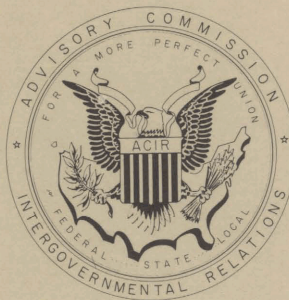


STATE INVOLVEMENT
IN FEDERAL-LOCAL
GRANT PROGRAMS

*A Case Study of the
"Buying In" Approach*



ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, D. C. 20575
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Excerpts from a Doctoral Dissertation
by Carl W. Stenberg
Submitted to the Graduate School of Public Affairs
State University of New York at Albany
August 15, 1969

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
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PREFACE

At its sixteenth meeting, held on January 23-24, 1964, the Advisory Commission on Intergovernmental Relations adopted a report dealing with the *Impact of Federal Urban Development Programs on Local Government Organization and Planning*. Among the issues explored in this report was the manner in which Federal grants-in-aid should be channeled—through the States, or directly to urban areas, by-passing the States. The Commission at that time adopted a selective approach to this controversial issue by proposing that Federal funds for a particular program in a particular State should be routed through the State if and when two basic conditions are met: establishment of adequate administrative machinery, and provision of State financial aid to cover a substantial portion of the non-Federal share of project costs. If the State chooses not to meet these conditions, then a direct Federal-local relationship should obtain regarding the operation of the program in that State.

The Commission's recommendation came to be known as the "buying in" approach, and in the years since it was enunciated it has attracted widespread support as well as considerable opposition. More recently, especially since the beginning of 1969, the question of channeling all Federal grants through the States versus direct Federal-local distribution has received much attention in both the executive and legislative branches of the national government. This issue is one of the major bones of contention in contemporary intergovernmental relations in the United States.

Last year, Carl W. Stenberg, an ACIR staff member, submitted a doctoral dissertation to the Graduate School of Public Affairs of the State University of New York at Albany, dealing with the "buying in" question and exploring the implications of this approach as applied to the field of airport development in New York State. The findings from his case study, *Tripartite Federalism: The Impact of New York State "Buying Into" the Federal-Aid Airport Program*, support some of the arguments used in favor of the "buying in" approach and refute others. With the thought that this study might be helpful to local, State, and Federal policy-makers, the Commission is publishing excerpts from Dr. Stenberg's dissertation.

Robert E. Merriam
Chairman

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Chapter I

INTRODUCTION

In the United States, the concept of federalism has been associated traditionally with the constitutional division of powers and functions between the national government and the states. The evolution of the American federal system has been accompanied by significant changes in the distribution of these powers and functions. As a consequence, the fundamental debate over federal-state relations initiated in the *Federalist Papers* has persisted to the present time....

Within the federal structure, operational relationships have developed among the various levels and units of government. These intergovernmental--federal-state, state-local, federal-local, interstate, and interlocal--relations contain elements of both cooperation and competition.¹ The term "cooperative federalism," popularized by Professors Morton Grodzins and Daniel J. Elazar,² is used generally to refer to a sharing or mixture of governmental activities analogous to a "marble cake" in which there is "an inseparable mingling of differently colored ingredients, the colors appearing in vertical and diagonal strands and unexpected whirls. As colors are mixed in the marble cake, so functions are mixed in the American federal system."³ Grodzins and Elazar also stress both the contemporary and historical relevance of cooperative federalism, and reject the earlier theory of dual federalism--or the "layer cake" analogy--⁴ which maintained that a distinct separation existed between the functions performed at the federal and state levels.⁵

The federal grant-in-aid program, which received its greatest stimulus through the social legislation of the New Deal, rapidly is becoming the cornerstone of American intergovernmental relations. The problems generated by the postwar population explosion and the urbanization of our nation have placed urgent demands on all levels of government for greater remedial action. As a result of the failure of many states and localities to act and of the recognition that some of these problems are matters of national concern, federal financial aid increasingly has become a major component of services

provided by state and local governments. The expansion in the number of individual grant authorizations from 160 in 1962 to 379 by January 1, 1967 is indicative of the marked growth in the amount of federal grants-in-aid to states and local units that has occurred in recent years.⁶

¹The term "intergovernmental relations" has been in popular usage in the United States for only about thirty years, although the concept and idea to which it refers originated as early as the colonization in America by the British. See William Anderson, *Intergovernmental Relations in Review* (Minneapolis: University of Minnesota Press, 1960), pp. 3-4; and W. Brooke Graves, *American Intergovernmental Relations: Their Origins, Historical Development, and Current Status* (New York: Charles Scribner's Sons, 1964), pp. 3-31.

²For an earlier treatment of emerging patterns of federal-state cooperation see Jane Perry Clark, *The Rise of a New Federalism: Federal-State Cooperation in the United States* (1938; reprint ed., New York: Russell and Russell, 1965); and U.S., Congress, Senate, Committee on Expenditures in the Executive Departments, *Federal-State Relations by the Council of State Governments: Report of the Commission on Organization of the Executive Branch of the Government*, 81st Cong., 1st sess., 1949.

³Morton Grodzins, "The Federal System," in *Goals for Americans: Programs for Action in the Sixties* (Englewood Cliffs, N.J.: Prentice-Hall Book Company, Inc., 1960), p. 265. The "marble cake" analogy has been attacked on a number of substantive and procedural grounds. In particular, see U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *The Condition of American Federalism: An Historian's View* by Harry N. Scheiber, 89th Cong., 2d sess., 1966.

⁴The term "dual federalism" was coined by Edward S. Corwin. See his *The Twilight of the Supreme Court: A History of Our Constitutional Theory* (New Haven: Yale University Press, 1934), pp. 1-51; and "National-State Cooperation--Its Present Possibilities," *Yale Law Journal* 46 (1937):599-623. See also George C.S. Benson, *The New Centralization: A Study of Intergovernmental Relationships in the United States* (New York: Farrar and Rinehart, Inc., 1941).

⁵For an analysis of federal-state relations prior to 1913 see Daniel J. Elazar, *The American Partnership: Intergovernmental Co-operation in the Nineteenth-Century United States* (Chicago: University of Chicago Press, 1962). See also his "The Shaping of Intergovernmental Relations in the Twentieth Century," *The Annals of the American Academy of Political and Social Science* 359 (1965): 10-22.

⁶U.S., Advisory Commission on Intergovernmental Relations, *Fiscal Balance in the American Federal System*, 2 vols. (Washington, D.C.: United States Government Printing Office, 1967), I:150-53.

In fiscal 1970, total direct federal financial assistance to state and local governments, including grants, shared revenues, and loans, is estimated to be \$24.6 billion, an increase of \$4.1 billion over the 1969 figure and \$6.3 billion over the actual 1968 total. Grants will account for about ninety-nine percent of this amount.⁷ An estimated \$16.4 billion in federal aid will be allocated to standard metropolitan statistical areas (SMSAs) in 1970, representing a rise of \$10.8 billion or 193 percent of the total federal funds spent in urban areas in 1964.⁸ Federal aid as a proportion of total federal expenditures has risen from eight percent in 1960 to an estimated thirteen percent in 1970.⁹ As a proportion of state and local revenues, federal financial assistance has increased from fifteen percent in 1959 to an estimated eighteen percent in 1969.¹⁰

Nature and Purpose

The focus of this study is upon an important current problem in American intergovernmental relations--"direct federalism"¹¹ Although many federal grant programs enacted during the New Deal era provided for substantial federal-state-local administrative and financial involvement, there has been an emerging tendency for federal grants-in-aid to bypass state governments through the establishment of direct federal-local relationships. While the low-rent public housing program under the United States Housing Act of 1937 and the Federal-Aid Airport Program under the Federal Airport Act of 1946 represented two of the earliest major examples of "direct federalism," the period 1961 to 1967 witnessed its greatest development. Twenty-three of the thirty-eight federal grant-in-aid programs which completely bypass state governments were enacted after 1960.¹²

On the surface, the sixty-eight programs under which federal funds may be provided directly to local units would appear to be of minor significance in comparison with the over 379 individual federal grant authorizations which existed as of January 1, 1967. The recent sharp growth of "direct federalism," however, has raised serious questions concerning the viability of state governments as effective partners in the federal system and thereby has challenged the popular theory of cooperative federalism. These questions involve such substantive issues as the proper role of the states in relation to their political subdivisions, the range of responsibilities which the federal government should assume in meeting urban needs and problems, the prospects for increasing centralization of functions at

the national level, the possibility that the states have forfeited their role as major urban policy-makers and have become administrative districts of the federal government, and the most desirable and feasible ways to administer federal grants-in-aid.

The purpose of this study is to develop and apply a framework for analyzing the impact of a recommended alternative to "direct federalism:" that the states should "buy into" direct federal-local grant programs for urban development¹³ by providing a substantial portion of the nonfederal share of costs as the crucial condition

⁷U.S., Bureau of the Budget, *Special Analyses: Budget of the United States, Fiscal Year 1970* (Washington, D.C.: United States Government Printing Office, 1969), pp. 202-04; and Office of Budget Review, "Revised Estimates of Federal Aid to State and Local Governments and Federal Aid to Urban Areas," mimeographed (Washington, D.C.: Bureau of the Budget, 1969), p. 1.

⁸Bureau of the Budget, *Special Analyses*, p. 212.

⁹*Ibid.*, p. 208.

¹⁰*Ibid.*, p. 209.

¹¹The term "direct federalism," which refers to the establishment of direct relationships between the federal government and localities in grant-in-aid programs, was developed by Professors Charles E. Gilbert and David G. Smith. For an analysis of the nature and implications of "direct federalism" in the public social services and its relationship with "conventional" or "cooperative" federalism, see their "Emerging Patterns of Federalism in Health, Education, and Welfare" (Paper prepared for delivery at the 1966 Annual Meeting of the American Political Science Association, New York City, September 6-10, 1966).

¹²Advisory Commission on Intergovernmental Relations, *Fiscal Balance*, I:165. Refer to pages 166-68 of this ACIR report for a table listing sixty-eight grant-in-aid programs under which federal funds may be provided directly to local governments. Of this total, state governments have no role in thirty-eight programs, and some role in thirty programs. Local governments are the only eligible recipients of funds in twelve programs. It should be noted that the table is limited to programs for planning, operating, and construction activities, and omits reference to grants for training, research, and demonstration purposes, many of which also bypass the states.

