heavily on those least able to pay.

The response to such proposals, he suggests, will be that such reform would undermine the free-enterprise system. But the facts presented show that "tax welfare" in its many forms was not instituted to stimulate business, but rather in response to the special power and access to the lawmakers of the wealthy.

At a time when there is increasing discussion of the inequity of our tax laws, The Rape of the Taxpayer provides the ammunition for a reasoned debate over a reordering of our priorities, and a move away from the struggle to split up the crumbs among those with the greatest need.

Kenneth S. Colburn
Deputy Director of Research
IT STARTED OUT as a child, conceived out of monumental frustrations, and born of a union of necessity and determination. And in the beginning, way back in 1970, whenever the National Black Caucus of Local Elected Officials (NBC/LEO) stood unsteadily and made dissonant noises that disturbed the harmony of the political Establishment, its leaders were indulged and patronized with head-pats and back-slaps.

It bristled at the low level of tolerance that greeted its birth. It pounded and jabbed rhythmically at the national policy decisions that sniffed haughtily at the black perspective. But it did not just get mad. NBC/LEO got smart. While mainstream policymakers were busy ignoring NBC/LEO, the leadership of this infant was exercising flabby muscles, learning the vocabulary of power, hammering together its black political agenda, and playing with its own power blocs until the black political superstars fell into a procession of unity with the team players.

Concurrently, big cities and small towns all over America began trusting their fortunes and futures to new, vigorous black leaders, and the latter, almost to a man, were turning to NBC/LEO for comfort, for guidance, and as a filter through which a black perspective on national policy issues could be sifted. Additional support for NBC/LEO leadership and programs came from national resource organizations, such as the Joint Center, which perceived very early NBC/LEO’s potential to become the new cutting edge of the civil rights movement of the seventies.

So, when NBC/LEO convened last December in San Juan, Puerto Rico, to coincide with the annual Congress of Cities of its parent National League of Cities (NLC), the child had finally come of age. The difference between NBC/LEO today and NBC/LEO even one year ago is the difference between a whisper and a scream, the difference between crawling and walking.

NBC/LEO WAS created at the 1970 meeting of the National League of Cities. It operates both as an independent coalition devoted to the interests of black constituents and as a caucus of the National League of Cities/U.S. Conference of Mayors. Thus, the leadership of NLC was more than a little bit impressed that so few had done so much so soon with the League’s offspring. Even NBC/LEO’s leadership was a bit awed at its own impact on NLC policy deliberations. The media and ordinary delegates felt the stirrings that signaled a new and fundamental respect that NBC/LEO can now command.

The first clue of NBC/LEO’s new status was found in the Congress of Cities program booklet, which listed every activity NBC/LEO sponsored at the annual meeting. Ordinarily such a listing would seem insignificant, but this year the official program included NBC/LEO for the first time ever. Another clue was provided by the procession of favor-seekers who knocked steadily at the back door of NBC/LEO’s convention suite during the early hours of the December meeting. By the time the affair was into its second day, the same men boldly strode through the front door to openly plead for NBC/LEO support on a variety of municipal policy issues that faced significant opposition in committees and on the convention floor.

Allen E. Pritchard, Jr., executive vice president of the League of Cities, and Alan Beals, his deputy, visited NBC/LEO functions, not once but several very visible times. The mayor of San Juan, Carlos Romero Barcelo, came courting NBC/LEO to line up support for his bid for a high national office in the League of Cities. Black elected officials chaired major committees of the NLC Congress, and those without official portfolio found themselves buttonholed by lobbyists in hallways, on beaches and in elevators.

Congressman Ronald Dellums (D-Calif.), standing in for Rep. Barbara Jordan (D-Texas), delivered a major address before the entire convention, the first time a black had been given that coveted role. The speech by Dellums was the direct result of NBC/LEO determination early in 1973 that the League of Cities convention would listen to a black man to get a black perspective on public policy issues.

