

call the incentive factor; that is, the amount of participation in Federal funds available for Federal revenue sharing related to the effective efforts of the local governments take care of their own needs by local taxation.

Senator MUSKIE. I would like to ask two or three questions. There could be more, but we do have other witnesses. They are about the relocation provisions of this bill. Could you give us some special insights on your experiences and problems in Prince Georges County? Section 807(b) provides for full Federal reimbursement to State and local governments for relocations up to \$25,000 for each person displaced, the cost sharing according to the formula governing the particular program for costs above that. With respect to the first \$25,000, the Bureau of the Budget proposed cost sharing for the full amount. What would be the impact of the Bureau of the Budget's position or its recommendation in attempting future Federal assistance programs in your area?

Mrs. SPELLMAN. Well, I would say, speaking for counties generally, that it would be catastrophic, really. And this \$25,000 is probably very cheap if we look at it in terms of the fact that it provides the real incentive for getting things started. Once a program is underway it is going to continue, but that \$25,000 will get it underway. I would say that that would be a false economy.

Senator MUSKIE. The Bureau of the Budget goes in the other direction with another recommendation.

Mrs. SPELLMAN. If they are giving, the answer is "Yes," we will take it.

Senator MUSKIE. It is suggested that the owner of real property taken under a federally assisted program who purchases another home within a year be paid up to \$5,000. This \$5,000 would be added to the acquisition payment and would equal the average price for the standard dwelling adequate to accommodate the displaced owner. In other words, it is the theory that the fair market price would not be met in many instances when you step into new housing of comparable standard.

In addition, we ought to have something more.

Mrs. SPELLMAN. I think that they are absolutely right. As a matter of fact, our county itself has done something very similar to this. We needed some land for a hospital, we needed to expand, and the land we were taking was going to wipe out some very, very substandard homes. These places were built out of packing crates. They were unbelievable, yet interestingly enough, not one of those families in that area had ever been on welfare. So, here are people who really were trying to make their own way, and if we paid them for their homes, the actual price, the actual appraised value, they could not have gotten anywhere, and they just would have landed on public assistance rolls. They would have had no choice. And so what we did was pay them for a relocation price for their homes, and each one of the families is established and they are able to function as families.

So, this makes read good sense. It ought to be done.

Senator MUSKIE. Would you say the \$5,000 limitation is realistic?

Mrs. SPELLMAN. That is a little hard to say. In the market today in our county that would be a pittance really, but it would be a start. It would be a start. It would be far better if we could just leave it broad enough to say relocation value rather than a given sum.