¹³This study will rely upon the following definitions of the terms "federal grant-in-aid programs" and "urban development programs".... A federal grant-in-aid is, "money paid or furnished to state or local governments to be used for specified purposes ('categories'), subject to conditions spelled out in statute or administrative regulations. Generally excluded from this definition are: (a) shared revenues, (b) payments of taxes or in lieu of taxes, (c) loans or repayable advances, and (d) payments for contractual services rendered by state or local government to the national government." See: Advisory Commission on Intergovernmental Relations, *Fiscal Balance*, I:137-38. "Urban development programs ... are those which (1) culminate in physical construction activity, and those which (2) involve planning for the physical development of urban communities and their urban-rural fringes." See U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *Impact of Federal Urban Development Programs on Local Government Organization and Planning*, by the Advisory Commission on Intergovernmental Relations, 88th Cong., 2d sess., 1964, p. 1.

affecting the channeling¹⁴ of these grants through state agencies. This framework employs certain concepts derived from public administration, political science, and intergovernmental relations literature to gauge the changes, if any, in federal grant-in-aid program operation resulting from such state financial participation. The impact of New York State "buying into" the Federal-Aid Airport Program is analyzed, and propositions concerning the role of the states in federal-local relations are developed.

Central Hypothesis and Criteria

The central hypothesis of this study is: through the states "buying into" direct federal-local grant-in-aid programs for urban development, substantial contributions will be made to the improvement of the administration and financing of such programs. This hypothesis will be tested by positing certain criteria which can be applied to determine whether state financial participation has produced any changes in the operation of direct federal-local grant programs and, if so, the nature and extent of this impact. These criteria follow, together with an explanation of their relevance in regard to the central hypothesis. It should be recognized, however, that this is not an exhaustive list.

The extent to which the amount of matching funds provided by local units is reduced. Local officials frequently contend their communities lack sufficient financial resources to cover the nonfederal share of grant-in-aid program costs. Rising public demands and expectations for improvements in the quantity and quality of services in such areas as education, health and welfare, police and fire protection, and streets and roads limit the amounts of funds available for expenditure by local units on other functions. This is an acute problem particularly for localities which rely heavily on the property tax as a source of revenue. In grant programs, the difficulties imposed by inadequate local financial resources often are intensified by the establishment of high nonfederal cost-sharing percentages and by restrictions on the amount of "in kind" contribution--such as office space, equipment and supplies, and personnel--local governments may make. State "buying into" grant-in-aid programs financed previously on a federal-local basis through assumption of part of the nonfederal share of costs should reduce the total amount of funds local units would have to provide in order to participate in a program.¹⁵

The extent to which the flexibility of intergovernmental cost-sharing arrangements is

increased. Since "buying into" direct federal-local grant-in-aid programs for urban development involves provision of state funds to cover part of the nonfederal share of costs, it is clear that such state participation to some extent must be related to federal funding decisions pertinent to local applications. An important question, however, concerns the degree to which "buying in" is tied to federal program activities; specifically, whether state financial aid is limited to only a designated portion of federally approved and funded local programs, or whether under certain conditions local program components may be financed on a state-local basis.

Where "buying in" is not restricted to matching federal allocations, state financial assistance also should be used for such program-related purposes as covering wholly or partially the costs of items which, while eligible for federal funds, receive only part of the amounts originally approved. In addition, state aid should be allotted to offset the cost of program items ineligible for federal funds, particularly those mandated by the state as a condition for its providing part of the nonfederal share. In these ways, when state "buying in" includes authorization for state-local funding, increased flexibility in cost-sharing arrangements should result.¹⁶

¹⁴...Channeling "may consist solely of review and comment or approval of applications going directly from local governments to the federal agency, or there may be more state involvement and initiative through a state plan, state allocation of available funds within the state, or state determination of eligible projects and priorities." See Advisory Commission on Intergovernmental Relations, *Fiscal Balance* 1:254. Federal aid disbursements to local units also may be "channeled" through state agencies. For a discussion of the various types of "channeling" required as of the end of 1962 in eleven federal grant-in-aid programs for urban development see ACIR's earlier report, *Impact of Federal Urban Development Programs*, pp. 13-15.

¹⁵See *Federal Grants-in-Aid: Report of the Committee on Federal Grants-in-Aid* (Chicago: Council of State Governments, 1949), p. 240, and *State-Local Relations: Report of the Committee on State-Local Relations* (Chicago: Council of State Governments, 1946), pp. 128-29; Committee on State-Urban Relations, *The States and Urban Problems: A Staff Study for the Committee on State-Urban Relations of the National Governors' Conference* (Washington, D.C.: National Governors' Conference, 1967), p. 45; Daniel J. Elazar, "Fragmentation and Local Organizational Response to Federal-City Programs," *Urban Affairs Quarterly* 2 (1967):34; Terry Sanford, *Storm Over the States* (New York: McGraw-Hill Book Company, 1967), pp. 141-42; and Task Force on Housing, Reconstruction and Investment, *An Agenda for Positive Action: State Programs in Housing and Community Development* (Washington, D.C.: Urban Coalition, 1968), p. 15.

¹⁶See National Governors' Conference, *The States and Urban Problems*, p. 45; *State Responsibility in Urban Regional Development: A Report to the Governors' Conference* (Chicago: Council of State Governments, 1962), p. 63; Advisory Commission on Intergovernmental Relations, *Impact of Federal Urban Development Programs*, pp. 32-33; and Urban Coalition, *An Agenda for Positive Action*, p. 16.

The extent to which the number of local units participating in the program is increased. The unavailability of sufficient financial resources to cover the nonfederal share of costs precludes participation by some local units in grant-in-aid programs. In cases where state "buying into" direct federal-local grant programs has produced an actual or anticipated reduction in the amount of funds which localities would have to furnish, local participation--ranging from preliminary expressions of interest or requests for federal and state financial aid to submission of the final grant application--should increase relative to the period during which state financial assistance was not provided.¹⁷

On the other hand, state "buying in" should operate indirectly as a stimulus to local involvement in grant-in-aid programs. It is conceivable that in certain instances--such as when adequate local funds are available, the total cost of the program is small, or the percentage of the federal share is high--the presence of state funds should not be primarily responsible for a growth in local participation. Other factors related to "buying in" should be key determinants of these local decisions.

Commitment of state funds for use in formerly direct federal-local grant programs, for example, probably would be accompanied by imposition of standards and conditions and enactment of channeling requirements. This implies an expansion of state administrative machinery and personnel to monitor the flow of financial aid, review and approve local applications, and coordinate inter- and intragovernmental program efforts. This increased state role might include such technical assistance to local units as furnishing information and advice; assisting local personnel in the formulation of plans, specifications, and applications; and aiding in the coordination of components of local programs with affected state agencies. State officials also might assume complete responsibility for the preparation of grant applications. These services would be vital especially to localities which lack personnel having the requisite expertise to perform these tasks and are unable to employ private consultants. Even though the availability of state technical assistance as a byproduct or in the absence of financial aid should affect local participation, however, "buying in" still should be the major factor responsible for increases in the relative number of local requests and applications for grants-in-aid for urban development.

The extent to which the scope of local programs is expanded. The unavailability of sufficient financial

resources, if not preventing local involvement in federally-aided programs, often reduces the scope of such participation. As a consequence, in some cases local funds which can be allocated to match federal aid are inadequate to meet service needs and to alleviate other pressing problems. This disparity between needs and resources has increased the pressure on state governments to assume complete responsibility for financing and administering certain functions performed traditionally by local governments. For example, although interstate patterns vary greatly, there has been a gradual shift in the distribution of responsibilities for such programs as welfare, education, health, and roads from the local to the state levels.

An alternative to the transfer of local functional responsibilities is state provision of a substantial part of the nonfederal share of grant-in-aid program costs. Supplementing local funds with state financial assistance probably obviates the necessity to transfer functions and maintains the normal pattern of federal-state-local administrative and fiscal relationships.

As a result of state financial participation, local units should have to provide less funds for urban development programs having a scope corresponding with those financed previously on a direct federal-local basis. State financial assistance not only should help to close the gap between local needs and resources; it should encourage localities to assume broader functional responsibilities and to undertake more extensive programs relative to their previous efforts. In other words, state "buying in" should free local funds for use in financing additional program-related items either eligible or ineligible for federal aid, and thereby should result in an expansion in the scope of local programs.¹⁸

The extent to which overall state supervision of local programs is increased. Federal and state grants-in-aid generally prescribe certain minimum standards, conditions, and sanctions which are imposed by the grantor in order to ensure that funds will be expended by the grantee efficiently, economically, and in accordance with specified objectives. These "conditional" grants also provide for administrative

¹⁷See National Governors' Conference, *The States and Urban Problems*, p. 45.

¹⁸See National Governors' Conference, *The States and Urban Problems*, p. 45; Council of State Governments, *State Responsibility in Urban Regional Development*, pp. 20-21, and *State-Local Relations*, p. 52; and Alan K. Campbell, "National-State-Local Systems of Government and Intergovernmental Aid," *The Annals* 359 (1965):105.

machinery and procedures for supervising grant-aided activities. Although direct federal-local grant programs bypass state supervisory authority, states may mandate the channeling of preliminary local requests and final applications for federal aid and/or federal disbursements of funds to local units through state administrative agencies, regardless of whether "buying in" has occurred. The first type of channeling usually involves state level review and comment on and approval of local requests and applications prior to their submission to federal agencies, and may be coupled with the determination of eligible program items and priorities and their relationship to the contents of state plans.

In the absence of a substantial financial commitment, state supervision of local program activities, particularly its review, comment, and approval functions with respect to requests and applications for federal grants, should not be as extensive as when state funds are involved. Where a state financial interest is present as a result of "buying in," it should be accompanied by increased state supervision of local program development and closer review of completed applications in order to ensure that they conform to the standards and conditions attached to the state aid.¹⁹

The extent to which coordination of local program plans with state long-range functional development plans is increased. The multiplication of planning requirements attached to federal grants-in-aid has not been accompanied by many significant efforts to interrelate federal program plans and to mesh them with the planning activities of other levels of government.²⁰ As a result, individual program plans prepared by local units or state agencies as a condition for the receipt of federal aid often are not well integrated with state long-range plans and policies. The duplication and variation among federal planning requirements has been complicated further by the increasing tendency of state grants for urban development to contain provisions mandating local or regional planning.