In such a charged atmosphere, NBC/LEO was able to multiply many fold the weight of its own clout through alliances with other power blocs at the convention. One of these “free-floating” coalitions resulted in the most dramatic exposure yet of the growing NBC/LEO influence on League of Cities affairs. When the Caucus shopped around for muscle to push through from the floor a resolution calling for reforms in civil service systems across the nation, it looked first to delegations from northern states, and winced as flushed faces turned away from it.

NBC/LEO turned then to old adversaries from the South, and there found new allies to pull off an astounding show of strength. The resolution came the hard way—from the floor—and required a two-thirds vote for victory. It failed to pass. But the loss was by only 21 votes, and the exercise previewed NBC/LEO’s potential power in future tests of strength. The close vote was all the more startling because black elected officials totaled only an estimated 600 out of the 7,000 delegates attending the Congress of Cities.

THE LEADERSHIP of NBC/LEO smoothly moved through regular committee channels a resolution, later adopted by the full convention, which urges Treasury Secretary George Shultz to exercise his discretionary powers to reallocate revenue sharing funds, taking into consideration the 1.8 million undercount of blacks in the 1970 census. Thus, with NLC on record favoring a reallocation and, presumably, prepared to lobby for a reform it has endorsed, NBC/LEO has persuaded the two most powerful municipal organizations in America to adopt as their own a black perspective on a critical national issue. (Earlier this year, the U.S. Conference of Mayors unanimously adopted a similar resolution directed to the Secretary of the Treasury.)

It is likely that the black perspective will move this year up to and down from the top leadership of the
National League of Cities. NLC elected a black man, Mayor Tom Bradley of Los Angeles, as president for 1974. Bradley spared no effort to praise NBC/LEO for its support of his candidacy for NLC’s highest office. He conceded without reservation that his new leadership position would have been impossible to attain had it not been for the strategies and tactics of NBC/LEO. Bradley singled out Gary (Ind.) Mayor Richard G. Hatcher for special praise in connection with the Los Angeles mayor’s ascent to the high office.

ONCE IT HAD made believers of the National League of Cities leadership, the black caucus turned inward to attend to its own homework. Among its more significant acts was an election in which it placed at the helm a youthful, vigorous and ambitious leadership team.

Richmond (Va.) Vice Mayor Henry Marsh was elected chairman of NBC/LEO, and he pledged to build “a strong NBC/LEO to save a crippled nation.” That he was elected at all signals NBC/LEO’s new mood to aggressively go after the dozens of black councilmen across the nation who have shied away from the organization for fear they would be dominated by the strong black mayors who have been active in the caucus. Marsh, himself a councilman who serves as vice mayor at the pleasure of his peers, views his elevation to the top slot as NBC/LEO’s open invitation to other black councilmen to join him in guiding the caucus to a position where it becomes recognized universally as the official spokesman for local black elected officials.

Elected to leadership spots with Marsh were Atlanta (Ga.) Mayor Maynard H. Jackson, first vice chairman; Berkeley (Calif.) Mayor Warren Widener, second vice chairman, and Inkster (Mich.) Mayor Edward Bivens Jr., secretary-treasurer.

In his speech accepting the leadership of NBC/LEO, Marsh sketched the broad outlines of a four-point program his team will pursue:

“First, we must speak for black elected officials within the National League of Cities/U.S. Conference of Mayors; second, we should coordinate with the Congressional Black Caucus on matters affecting black Americans; third, we must become the voice for local black elected officials before the Congress of the United States, and fourth, we must assist and support black elected officials in their effort to articulate the hopes and aspirations of the black people in our cities.”

MAYOR RICHARD Hatcher reduced his sentiments for NBC/LEO and its potential to something approaching poetry. “Today we also have something unusual in our favor,” he said. “Although our numbers are low, our quality and calibre are not. We are often over-qualified for the positions we hold. We are, by and large, professionals with advanced degrees and training. We did not take the traditional paths to political office, the paths through the club house, through the organization. We rose through the ranks of the SNCC and NAACP, and through other civil rights groups. To put it bluntly, and I think accurately, we are not hacks.”