Efforts have been made by some states to rationalize this confusion through the promulgation of long-range functional development plans relating to transportation, economic development, education, health and welfare, and other areas. These intermediate plans are not the same as a comprehensive plan which sets forth general policies and goals pertinent to the development of state physical, social, and economic resources. Long-range functional development plans are formulated within the framework of and are the basis for updating the comprehensive plan. These intermediate plans, however,

in effect serve as comprehensive plans in guiding the development of specific components of broad functional programs. A typical state long-range functional development plan for transportation, for example, probably contains sections relating to airports, highways, railroads, waterways, and pipelines. Individual program plans and applications for financial assistance prepared by localities must be consistent with the contents of these intermediate plans.²¹

There are no guarantees that federal-local grant-in-aid programs which completely bypass a state government will be coordinated with state-wide plans and policies. On the other hand, if a state has enacted channeling requirements pertinent to the review and approval of local applications for federal aid, it is in a position to exercise control over the patterns of development within its borders and to mesh local program activities with state long-range functional development plans. Under these conditions, however, such control basically is negative in character since it takes the form of a state level veto power over local programs.

State financial participation, coupled with channeling requirements, should provide more positive direction to state-local planning coordination. Capital improvements

¹⁹See Lester S. Hyman, "A Report and Recommendations on the Posture of the Department of Housing and Urban Development Toward the States," mimeographed (Washington, D.C.: United States Department of Housing and Urban Development, 1967), pp. 37-38; Elazar, "Fragmentation and Local Organizational Response," p. 34; National Governors' Conference, *The States and Urban Problems*, p. 44; Council of State Governments, *Federal Grants-in-Aid*, pp. 240, 243, and *State Responsibility in Urban Regional Development*, p. 20; V.O. Key, Jr., *The Administration of Federal Grants to States* (Chicago: Public Administration Service, 1937), pp. 229, 354-55, 357; Advisory Commission on Intergovernmental Relations, *Impact of Federal Urban Development Programs*, p. 32; Farris Bryant, Chairman, Advisory Commission on Intergovernmental Relations, to Senator Edmund S. Muskie, March 22, 1967, in U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *Creative Federalism: Hearings, Part 2-B, the State-Local Regional Level*, 90th Cong., 1st sess., February 7, 9; March 21 and 22, 1967, p. 910; William G. Colman, "The Role of the Federal Government in the Design and Administration of Intergovernmental Programs," *The Annals* 359 (1965):32; and U.S., Commission on Intergovernmental Relations, *A Report to the President for Transmittal to the Congress* (Washington, D.C.: United States Government Printing Office, 1955), pp. 227-29.

²⁰See U.S., Oakland Task Force, *An Analysis of Federal Decision-Making and Impact: The Federal Government in Oakland* 2 vols. (San Francisco: San Francisco Federal Executive Board, 1968), I:95-96.

²¹See U.S., Advisory Commission on Intergovernmental Relations, *New Proposals for 1969: ACIR State Legislative Program* (Washington, D.C.: United States Government Printing Office, 1968), pp. 405-1-4.

programming within the framework of a long-range functional development plan should provide a major benchmark to guide urban development decisions. Needed capital improvements should be identified and funding priorities established by the state. Local units should be made aware of long-range state-wide development plans and policies for broad functional areas, the relationship between their activities and projected state development patterns, and the relative status of individual local programs in terms of the possibility of receiving state financial aid. Availability of state funds to cover a substantial part of the nonfederal share of costs should serve as a strong incentive for localities to integrate closely their individual program planning with state intermediate plans. "Buying in" also should provide State agencies with additional leverage in enforcing planning mandated as a condition for the receipt of state aid. In these ways, state "buying into" direct federal-local grant programs should result in increased coordination of local individual program plans with state long-range functional development plans.²²

The extent to which delays in processing local program applications are reduced. One of the most significant factors affecting the total time involved from the inception to the completion of a local program is the speed with which applications for federal funds are reviewed and approved at the state and federal levels. A common problem in grant-in-aid administration involves processing delays which not only retard program completion, but also increase local costs and reduce citizen interest.²³ While it is possible that these delays are minimized in federal-local grant programs in which there is no state role in application review and approval, under certain conditions channeling these documents through state agencies should reduce overall processing time.

In this instance, the state agency should serve as more than merely an intermediate layer of review.²⁴ State program administrators should make recommendations concerning improvements in the contents of local applications and supporting material which, when coupled with formal approval by the appropriate state agency, should expedite their processing at the federal level. In particular, this should decrease the amount of time required for the review and approval of these documents by federal field offices prior to submission to their central office for final approval.

The capacity of states to reduce delays in the processing of local applications is somewhat related to the possibility that state officials might possess greater

knowledge of "local conditions" than their federal functional counterparts. Another possible reason is lack of sufficient personnel in some federal field offices, which restricts the amount of technical assistance that can be provided to localities and increases the time needed to review local program documents. The key factor, however, involves the impact of state financial participation on the nature of federal-state-local relationships.

The existence of standards relative to local performance and other requirements mandated as a condition for the receipt of state funds should result in closer state supervision of local program activities and a corresponding necessity for local officials to cooperate with state administrators. The pervasiveness of the state role in local program development due to "buying in," performance standards, and channeling requirements also should increase the degree to which federal agencies accept state recommendations concerning such aspects of applications submitted by their political subdivisions as program scope, funding priorities, and items eligible for federal funds. These factors should diminish the amount of time required for processing local applications at the state and federal levels to a greater extent than if the state lacked a substantive commitment to the program, as evidenced by failure to participate financially, and performed merely a clerical function in funneling such documents between the federal and local levels.

The foregoing suggests that when a state "buys into" a direct federal-local grant program, this should result in a reduction, relative to when state financial assistance was not provided, in the average number of days required for processing applications and related material by state and federal agencies; the overall time period between the submission and final approval of these documents; and the total number of programs affected by processing delays. A further consequence of "buying in" is that the degree to which federal agencies are willing to accept state recommendations pertinent to local applications should increase in relation to the period before state financial involvement occurred.

²²See Council of State Governments, *State Responsibility in Urban Regional Development*, p. 62.

²³See Oakland Task Force, *An Analysis of Federal Decision-Making*, I:69-80, 101, 103, 197-205.

²⁴See Advisory Commission on Intergovernmental Relations, *Impact of Federal Urban Development Programs*, p. 32; and Bryant to Muskie, p. 910.

The extent to which state inter-agency coordination is increased. A major problem involved in grant-in-aid administration is state inter-agency coordination, which is particularly evident in regard to the need to mesh the review of components of local applications by affected state agencies. Unclear lines of formal authority and responsibility, ineffective communication channels, a breakdown of informal organization, disinterest on the part of program officials, and inadequate work procedures may result in a fragmentation of state level efforts to adjust inter-agency relationships affecting state and local activities in certain grant-aided program areas. This situation often occurs when a state has an administrative or supervisory but not a financial role in a program. In some instances, even where such formal mechanisms as interdepartmental committees exist, the state agency responsible for the administration or supervision of a program lacks the leverage necessary to coordinate effectively its efforts with those of other state agencies. The evidence of a substantial state financial commitment to a program and the necessity to ensure a local compliance with performance standards and conditions accompanying state financial aid should serve as a strong incentive to achieve increased state inter-agency coordination.²⁵

The extent to which delays in funding local programs are reduced. Delays in the funding of local programs are related directly to difficulties involved in the processing of applications for federal funds. In some grant-in-aid programs, the most time-consuming stages are the review and approval of local applications by state and federal agencies and, relative to these, the timing of the payment of federal financial aid for approved programs is a problem of lesser importance. The latter type of delay, however, is crucial when federal funds have not been made available by the time work on an urban development program is scheduled to commence.²⁶ Not only must its completion date be extended, but total costs might increase, significantly in inflationary periods. This problem probably occurs most frequently in those geographic regions where the amount of work that can be undertaken is conditioned by a construction season of limited duration.

In this instance, state "buying in" should serve as a means of "pre-financing" a program by providing state funds, to be reimbursed at a later date, to cover the federal share following execution of the grant agreement. Through "pre-financing" it should be possible to get local programs underway earlier than when such arrangements did not exist, and thereby to

reduce the period of time between their approval and completion.²⁷

The extent to which local officials react more favorably to the state supervisory role in a program. In a broad sense, state financial participation in direct federal-local grant-in-aid programs for urban development can be viewed as an indication of state concern with solving pressing urban problems and as an awareness of the limitations on the amounts of available financial resources which often limit the capacity of affected local units to take necessary remedial action. On the other hand, when a state has mandated channeling yet has failed to "buy in," this action might be interpreted at the local level as state "intervention," or the superimposing of an additional and perhaps unnecessary layer of review. As a consequence, the response of local officials to the state supervisory role should be highly unfavorable if it appears that the state was more interested in controlling local program activities than in facilitating local efforts to meet public service demands.²⁸ Conversely, when channeling is accompanied by state financial assistance to cover a substantial part of the nonfederal share of program costs, local officials should react more favorably to the state supervisory position relative to when such aid was not provided.²⁹

²⁵See Council of State Governments, *State Responsibility in Urban Regional Development*, p. 62.

²⁶See Oakland Task Force, *An Analysis of Federal Decision-Making*, I:99-100.

²⁷See U.S., Commission on Intergovernmental Relations, *Federal Aid to Airports* (Washington, D.C.: United States Government Printing Office, 1955), p. 87; and John H. Frederick, *Airport Management* (Chicago: Richard D. Irwin, Inc., 1949), pp. 127-28.

²⁸A number of studies have dealt in varying degrees with the views of local officials concerning "bypassing" the states, channeling federal aid and local applications for such funds through state administrative agencies, and state financial participation in direct federal-local grant-in-aid programs. See: U.S., Commission on Intergovernmental Relations, Governmental Affairs Institute, *A Survey Report on the Impact of Federal Grants-in-Aid on the Structure and Functions of State and Local Governments* (Washington, D.C.: United States Government Printing Office, 1955), pp. 17, 176, 190-91, 215; Edward W. Weidner, *Intergovernmental Relations as Seen by Public Officials* (Minneapolis: University of Minnesota Press, 1960), pp. 88-91; and U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *The Federal System as Seen by State and Local Officials*, 88th Cong., 1st sess., 1963, pp. 142-43, 169-70.

²⁹See Hyman, "Posture of the Department of Housing and Urban Development," pp. 15, 17, 21-22; National Governors' Conference, *The States and Urban Problems*, p. 44; and Colman, "Design and Administration of Intergovernmental Programs," p. 32.

A second variable affecting local attitudes concerning the State role in former direct federal-local grant programs is the provision of technical assistance to local units. As indicated earlier, in certain circumstances the availability of state technical information, advice, or expertise should be of equal or greater importance than financial aid as an incentive for local participation in a program. Although technical assistance should have a positive impact on local views, when channeling requirements are accompanied by both state financial and technical aid, "buying in" should be the critical factor affecting the reaction of local officials to state supervision. Yet, when channeling is coupled with only technical assistance, this still should produce a more favorable local response than if neither type of state aid were provided. In this sense, "buying in" should facilitate closer state-local relationships in urban development programs.

Sources of Data

A large part of the empirical data utilized in the study has been obtained through interviews and written communications with federal [interviewed in May 1968] and New York State [interviewed in June-July 1967, February-March 1968, and October 1968] middle management officials involved in the administration of the Federal-Aid Airport Program. Most of these officials were specialists in their respective fields rather than generalists, and their formal position in the bureaucratic structure usually was head of a bureau, division, branch, or section. However, a few top management State officials--deputies or assistants to department heads--also were interviewed. A second major source of data consisted of questionnaires distributed to local airport development project sponsors [in April 1968 and March 1969]. The respondents included local chief executives--mayors, city and county managers, and county supervisors--and local administrative personnel, such as department heads or their assistants....³⁰

These attitudinal data have been supplemented with public documents and studies by governmental agencies, private research organizations, and individual practitioners and academicians. Of particular usefulness were relevant federal and State statutes; FAA [Federal Aviation Administration] guidelines, regulations, annual reports, and statistical handbooks; yearly volumes of the *National Airport Plan* and the Annual Program; reports dealing with the organization of the New York State DOT [Department of Transportation]; DOT

informational manuals for State aid applicants; and State executive, supplemental, and deficiency budgets. Valuable information also was obtained from reviews of selected local airport development project documents filed with the State ATAS [Air Technical Assistance Section] in Albany, New York, and of "FAAP Project Status Reports" filed with the FAA's central office in Washington, D.C....

Underlying Assumptions

The heavy reliance on interviews with program officials is a reflection of a major assumption underlying this study; while in practice federalism involves relations between central and constituent governmental units, this is not a process in which whole political entities interact with one another in accordance with a superior-subordinate relationship. Instead, contemporary intergovernmental relations in the United States consist largely of reciprocal actions between grant program administrators representing the federal, state, and local levels rather than between governors, mayors, county executives, legislators, and other elected officials.³¹ Since federal grants-in-aid serve as the major operational

³⁰Refer to Appendix A for a breakdown of survey respondents and non-respondents in terms of the type of local government unit sponsoring the airport development project.

³¹See Key, *Administration of Federal Grants to States*, p. 244; Commission on Intergovernmental Relations, *Survey Report on the Impact of Federal Grants-in-Aid*, and *Summaries of Survey Reports on the Administrative and Fiscal Impact of Federal Grants-in-Aid* (Washington, D.C.: United States Government Printing Office, 1955); Weidner, *Intergovernmental Relations as Seen by Public Officials*, pp. 26, 120, and "Decision-Making in a Federal System," in *Federalism: Mature and Emergent*, ed. Arthur W. Macmahon (1955; reprint ed., New York: Russell & Russell, 1962), pp. 363-83; U.S., Office of Emergency Planning, *A Report to the President: Nine Months of Progress in Federal-State Relations* (Washington, D.C.: Office of Emergency Planning, 1967), pp. 4, 15, 23, 27; U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *The Federal System as seen by State and Local Officials*, and *The Federal System as Seen by Federal Aid Officials*, 89th Cong., 1st sess., December 15, 1965; Daniel J. Elazar, *American Federalism: A View from the States* (New York: Thomas Y. Crowell Company, 1966), pp. 147-54; and York Willbern, "Administrative Organization," in *The 50 States and Their Local Governments*, ed. James W. Fesler (New York: Alfred A. Knopf, Inc., 1967), pp. 348-50. It should be noted that Title II of the Intergovernmental Cooperation Act of 1968--82 STAT. 1098, 42 U.S.C.A. 4201 (1968)--provides that as a means of improving intergovernmental communication channels and coordination of grant-in-aid programs at the state level, upon their request the governor, legislature, or an official designated by either will be notified concerning the purpose and amounts of federal funds received by the state and its political subdivisions.

characteristic of the modern American federal system, intergovernmental relations may be studied meaningfully in terms of the interaction of these administrators with their functional counterparts at different levels of government. As Professor Edward W. Weidner has concluded: "Since officials dealing with officials are really human beings dealing with other human beings within the scope and context of their official duties, intergovernmental relations may fruitfully be studied as human relations or as the interactions of human beings in different positions of official responsibility when dealing with each other in the context of their responsibilities."³²

At this point it is appropriate to indicate two possible problems involved in the approach to this study; the comparability of grant-in-aid programs, and the formulation of propositions concerning the role of state governments in federal-local relations. Specific difficulties in regard to the interviews, the questionnaire survey, and other empirical data will be examined in appropriate chapters where these sources appear.

With reference to the first problem area, it could be argued that the impact of New York State financial participation in the Federal-Aid Airport Program cannot be compared adequately with the effects of "buying into" different grant programs. While, by definition, all urban development programs share certain general features which distinguish them from other types of federal grants-in-aid, they often vary in their particular purpose and operation. State governments, however, must make three fundamental decisions concerning each program in which federal funds may be paid directly to localities: (1) whether channeling through state agencies will be mandated; (2) whether state technical assistance will be furnished; and (3) whether state financial aid will be provided. These decisions serve as indices of the extent of the state role in federal-local relations. The criteria identified earlier for analyzing one of these alternatives--state "buying in"--can be applied to all such programs. In this sense, specific differences between the Federal-Aid Airport Program and other grants-in-aid for urban development would not preclude general comparative analysis of the impact of state financial participation....

The second problem involves the development of general propositions concerning the role of state governments in federal-local relations based on the experience of only one State. Until the pioneering work of Professor V.O. Key, Jr.,³³ there was a marked absence of systematic, comparative studies of state

politics. This may be attributed mainly to the wide variances in state political patterns which often defied systematizing. Yet, this diversity has not inhibited the indiscriminate use of the term "the states" by many observers. While this study occasionally will use this term in a generic sense, it is important to underscore our awareness that despite the mixture of federal-state-local activities characteristic of cooperative federalism, each state retains its identity as a complex "civil society" within the national political system which:

(1) pursues a particular conception of justice that it makes its own; (2) encompasses a wide variety of social and economic interests; (3) is charged with considerable responsibility for satisfying the technological, economic, and political needs of its people; and (4) is capable of authoritatively mobilizing the resources necessary to do so in a manner sufficient to ensure its own maintenance.³⁴

Within this context, we also recognize that wide interstate variations may exist in the operation of the Federal-Aid Airport Program. It is conceivable that New York's experience with "buying in" may not be particularly relevant to other states having basically different political, economic, social, cultural, historical, and other characteristics which affect public programs. In a recent study that measures the relative speed with which state governments have adopted new programs and develops there from an index of state "innovation," for example, New York State received the highest "innovation score" which was well over two times that of Mississippi, the State ranked lowest.³⁵ While this limitation cannot be overcome without expanding greatly the scope of the present study, it does not necessarily preclude formulation of general propositions concerning "direct federalism"--albeit derived from a case study in one State--which could be useful in studying the impact of other states "buying into" direct federal-local grant-in-aid programs for urban development.

³²Weidner, *Intergovernmental Relations as Seen by Public Officials*, p. 2.

³³See V.O. Key, Jr., *Southern Politics in State and Nation* (New York: Alfred A. Knopf, 1949); and *American State Politics: An Introduction* (New York: Alfred A. Knopf, 1956).

³⁴Elazar, *American Federalism*, p. 2.

³⁵Jack L. Walker, "The Adoption of Innovations by the American States" (Paper prepared for delivery at the 1968 Annual Meeting of the American Political Science Association, Washington, D.C., September 2-7, 1968). p. 4.

Chapter II

"DIRECT FEDERALISM" AND THE ROLE OF THE STATES IN URBAN DEVELOPMENT

No general consensus exists concerning the future position of state governments in the American federal system. The focal point of the continuing debate over the role of the states has involved the question of the nature and extent of their responsibilities in regard to local governments. The intensity of this debate has been generated by the burgeoning needs and problems which have accompanied the rapid growth of urbanized areas in the nation.

On the other hand, there is widespread agreement that the past performance of most state governments has been characterized by unresponsiveness, ineffectiveness, and inefficiency. Many observers concur that the initial establishment and the growing number of direct relationships between the federal government and local units in grant-in-aid programs reflect the continuing failure of the states to assume their responsibilities and to serve as viable members of the intergovernmental partnership.