It was Hatcher who challenged his colleagues to demonstrate their commitment to the Caucus by pledging heavy sums of money to its support. When outgoing NBC/LEO Chairman William S. Hart Sr., mayor of East Orange, N.J., asked for a show of hands of those willing to raise a maximum $1,000 for NBC/LEO this year, more than a dozen hands shot up.

This same test of commitment will be used by Hatcher and others to determine the feasibility of an organized national conference of black mayors under the NBC/LEO umbrella. The latter notion was surfaced by Prichard (Ala.) Mayor A.J. Cooper and steered to the attention of all black mayors attending the conference by Mayor Hart. A final decision on the proposal was tabled pending a response to the challenge Mayor Hatcher laid down.

JUST HOURS after Vice Mayor Marsh assumed the helm of the organization, he called a steering committee meeting. Housekeeping matters dominated the session, but the meeting also produced an important position statement on Watergate. Agreeing with Mayor Hatcher that the League of Cities consciously failed to address itself to Watergate, to the administration’s housing moratorium, to the fight to force extension of funding for Model Cities, or to other programs Hatcher felt are foremost in the minds of black people and urban residents, the NBC/LEO steering committee unanimously agreed to send a petition to Congress. The petition urges that body to “expedite its impeachment investigations and, if warranted, to immediately institute impeachment proceedings against the President in the best interest of the American people. The recent confirmation of the new Vice President (Gerald Ford) makes it particularly timely for Congress to act now.”

Such a position bears witness to NBC/LEO’s belief in its own strength. And assuming that it successfully negotiates the mine fields that will be seeded by its natural enemies, the organization is likely to continue its battles to press the black political agenda at all levels of government. There is reason to believe NBC/LEO can do it.

WHAT ALL of this means is that with NBC/LEO emerging as a unified national force on public policy matters, black Americans at the grass roots level now have a voice in the councils where policy is created, and they are, perforce, a major ingredient in important policy deliberations before decisions are set in concrete. Which is another way of saying that power is finally coming to the people, and that the fuel powering this shuttle between the grassroots and the decision-makers comes in a black container and is rare, bonded aged and ready—NBC/LEO.

John H. Britton
Director of Public Affairs
SOME LOW-INCOME persons are likely to benefit from several changes in federal programs that will go into effect on January 1. These include a new guaranteed-income plan for the blind, aged and disabled, and liberalization of the food stamp program.

Guaranteed Income—With the new year, the Social Security Administration will begin sending checks directly to blind, aged and disabled persons. They will assure every person in those categories of a total income of at least $140 a month, or $210 for married couples. The minimum will go up to $146 for a single person and $219 for a couple on July 1.

If an eligible person is already receiving money from regular Social Security funds, the new program will add whatever is needed to bring the monthly total up to the $140 minimum.

People in eligible categories who have jobs and earn more than the minimum would also benefit, thanks to a formula which disregards a certain portion of earned income.

The program covers an estimated 6 million eligible recipients. About 3 million of these already receive money from state programs, which will continue. Some states already pay more than the $140 guarantee; they are supposed to keep up their payments so recipients won't lose any money.

Another 3 million persons eligible for the new program are not now in any program. Some have regular incomes that are too high for them to qualify for aid under current formulas. Others have not joined current programs because they object to a variety of restrictions. The federal program requires only proof of age or disability.

This Supplemental Security Income (SSI) program was approved by Congress in 1972 at the same time it was killing the rest of the administration's so-called Family Assistance Plan.

Food Stamps—Beginning in January, a family of four will be able to purchase food stamps worth $142 a month, compared with the present $116. In addition, the income limit will be raised, making four-person families with incomes up to $5,676 eligible for stamps. The present limit is a family income of $4,596. Equivalent increases will benefit families of other sizes. Both working families and welfare recipients are eligible.