The Rise of "Direct Federalism"

Although numerous indirect and some direct relationships between the federal government and localities had existed since the earliest days of the Republic,¹ the real beginning of "direct federalism" usually is traced to the Great Depression.² The widespread unemployment and economic distress which occurred during this period resulted in the creation of such federal agencies as the Federal Emergency Relief Administration (FERA), Civil Works Administration (CWA), Public Works Administration (PWA), Works Progress Administration (WPA), and Reconstruction Finance Corporation (RFC). In contrast with many of its previous programs and policies, "the urgent need to distribute relief funds provided the federal government with an excuse for short-circuiting the states and dealing directly with the cities."³

Another reason for bypassing was the failure of state governments to perform effectively. As one observer has pointed out: "The states were not in a position to

offer the needed assistance, nor had they developed adequate channels through which the federal government might extend the aid" ...⁴ Furthermore, because of rurally-dominated state legislatures, many cities were placed "in the peculiar position of petitioning Washington to protect them against their own states," and for the most part they "had a more sympathetic and

¹Daniel J. Elazar has demonstrated that in the nineteenth century the tendency for large cities to seek direct relationships with the federal government mainly was the result of federal aid that was provided to local governments for internal improvements related to the promotion of commerce, including construction of western roads, railroads, canals, and rivers and harbors; extension of postal services; and provision of customs and immigration facilities. See his *The American Partnership: Intergovernmental Co-operation in the Nineteenth-Century United States* (Chicago: University of Chicago Press, 1962); and his "Urban Problems and the Federal Government: A Historical Inquiry," *Political Science Quarterly* 82 (1967):505-25. See also Paul V. Betters, *Federal Services to Municipal Governments* (New York: Municipal Administration Service, 1931); Robert H. Blundred and Donah W. Hanks, Jr., *Federal Services to Cities and Towns* (Chicago: American Municipal Association, 1950); and U.S., Commission on Intergovernmental Relations, Advisory Committee on Local Government, *Local Government* (Washington, D.C.: United States Government Printing Office, 1955), pp. 60-62.

²For an examination of trends in intergovernmental relations since 1913 see Daniel J. Elazar, "Intergovernmental Relations in the Twentieth Century," *The Annals of the American Academy of Political and Social Science* 359 (1965):10-22; and Morton Grodzins, *The American System: A New View of Government in the United States* (Chicago: Rand McNally & Company, 1966), pp. 17-57. For a different interpretation, see U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *The Condition of American Federalism: An Historian's View*, by Harry N. Scheiber, 89th Cong., 2d sess., 1966, pp. 4-14. See also William Anderson, *Intergovernmental Relations in Review* (Minneapolis: University of Minnesota Press, 1960), pp. 112-16; W. Brooke Graves, *American Intergovernmental Relations: Their Origins, Historical Development, and Current Status* (New York: Charles Scribner's Sons, 1964), pp. 654-94; and Daniel R. Grant, "The Decline of States' Rights and the Rise of State Administration," in Lee S. Greene, Daniel R. Grant, and Malcolm E. Jewell, *The States and the Metropolis* (University, Ala.: University of Alabama Press, 1968), pp. 90-115.

³Graves, *American Intergovernmental Relations*, p. 655.

⁴Raymond S. Short, "Municipalities and the Federal Government," *The Annals* 207 (1940):44.

understanding audience at Washington than ... in their own states.”⁵

Direct and indirect administrative and financial relationships between the federal government and local units continued throughout World War II as international crisis conditions dictated immediate action to meet such problems as civil defense and rationing. In the post-war period, mounting public demands for new and improved services rapidly dissipated local cash surpluses which had accumulated during the war, while restrictive state controls prevented localities from raising sufficient funds to meet their needs. As was the case during the Depression, most state governments were unwilling or unable to assist in resolving the post-war local fiscal plight. In consequence, Congress responded with direct federal financial aid for public housing, urban renewal, slum clearance, airports, highways, flood control, port facilities, hospitals and medical facilities, federal office buildings, and other types of public works projects.⁶

During the 1950's, the relative pace of “direct federalism” slowed somewhat, although a few direct federal-local programs were enacted, including water quality control, beach erosion control, and community renewal. Channeling was a reflection of the increasing state financial and policy-making role in regard to local governments, as well as the preference of the Eisenhower Administration to rely on the states to administer federal grant programs....

Beginning in 1961, however, the number of grant-in-aid programs which completely bypassed the states accelerated greatly as the federal government moved to fill the vacuum created by state inaction or delay in curing domestic ills. Urban areas were the major targets of federal remedial action, particularly such pressing problems of central cities as blight and decay, poverty, congestion, and racial discord. These direct federal-local programs included community health services for chronically ill and aged, air pollution, Neighborhood Youth Corps, Equal Employment Opportunity, disaster assistance for public schools, solid waste disposal, water and sewer facilities, advance land acquisition, code enforcement, demolition of unsound structures, neighborhood facilities, law enforcement, urban beautification, and model cities.⁷ Nearly sixty-one percent of the thirty-eight programs which remove the states as eligible recipients of federal funds for planning, operating, or construction purposes were enacted after 1960.⁸ Some of these programs even bypassed general units of local government, as federal aid was provided

directly to special purpose districts and authorities.

The 1960's also witnessed a sharp growth in “private federalism”—the provision of federal grants-in-aid to individuals, private institutions, nonprofit groups, and universities because of their special abilities. Most of these grants have been made through the Department of Health, Education, and Welfare, particularly for public health research, development, and training activities administered by the National Institute of Health.⁹ The Community Action Program under the Office of Economic Opportunity also has been one of the most visible examples of “private federalism.”

In summary, the foregoing overview of the development of “direct federalism” indicates certain general characteristics which are shared by the majority of the direct federal-local grants-in-aid enacted during and since the Depression. First, while these programs often have accompanied domestic or international crisis as temporary relief measures, increasingly direct federal-local relations are becoming more continuing and systematic; with only a few exceptions, they have accelerated at a constant rate in terms of both numbers of programs and amounts of aid. Second, relationships between the federal government and local units have completely bypassed state governments or have involved the states only minimally, such as through the passage of enabling legislation.¹⁰ Third, direct federal financial aid has targeted on specific problems of urban areas, especially central cities. Fourth, such aid usually has taken the form of “project grants” which avoid the inflexibility of the traditional geographic and political bases for allocations, inadequacy of measures of fiscal capacity, and uncertainty of congressional appropriations of sufficient funds to meet nationwide minimum standards involved in the “formula grant”

⁵Paul V. Betters, “The Federal Government and the Cities: A Problem in Adjustment,” *The Annals* 199 (1938):195.

⁶Graves, *American Intergovernmental Relations*, pp. 658-60.

⁷See Advisory Commission on Intergovernmental Relations, *Fiscal Balance in the American Federal System*, 2 vols. (Washington, D.C.: United States Government Printing Office, 1967), I:166-68.

⁸*Ibid.*, I:165.

⁹See Charles E. Gilbert and David G. Smith, “Emerging Patterns of Federalism in Health, Education, and Welfare” (Paper prepared for delivery at the 1966 Annual Meeting of the American Political Science Association, New York City, September 6-10, 1966).

¹⁰For an early treatment of the role of state legislation in facilitating direct federal administrative action affecting state political subdivisions, individuals, and corporations, see V.O. Key, Jr., “State Legislation Facilitative of Federal Action,” *The Annals* 207 (1940):7-13.

approach. "Project grants" stimulate professionalism, encourage initiative and innovation, increase the discretion of federal administrators, and allow selective emphasis on new and diverse problems and needs requiring substantial, immediate attention.¹¹ Finally, while direct federal aid is provided to rural and suburban areas as well as to urban areas and central cities, "direct federalism" symbolizes the independent political power of big cities and large metropolitan centers.

"Indictments" of State Governments

...Within this context, a major issue is the extent to which the emergence and continuance of cities as partners with the federal government in grant-in-aid programs--"tripartite federalism"--may be attributed to the weakness of the states. The larger question is whether the failure of the states to discharge effectively their responsibilities reflects the inadequacy of federalism as an instrument for the performance of governmental functions....¹² Although some observers do not accept the view that a direct relationship exists between the performance of the states and the overall viability of the federal system, it generally is agreed that the effectiveness of state governments does have major consequences for its operation.¹³

Throughout most of the twentieth century, public officials, academicians, reform groups, and private citizens have identified various barriers to effective state action. Beginning with the Muckraker era, state governments commonly have been viewed as being corrupt, unrepresentative, unresponsive, inefficient, and obsolete. Although developments since the Depression have mollified these charges somewhat, the existence in many states of certain organizational, legal, political, structural, functional, and financial factors impeding their performance has been well documented.

Organizational Location. Some observers have argued that because of the areal division of power in which the states occupy the position of "middlemen" between the federal government and local units, they have been forced to assume a secondary role which is more often facilitative and instrumental than innovative and directive. As a consequence, programs in which the states are involved frequently are considered to be mainly federal or local efforts. Further, since state governments are not as close geographically to their citizens as localities¹⁴ and do not command the widespread popular attention given to the national

government, they lack high visibility and fail to serve as objects of citizen identification.¹⁵

Constitutional Provisions. It often is noted that many states have failed to meet twentieth century needs and problems because their constitutions, some of which were enacted in the nineteenth century, shackle "the scope, effectiveness, and adaptability of state and local action. These self-imposed constitutional limitations make it difficult for many states to perform all of the services their citizens require, and consequently have frequently been the underlying cause of state and municipal pleas for federal assistance."¹⁶ Excessive length and complexity, antiquated provisions, and detailed specification of rules, procedures, legal principles, and grants of authority have contributed to the inflexibility of many state constitutions and have resulted in a diffusion of power and responsibility at the state level.¹⁷

Executive and Administrative Responsibility. Many state constitutions severely restrict the formal administrative and supervisory authority of the governor. His role as "chief administrator" commonly is undermined by the existence of independent boards or commissions, separately elected agency heads, and "vertical functional autocracies" between professional administrators and their counterpart specialists at other

¹¹Advisory Commission on Intergovernmental Relations, *Fiscal Balance*, I:153-55. See also Gilbert and Smith, pp. 8-14; and George F. Break, *Intergovernmental Fiscal Relations in the United States* (Washington, D.C.: Brookings Institution, 1967), p. 93.

¹²See Alfred de Grazia, "Federalism," in *The Conservative Papers* (Garden City: Doubleday and Company, Inc., Anchor Books, 1964), p. 246.

¹³See Roscoe C. Martin, *The Cities and the Federal System* (New York: Atherton Press, 1965), p. 46.

¹⁴For an examination of the "closeness" issue see Grodzins, *The American System*, pp. 198-211.

¹⁵See Paul Ylvisaker, "Some Criteria for a 'Proper' Areal Division of Governmental Powers," in *Area and Power: A Theory of Local Government*, ed. Arthur Maass (Glencoe, Ill.: The Free Press, 1959), p. 36; and York Willbern, "The States as Components in an Areal Division of Powers," in the same volume, p. 82.

¹⁶U.S., Commission on Intergovernmental Relations, *A Report to the President for Transmittal to the Congress* (Washington, D.C.: United States Government Printing Office, 1955), p. 37.

¹⁷See Karl A. Bosworth, "Policy Making," in *The 50 States and Their Local Governments*, ed. James W. Fesler (New York: Alfred A. Knopf, Inc., 1967), pp. 301-07; Leonard D. White, *The States and the Nation* (Baton Rouge: Louisiana State University Press, 1953), pp. 56-67; and Terry Sanford, *Storm Over the States* (New York: McGraw-Hill Book Company, 1967), pp. 28-33, 189-90.

levels of government. The governor's ability to exercise policy and political leadership may be restricted by a two-year term of office or by prohibitions against succeeding himself. Limitations on the governor's budget-making role, veto power, and reorganization authority further circumscribe his ability to manage the executive branch.¹⁸ As a result of these restraints, "...no governor approaches the President of the United States in terms of comparable constitutional authority and not too many of them enjoy executive power comparable to the mayors of the nation's largest cities."¹⁹

Legislative Organization and Operation. The legislatures of urbanized states often are labeled as unrepresentative since many are dominated by rural- and more recently by suburban-oriented legislators. The failure of these states to reapportion periodically their legislative bodies to reflect population shifts has reduced greatly their responsiveness to city problems....²⁰ In addition to malapportionment, a number of other problems plague state legislatures. Nineteen of these decision-making bodies still do not meet annually, while in thirty-two states, including seventeen where annual sessions are in practice, the length of the legislative session is limited. In six states every other session is restricted to budgetary and fiscal matters.²¹ Some observers have contended that low pay, short terms, part-time status, and lack of professional staff assistance deter many potential candidates from seeking legislative seats, while others have argued that the power of interest groups and the absence of capable political leadership and meaningful two-party systems in some states inhibit the grooming of high-quality candidates for office. Further, many legislatures continue to operate under cumbersome rules and procedures which delay action and promote inflexibility.²²

Legal and Fiscal Relationships with Local Units. Most states follow "Dillon's rule," under which cities or counties cannot perform particular functions for their citizens in the absence of an express or a clearly implied authorization from the state legislature.²³ Since local units are "creatures" of state governments, only the states can expand or contract the powers of their political subdivisions. Local fiscal operations traditionally have been major objects of state restraints. Practically all states have imposed limitations on property taxes, the principal source of local revenues, usually in the form of a limitation on the maximum tax rate to a certain percentage of assessed valuation. Although in comparison local nonproperty taxes--particularly income and sales taxes--are not as

tightly controlled by many states, the growth of this local revenue source is retarded by the fact that the size of the economic areas on which these levies are based often surpasses that of the local taxing unit.²⁴

¹⁸See Coleman B. Ransone, Jr., *The Office of Governor in the United States* (University, Ala.: University of Alabama Press, 1956); Commission on Intergovernmental Relations, *A Report to the President*, pp. 42-44; Advisory Commission on Intergovernmental Relations, *Fiscal Balance*, I:214-35; Sanford, *Storm Over the States*, pp. 29-32, 184-97, 200-05; Bosworth, "Policy Making," pp. 322-66; Joseph A. Schlesinger, "The Politics of the Executive," in *Politics in the American States: A Comparative Analysis*, eds. Herbert Jacob and Kenneth N. Vines (Boston: Little, Brown and Company, 1965), pp. 217-32; and Thad L. Beyle, "The Governor's Formal Powers: A View From the Governor's Chair," *Public Administration Review* 28 (1968): 540-45.

¹⁹Advisory Commission on Intergovernmental Relations, *Fiscal Balance*, I:235.

²⁰See Gordon E. Baker, *The Reapportionment Revolution: Representation, Political Power, and the Supreme Court* (New York: Random House, 1966); Royce Hanson, *The Political Thicket: Reapportionment and Constitutional Democracy* (Englewood Cliffs, N.J.: Prentice-Hall Book Company, Inc., 1966); Robert B. McKay, *Reapportionment: The Law and Politics of Equal Representation* (New York: Twentieth Century Fund, 1965); Robert G. Dixon, Jr., *Democratic Representation: Reapportionment in Law and Politics* (New York: Oxford University Press, 1968); Malcolm E. Jewell, ed., *The Politics of Reapportionment* (New York: Atherton Press, 1962); U.S., Advisory Commission on Intergovernmental Relations, *Apportionment of State Legislatures* (Washington, D.C.: United States Government Printing Office, 1962); and Malcolm E. Jewell, "The Changing Political Environment of State Government," in Greene, Grant, and Jewell, *The States and the Metropolis*, pp. 36-62.

²¹Citizens Conference on State Legislatures, *Annual Report, 1968* (Kansas City, Mo.: Citizens Conference on State Legislatures, 1969), pp. 19-20.

²²See Alexander Heard, ed. *State Legislatures in American Politics* (Englewood Cliffs, N.J.: Prentice-Hall Book Company, Inc., 1966); Malcolm E. Jewell, *The State Legislature: Politics and Practice* (New York: Random House, 1962); V.O. Key, Jr., *American State Politics: An Introduction* (New York: Alfred A. Knopf, 1956); Malcolm E. Jewell and Samuel C. Patterson, *The Legislative Process in the United States* (New York: Random House, 1966); John C. Wahlke, Heinz Eulau, William Buchanan, and LeRoy C. Ferguson, *The Legislative System: Explorations in Legislative Behavior* (New York: John C. Wiley & Sons, 1962); William J. Keefe and Morris S. Ogul, *The American Legislative Process: Congress and the States* (Englewood Cliffs, N.J.: Prentice-Hall Book Company, Inc., 1964); James David Barber, *The Lawmakers: Recruitment and Adaptation to Legislative Life* (New Haven: Yale University Press, 1965); Malcolm E. Jewell, "The Changing Face of State Legislatures," in Greene, Grant, and Jewell, *The States and the Metropolis*, pp. 63-89; Advisory Commission on Intergovernmental Relations, *Fiscal Balance*, I:235-48; and Willbern, in Maass, *Area and Power*, pp. 77-82.

²³*City of Clinton v. Cedar Rapids and Missouri River Railroad Company*, 24 Iowa, 455 (1868).

²⁴U.S., Congress, House, Committee on Government Operations, *Unshackling Local Government: A Survey of Proposals by the Advisory Commission on Intergovernmental Relations*, rev. ed., 90th Cong., 2d sess., 1968, H. Rept. 1270, pp. 6-7.

A second area of state fiscal control over local governments involves the power of localities to borrow funds to finance needed public services. Many states have limited the total amount of both the debt that local units can incur and the taxes which can be levied in order to make principal and interest payments on their bonds. Some states also have required voter approval, often by a wide margin, of any sizable local bond offering.²⁵

These limits on local taxation and borrowing powers have been opposed by those who believe that states should "unshackle" their local governments: "Here, perhaps more than in any other area, state restrictions and restraints have weakened the ability of local governments to meet the ever-increasing needs of their citizens. To the extent that localities are denied the right to tax their own resources, they are forced to seek financial help from higher levels of government."²⁶ Fiscal "unshackling," it also is contended, should be accompanied by removal of state-imposed limitations on such devices as city annexation of unincorporated territory, municipal mergers, and city-county consolidation which would enable local units to deal more effectively with areawide problems.²⁷

A second broad area of state-local fiscal relationships involves the availability of state financial aid to assist localities in carrying out public programs. As a whole, state intergovernmental expenditures, including grants-in-aid and shared taxes, have increased significantly in recent years. Of the \$60.0 billion spent by local governments in 1967, state aid accounted for about \$19.1 billion of this amount--a seventy-five percent increase over the 1962 figure. This \$19.1 billion, however, includes approximately \$4.0 billion in federal funds which the states channeled to the local level. As a percentage of local general revenues, state financial assistance has increased from 28.4 in 1962 to 32.4 in 1967. In other words, state aid currently is the source of one of every three local revenue dollars....²⁸

Despite overall recent increases, some local officials--particularly big city mayors--have contended that state financial assistance has not kept pace with mounting urban problems. They point out that over seventy-five percent of all state aid to local units is earmarked for public education and welfare, and that almost one-half of such funds is provided to school districts while municipalities receive only a little more than one-fifth of the remainder.²⁹ Moreover, although a few states--such as Arizona, Louisiana, Maryland, Massachusetts, New York, Oregon, and Wisconsin--have

made significant allocations for general local government support,³⁰ and others--such as Connecticut, Massachusetts, New Jersey, Pennsylvania, Rhode Island, and Washington--have established state agencies for community affairs to administer substantial financial assistance programs,³¹ many states still provide grossly inadequate amounts of funds to assist various local public services. With respect to "buying into" direct federal-local urban development grant programs, for example, only twenty states as of December 1967 were participating financially in the construction of waste treatment works, four provided state funds for hospital construction, eleven for urban renewal, eight for water and sewer facilities, and ten for urban mass transportation.³² Furthermore, in 1967, the combined payments by fifteen states to local governments for

²⁵*Ibid.*

²⁶*Ibid.* p. 8.

²⁷*Ibid.*, p. 9. See also U.S., Advisory Commission on Intergovernmental Relations, *State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personnel Powers of Local Government* (Washington, D.C.: United States Government Printing Office, 1962); Council of State Governments, *The States and the Metropolitan Problem: A Report to the Governors' Conference*, by John C. Bollens (Chicago: Council of State Governments, 1956); John C. Bollens and Henry J. Schmandt, *The Metropolis: Its People, Politics, and Economic Life* (New York: Harper & Row, Publishers, 1965), pp. 339-548; U.S., Housing and Home Finance Agency, *Metropolis in Transition: Local Government Adaptation to Changing Urban Needs*, by Roscoe C. Martin (Washington, D.C.: United States Government Printing Office, 1963); and U.S., Congress, House, *Building the American City: Report of the National Commission on Urban Problems to the Congress and to the President of the United States*, 91st Cong., 1st sess., 1969, H. Doc. 91-34, pp. 331-45.

²⁸U.S., Department of Commerce, Bureau of the Census, *1967 Census of Governments, State Payments to Local Governments*, vol. 6, no. 4 (Washington, D.C.: United States Government Printing Office, 1968), p. 9. See also U.S., Advisory Commission on Intergovernmental Relations, *State Aid to Local Government* (Washington, D.C.: United States Government Printing Office, forthcoming), Chapter Two.

²⁹Bureau of the Census, *State Payments to Local Governments*, p. 14.