Blind, disabled and aged persons will continue to be eligible for stamps unless their total benefits under the new SSI program exceed what they were receiving from food stamps plus welfare in December, 1973.

Some other restrictions have been loosened. Now recipients can buy imported foods—important for many Spanish-speaking persons.

Also, local and state agencies administering food stamp programs will not be required to return to the federal treasury any money left over at the end of a fiscal year.

New plans on drawing boards—Programs with potentially even greater benefits for low-income persons are in the works.

Rep. Martha W. Griffiths (D-Mich.) plans to introduce a bill in February or March which would include a national income-maintenance program for all persons, not just for the blind, aged or disabled. Rep. Griffiths is chairperson of the Subcommittee on Fiscal Policy of the House-Senate Joint Economic Committee.

The Nixon administration is reportedly readying its own plan. A report in the Washington Post says the income "floor" currently most popular with administration planners is $3,200 a year for a family of four. In the 1972 Family Assistance Plan, the floor was set at only $2,400, a factor which contributed to its defeat. Welfare advocates at the time demanded a floor of $6,500 for each family.

The administration is also reportedly considering including single persons as well as families in the income-maintenance plan. They had not been covered in the abortive FAP plan.

One of the reasons the administration is thinking about higher payments in its new plan, according to the Post, is the boost in food stamp costs mandated by Congress. The administration plan would replace the stamps with an equivalent amount of cash. Also, the administration reportedly hopes to meet or exceed benefits under existing state welfare programs.

The Department of Health, Education and Welfare was rushing to prepare a plan in time for President Nixon's State of the Union speech, the Post reported. Any administration proposal would have to compete for congressional attention with the plan authored by Rep. Griffiths.

Labor-HEW Appropriation Signed—In a related matter, President Nixon has signed the appropriation bill to fund the Labor Department and the Department of Health, Education and Welfare for the current fiscal year. A veto had been widely expected because the bill provided $1.3 billion more than the administration had asked for. The two agencies had been operating under a "continuing resolution" since the fiscal year began July 1.

A variety of organizations lobbied hard to urge Congress to override any veto. Administration supporters offered a successful compromise permitting the President to impound up to $400 million in Labor-HEW funds during fiscal year 1974, as long as no one program area is cut by more than 5 per cent. The total appropriation in the bill is $32.9 billion.

In the past, the administration has tried to completely eliminate some programs through impoundment.

The administration attempted to add another provision to bar further law suits against impoundment of funds appropriated for the past fiscal year, FY 1973. That move was defeated, however.

Even more money will be available during the current fiscal year for health and education programs, thanks to a presidential decision, announced Dec. 19, to release about $1 billion in fiscal year 1973 funds that had previously been impounded. This figure includes money already released as a result of court suits, plus money at issue in pending suits.
The proposal passed the Senate last spring, but the House Administration Committee's subcommittee on elections tabled it, by a 7-2 vote, after hearings. Later, however, it was removed from the table in a 6-4 vote, and was sent to the full committee where it survived by a tally of 15-10.

Supporters of the measure say it would make registration easier by eliminating the need to travel to a registration office. Blacks are reportedly still often intimidated at registration places in areas of the South, and most unregistered persons are low-income. (See *Focus*, June, 1973.)

A presidential veto of the legislation is possible, but seems less likely with the push for a variety of election reform measures in the wake of Watergate, according to *Election News*, a newsletter for election officials.

Some state officials reportedly say that if the bill passes, they might retain registration requirements for state elections, but permit anyone to vote for federal offices without proof of registration, the publication reported.

D.C. home rule finally wins

VISIONS OF BALLOT BOXES danced in the heads of politicians and would-be politicians in Washington, D.C., as the city gained home rule for the first time in a century.

In a vote just before Christmas, the Senate gave final passage to a bill calling for an elected mayor and 13-member city council. The present mayor and council are appointed by the President.