³⁰*Ibid.*, p. 12.

³¹U.S., Advisory Commission on Intergovernmental Relations, "State Legislative and Constitutional Action on Urban Problems in 1968," mimeographed (Washington, D.C.: Advisory Commission on Intergovernmental Relations, 1969), pp. 13-18.

³²U.S., Advisory Commission on Intergovernmental Relations, "State Legislative and Constitutional Action on Urban Problems in 1967," mimeographed (Washington, D.C.: Advisory Commission on Intergovernmental Relations, 1968), pp. 25-26.

some or all of the last three urban functions amounted to less than \$150 million.³³ In view of these facts, many local officials have urged their states to expand greatly existing and to undertake new aid programs and, when confronted by unwillingness or inability at the state level, they have turned unhesitatingly to the federal government for remedial action.

The foregoing does not exhaust the number of "indictments" which have been made against state governments. Other grounds on which the states have been attacked include their role in preserving racial segregation,³⁴ their preoccupation with espousing abstract principles such as "states' rights" rather than with taking affirmative action,³⁵ and their maintenance of a "laissez faire" philosophy.³⁶ In summary, while it is recognized that these "indictments" do not apply across-the-board to all state governments, many observers would agree that the following statement made by Professor Charles E. Merriam in 1933 is of current relevance: "In many instances the state is a fifth wheel as far as city government is concerned. The state will neither grant autonomy to the cities, nor will it assume the burden of administrative supervision over them. The state will neither rule, nor permit any one else to rule over the metropolitan regions."³⁷

Implications of "Direct Federalism"

Little consensus exists concerning the implications of "direct federalism" in terms of the viability of state governments in particular and of the federal system in general. There is substantial agreement, however, that to some extent the organization and operation of the states have been inadequate in meeting the needs and demands of their political subdivisions, that these weaknesses have been major, although not necessarily the only factors responsible for the accelerating rate of direct federal-local relations, and that certain steps can and should be taken to increase the effectiveness of state governments as partners in the federal system.

One school of thought holds that the increasing role of the federal government in urban affairs, exemplified by the establishment of the Department of Housing and Urban Development (HUD) in 1965 and the Department of Transportation (DOT) in 1966, and especially by the rise in the number of direct federal-local relationships in grant-in-aid programs for urban development, indicates that the states have ceased to serve as major urban policy-makers. Instead, they have become primarily administrative units for the implementation of policies determined by the federal government. This implies that

instead of using their own resources to provide effective and innovative remedial measures for the needs and problems of urban areas, the states have been concerned predominantly with obtaining their maximum share of federal financial aid, administering such funds, and executing grant standards and conditions.³⁸

The development of direct federal-local relations and subsequent arguments concerning their impact on the role of the states in the federal system led Professor Leonard D. White to predict in 1953 that "if present trends continue for another quarter century, the states may be left hollow shells, operating primarily as the field districts of federal departments and dependent upon the federal treasury for their support."³⁹ More recently, in view of the increasing importance of the federal government in solving metropolitan problems, Professors Robert H. Connery and Richard H. Leach have asserted, "to many, the continued expansion of federal activities in response to the crises of the past two decades has raised fears about 'the continued vitality of our federal system.' Indeed, it seems possible to some that if this trend continues the states will be reduced 'to mere administrative provinces'."⁴⁰ Finally, [Professor Roscoe

³³Advisory Commission on Intergovernmental Relations, *State Aid to Local Government*, Chapter Eight.

³⁴Based on this finding, William H. Riker has concluded that: "if one approves the goals and values of the privileged minority, one should approve of federalism. Thus, if in the United States one approves of Southern white racists, then one should approve of American federalism. If, on the other hand, one disapproves of the values of the privileged minority, one should disapprove of federalism. Thus, if in the United States one disapproves of racism, one should disapprove of federalism." See his *Federalism: Origin, Operation, Significance* (Boston: Little, Brown and Company, 1964), p. 155. See also H. Paul Friesema, "Black Control of Central Cities: The Hollow Prize," *Journal of the American Institute of Planners* 35 (1969): 75-79.

³⁵Willbern, in Maass, *Area and Power*, pp. 77-82.

³⁶Deil S. Wright and Richard L. McAnaw, "American State Administrators," mimeographed (Des Moines, Iowa: Institute of Public Affairs, University of Iowa, 1965), p. 27.

³⁷Charles E. Merriam, "The Federal Government Recognizes the Cities," *National Municipal Review* 23 (1934): 108.

³⁸For a concise argument against the view that the states are being reduced to "mere administrative districts" of the federal government see William Anderson, *The Nation and the States, Rivals or Partners?* (Minneapolis: University of Minnesota Press, 1955), pp. 202-04.

³⁹White, *The States and the Nation*, p.3.

⁴⁰Robert H. Connery and Richard H. Leach, *The Federal Government and Metropolitan Areas* (Cambridge: Harvard University Press, 1960), p. 194.

C.] Martin has argued that the failure of the states to function effectively has weakened the federal system and has necessitated the establishment of direct federal-local relationships:

If a federal system, and specifically the American system, is to function properly all members of the partnership must be strong and vigorous.... this pre-condition to success does not now obtain in America in that the states have not been able or willing to assume their share of federal responsibilities, particularly during the last three decades, and ... the national government has been compelled to develop active relations with local governments in order to make the American system operationally effective.⁴¹

On the other side of the coin, while recognizing the existence of inadequate performance by some states in certain program areas, Morton Grodzins and Daniel J. Elazar have contended that in general the states are strong and active members of the federal system. In his exposition of the "marble cake" analogy, Grodzins implies that direct federal-local relations in grant-in-aid programs do not constitute a serious source of strain or conflict in the federal system. The principal rationale underlying this view is that the states are able to determine the extent to which they become formally or informally involved in these federal programs. Grodzins' position on this issue highlights the theme that serves as the cornerstone of the theory of cooperative federalism:

States and localities and the national government share functions. There is virtually no field (not even foreign affairs) that is the exclusive province of the national government. There is virtually no field (not even schools) that is the exclusive province of the states and localities together. There is virtually no field (not even traffic control for localities, not even highway construction for the states) for which states and localities do not in fact share responsibility.⁴²

Grodzins conceptualizes the phenomenon of direct federal-local relations largely in terms of the issues of centralization and decentralization of governmental functions. He argues against the conclusion of some observers that federal grant programs result from the failure of states to meet their responsibilities, and stresses that expansion of the federal role in various

fields is an inevitable consequence of both the successes and failures of state efforts. With respect to the need for strengthening or "revitalizing" the states in order to increase their responsiveness to public demands, Grodzins concludes:

the argument that weak state governments make for national centralization is far more false than true. The states remain strong and active partners in the federal system. They do so in large part because of their power within federal programs and because of the strengthening effects that federal-state programs have on state institutions. The important reason that state institutions should be further strengthened is so that they may become more effective innovators and even stronger partners in a governmental system of shared responsibilities.⁴³

Elazar views the growth of direct federal-local relations in such grant-aided areas as airport construction, public housing, urban renewal, antipoverty, education, and economic development as being "partly a reflection of new attitudes in Washington, partly an effort to bypass those state

⁴¹Martin, *The Cities and the Federal System*, pp. 46-47.

⁴²Grodzins, *The American System*, p. 364.

⁴³*Ibid.*, p. 320. Grodzins has analyzed how the decentralized, undisciplined American political party system operates so as to provide a "multiple crack" through which state and local interests may attempt to influence national legislative-administrative policy. See his "American Political Parties and the American System," *Western Political Quarterly* 13 (1960):974-98; "The Federal System," in *Goals for Americans: Programs for Action in the Sixties* (Englewood Cliffs, N.J.: Prentice-Hall Book Company, Inc., 1960), pp. 271-76; "Centralization and Decentralization in the American Federal System," in *A Nation of States: Essays on the American Federal System*, ed. Robert A. Goldwin (Chicago: Rand McNally & Company, 1961), pp. 1-23; "Why Decentralization by Order Won't Work," in *Urban Government: A Reader in Politics and Administration*, ed. Edward C. Banfield (New York: Free Press of Glencoe, Inc., 1961), pp. 122-31; and *The American System*, Chapter Ten. Other studies pertinent to this area include: David B. Truman, "Federalism and the Party System," in *Federalism: Mature and Emergent*, ed. Arthur W. Macmahon (1955; reprint ed. New York: Russell & Russell, 1962), pp. 115-36; Herbert Wechsler, "The Political Safeguards of Federalism: The Role of the States in the Composition and Selection of the National Government," in Macmahon, *Federalism*, pp. 97-114; Riker, *Federalism: Origin, Operation, Significance*, pp. 87-101; Riker, "The Senate and American Federalism," *American Political Science Review* 49 (1955):452-69; and Daniel J. Elazar, *American Federalism: A View from the States* (New York: Thomas Y. Crowell Company, 1966), pp. 143-47.

governments in the South hostile to the civil rights aspects of those programs, and partly an attempt to break through established power structures to reach certain excluded groups.”⁴⁴ Although he concedes these relationships pose a threat to preserving the “states’ integrity,” he shares Grodzins’ position concerning control of their potentially adverse impact: “While the effect of these new tendencies cannot be assessed as yet, what is clear is that the weight of constitutional tradition is operating to give central roles in the implementation of even the most direct new federal-local programs to those energetic state governments wishing to keep command of developments within their jurisdictions.”⁴⁵

Elazar also explores some of the implications of the possibility that “direct federalism” may have a detrimental effect on relationships between the states and their political subdivisions. He asserts that the only criterion justifying the establishment of direct federal-local ties should be lack of a suitable state level mechanism to administer a particular federal grant-in-aid program....⁴⁶

Elazar contends that the states have encouraged the establishment of direct federal-local relations. His explanation of the nature of this encouragement, however, differs markedly from the traditional view that such relationships are a consequence of the inability or unwillingness of state governments to discharge effectively their responsibilities to local units:

The large cities have, in most cases, been encouraged to turn to Washington by their states, if not openly at least by tacit agreement that the states would use their limited resources of money, time, and manpower to service smaller urban and rural places, while their great metropolitan centers would complement their efforts by doing similar work themselves. In this respect, the states are behaving no differently than when they encourage certain of their functional agencies such as the highway or welfare departments to pursue negotiations with their federal counterparts, in effect utilizing the cities as agents of state interests as much as autonomous entities.⁴⁷

The principal implication of the foregoing is that to Elazar, although the establishment of direct federal-local relations may create certain administrative problems for the states, it basically is not inconsistent with the theory of cooperative federalism. In effect, there is a marked

similarity in terms of nature and overall impact with respect to direct relationships between the federal government and the cities and those between the federal government and independent state functional agencies. Furthermore, the disruptive effects on the federal system of the preference of large cities to deal directly with the federal government are countered by the desire of smaller municipalities and suburban areas to work with their states. These attempts at reconciliation between “direct federalism” and cooperative federalism, however, have been qualified somewhat by Elazar’s recognition that recent years have witnessed sharp increases in city-state competition for federal aid and in strong city opposition to participation by the states in programs in which they were prepared to assume responsibility. This friction is evident particularly in metropolitan areas....