If voters approve the new city charter in a referendum May 7, the new officials would be elected next November and take office on Jan. 2, 1975.

The city is more than 70 per cent black, and most potential mayoral candidates mentioned in press speculation are black. Those most often mentioned are the present appointed mayor, Walter Washington, who has served since 1967, and attorney Clifford Alexander, former chairman of the Equal Employment Opportunity Commission under President Lyndon Johnson.

Because of continued opposition in the House, the home rule bill was watered down to ensure passage. Although the new city council will have the power to levy taxes, Congress will retain control over the city budget. Also, suburban congressmen wrote in a provision banning any income tax on commuters who work in the city.

Attempts have been made since 1959 to give the District home rule again, which it has lacked since 1874. They were generally approved in the Senate and killed in the House.

The chief bottleneck in recent years was always Rep. John L. McMillan (D-S.C.), who reigned over the House District Committee. The bottleneck was broken when McMillan was defeated in a party primary last year, and black Congressman Charles C. Diggs (D-Mich.) became new chairman of the committee. Diggs fulfilled his promise of providing home rule in a year of hard bargaining.

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Urban fellows candidates sought

CANDIDATES are being sought for the National Urban Fellows program, which selects young men and women, primarily from minority groups, and assigns them to work for nine months as special assistants to a mayor, city manager or other urban administrator.

The program is sponsored by the National League of Cities, U.S. Conference of Mayors, and Yale University, and is supported by foundations and payments from cities to which fellows are assigned. Fellows are given an intensive course in urban studies at Yale before beginning their assignments.

Applicants must be between 24 and 39, and have a bachelor's degree or equivalent experience. They must also have worked full-time for at least two years, preferably in administrative capacities, and have demonstrated ability, leadership potential, and commitment to solving urban problems.

Information is available from National Urban Fellows, P.O. Box 1475, New Haven, Conn. 06506.

Lead poisoning bill passed

Congress has passed a bill authorizing $125 million over two years to fight poisoning caused by lead-based paints. Fifty million dollars would go to identify dwellings with lead paint hazards, $70 million to eliminate such perils, and the rest for paint research.

As described in the JCPS booklet Children and Lead Poisoning, the lead-based paint hazard arises when children eat chips of paint flaking from walls of older buildings.

The bill also bars use of lead-based paint in federally assisted housing and in manufacturing toys and utensils.

Blacks help defeat cable franchise

Houston voters have reversed the grant of a cable TV franchise by the city council to a predominantly-white corporation. Black opposition to the grant was an important factor in the referendum Nov. 6, which was called after a petition campaign gathered enough signatures to put the question on the ballot. The vote to reverse was 116,000 to 64,000.

The original council grant would have effectively prevented other companies from seeking a franchise. Now a black-controlled group, Houston Community Cablevision, has formed and will seek a franchise.

Ruling gives Title I control to panel

A landmark decision by U.S. District Court Judge Joseph S. Lord III has given a panel of three distinguished educators the power to decide how Philadelphia's federal money under the Title I compensatory education program should be spent. The program is supposed to focus aid on schools with large numbers of students with poverty backgrounds.

The ruling was a compromise settlement of a case brought by Community Legal Services, a private legal aid society, on behalf of students, their parents, and the Philadelphia Welfare Rights Organization. It charged that the city schools were violating federal guidelines because: 1) Title I schools weren't receiving as much state and local money as others in the district; 2) federal funds were replacing, not supplementing, other money; 3) funds were not being concentrated on the neediest, and 4) evaluation of Title I was ineffective.

The special panel will review present programs in the city's schools and recommend any changes required for the city to receive funds this year, and will suggest longer-range changes for next year.

Steve Browning of the Lawyers' Committee for Civil Rights Under Law, which provided legal advice in the case, said similar suits are pending in Rochester and Geneva, N.Y., and another will be filed soon in Cleveland.