“Revitalizing” The States

The preceding section reveals that there is a considerable diversity of opinion concerning the degree to which the effectiveness or ineffectiveness of state governments is responsible for direct federal-local grant-in-aid programs, and the impact of this development on both the states and the federal system. This diversity is reflected in the numerous recommendations which have been made in regard to revitalization of the states.

A few observers have taken an extreme position on this issue by contending that American federalism is obsolete, and that in order to strengthen the capability of the federal system to cope adequately with pressing problems of national proportions, state governments should be removed rather than reformed.⁴⁸ Some have favored an external approach to the problem by suggesting that as a means of countering the trend toward increased centralization of governmental

⁴⁴Elazar, *American Federalism*, p. 76.

⁴⁵*Ibid.*, p. 77.

⁴⁶*Ibid.*, p. 210.

⁴⁷Daniel J. Elazar, “The Impact of Cooperative Financing Solutions,” in *Perspectives on State and Local Finance* (Atlanta: Southern Regional Education Board, 1967), pp. 58-59. See also his *American Federalism*, pp. 163-64.

⁴⁸See Harold J. Laski, “The Obsolescence of Federalism,” *The New Republic* 98 (1939):367-69; and Merriam, “Federal Government Recognizes the Cities,” pp. 107-09, 116.

functions at the national level, the administrative and financial responsibilities of the federal government in certain program areas should be reallocated to the states.⁴⁹ Most have identified the roots of the issue by recommending that the states themselves should take basic steps to increase their responsiveness to the challenges of an urbanized nation. These measures include legislative reapportionment, constitutional modernization including strengthening the powers of the governor and legislature, enactment of permissive legislation affecting localities, and provision of increased financial and technical assistance to local governments.

“Direct Federalism” and “Buying In”

The central hypothesis of this study relates to one recommendation that has been advanced by the Advisory Commission on Intergovernmental Relations (ACIR)⁵⁰ concerning the role of the states in urban development:

The Commission recommends that the states assume their proper responsibilities for assisting and facilitating urban development; to this end it is recommended that federal grants-in-aid to local governments for urban development be channeled through the states in cases where a state (a) provides appropriate administrative machinery to carry out relevant responsibilities, and (b) provides significant financial contributions, and when appropriate, technical assistance to the local governments concerned.⁵¹

In the explanation of this recommendation, the Commission indicated that the appropriate state share might range from twenty to fifty percent of the nonfederal matching costs. This percentage might be adjusted in accordance with such factors as the relationship between the amount of federal funds and the size of the nonfederal portion, overall cost, degree of direct state-wide interest, and anticipated effect on local tax bases and revenues. Further, the ACIR suggested that federal grant-in-aid legislation might either specify the percentage of the state share or provide, as a matter of legislative intent, that states establish administrative machinery and furnish substantial financial aid. With respect to possible lines of state action, the Commission pointed out that state legislation might authorize financial involvement to the extent of the availability of federal funds in order to prevent such participation from affecting adversely the eligibility of local units for federal aid.⁵²

The ACIR’s “buying in” position was an extension of its recommendation in an earlier report that “the states take legislative and administrative action to establish a program (or to expand existing programs) of financial and technical assistance to metropolitan areas in such fields as urban planning, urban renewal, building code modernization, and local government organization and finance.”⁵³ The principal rationale supporting this

⁴⁹In 1957, President Dwight D. Eisenhower called for the creation of a Joint Federal-State Action Committee, composed of high federal officials and state governors, to designate functions being performed and financed by the federal government which could be assumed by the states, to recommend necessary federal and state revenue adjustments, and to identify functions likely to require future attention and the desirable level of federal and state effort. After deliberating for over two years, the Committee recommended transfer of only two programs from the federal to the state levels--the federal grant-in-aid programs for vocational education and municipal waste treatment plants. The combined cost of these programs to the federal government amounted to less than \$80 million in 1957. In order to finance these programs, the Committee recommended that the states should be allowed a credit against the federal telephone tax on local calls. Despite the modest nature of these proposals and the evidence of strong Presidential support for their adoption, Congress failed to enact the Committee’s recommendations. In its final report, the Committee indicated that its work and usefulness had ended with the creation of the Advisory Commission on Intergovernmental Relations. See *Report of the Joint Federal-State Action Committee to the President of the United States and to the Chairman of the Governors’ Conference, Progress Report No. 1* (Washington, D.C.: United States Government Printing Office, 1957); *Progress Report No. 2* (Washington, D.C.: United States Government Printing Office, 1958); and *Final Report* (Washington, D.C.: United States Government Printing Office, 1960). For an analysis and evaluation of the Committee’s work see Grodzins, *The American System*, pp. 308-16.

⁵⁰...For an examination of the nature of the Advisory Commission and an evaluation of its work see Deil S. Wright, “The Advisory Commission on Intergovernmental Relations: Unique Features and Policy Orientation,” *Public Administration Review* 25 (1965):193-202; and Daniel J. Elazar, “The Continuing Study of the Partnership: The Publications of the Advisory Commission on Intergovernmental Relations,” *Public Administration Review* 26 (1966):56-66. For a different evaluation of the ACIR see the critical review of its report *Metropolitan America: Challenge to Federalism* by Thomas J. Anton in *American Political Science Review* 62 (1968):623-24, as well as the rejoinder to Anton’s statements in the *Review* 62 (1968):1271-72.

⁵¹U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *Impact of Federal Urban Development Programs on Local Government Organization and Planning*, by the Advisory Commission on Intergovernmental Relations, 88th Cong., 2d sess., 1964, p. 30.

⁵²*Ibid.*, p. 32.

⁵³U.S., Advisory Commission on Intergovernmental Relations, *Governmental Structure, Organization and Planning in Metropolitan Areas* (Washington, D.C.: United States Government Printing Office, 1961), p. 37.

prescription was that increased state technical and financial aid to metropolitan areas was necessary since they provided a large part of state general revenues and in many cases the state was the only force which could be exerted to solve areawide problems.⁵⁴

It is important to recognize that the "buying in" recommendation received approval by only a narrow margin of the Commission's membership. Members opposed to the recommendation included three mayors, [a United States Senator,] a federal official, and a...[former mayor] serving as Vice Chairman of the ACIR. A review of their dissenting opinions indicates that the main argument involved the general question of whether the federal government should impose a uniform procedure on states and localities mandating the channeling of all federal funds for urban development purposes through state governments or, similar to the Grodzins-Elazar view, whether states themselves should continue to exercise their discretion in this matter. The...conditions under which channeling should take place...were not at issue.... While opponents of the recommendation alleged that imposition of the channeling requirement would reduce program flexibility, confuse communication channels, create delays, and threaten the substance of programs, specific examples of its possible adverse impact on intergovernmental administrative and fiscal relations in federal urban development grant-in-aid programs were not presented....⁵⁵

Why "Buy in?" The ACIR Rationale. The ACIR's recommendation reflected the position of many cities that inaction by state governments should not prevent local units from receiving directly federal financial assistance for programs meeting all federal statutory requirements. Yet, if a state assumed its urban development responsibilities--as evidenced by the establishment of administrative machinery, provision of technical assistance, and especially allocation of financial aid--the Commission believed that federal-local relationships should be channeled through the state. The theme of the "buying in" prescription has been summarized as follows by William G. Colman, ACIR's [former] Executive Director:

The Commission has urged state governments to take a more active financial and co-ordinative role with regard to urban problems. The Commission has deplored the tendency of state government to stand idly by while the federal government provides direct financial aid to various municipal functions. The Commission has recommended that state governments 'buy into' these programs with the provision of substantial financial contributions and the simultaneous assertion of management and co-ordination

responsibility with regard to the channeling of the federal funds. The Commission believes that this type of action would strengthen state government, would improve federal-state-local relations, and would enable federal dollars to be stretched farther due to their augmentation by state dollars.⁵⁶

A major assumption underlying this recommendation was that "buying into" direct federal-local urban development grant programs would substantially improve intergovernmental program administration. As [former] ACIR Chairman Farris Bryant has asserted:

One of the major causes of our management difficulties is the extraordinary expansion of the number of grant recipients in recent years. With this increase in the number of points of administrative contact have come a corresponding increase in the number of administrative headaches confronting officials at all levels. In an attempt to cope with this problem, the Commission in 1964 recommended that federal urban development grants be channeled through states in those instances where appropriate administrative machinery to carry out the relevant responsibilities and significant state financial contributions are provided. Adequate administrative capability and money--these are the critical criteria of meaningful state involvement and both constitute a vital means of strengthening coordination of federal grant programs at a major point of impact.⁵⁷

Furthermore, through "buying in" a state would make positive contributions to program objectives, thereby justifying its intermediate level of review and "avoiding useless reviews of a 'rubber stamp' nature."⁵⁸ As pointed out in the explanatory statement for the ACIR's model state legislation on "State Financial Assistance and Channelization of Federal Grant Programs for Urban Development:"

The proposed legislation provides a framework within which states can 'buy into' present programs of federal aid to localities, assuming

⁵⁴*Ibid.*, pp. 37-38.

⁵⁵Advisory Commission on Intergovernmental Relations, *Impact of Federal Urban Development Programs*, pp. 30-31.

⁵⁶William G. Colman, "The Role of the Federal Government in the Design and Administration of Intergovernmental Programs," *The Annals* 359 (1965):32.

⁵⁷Farris Bryant to Senator Edmund S. Muskie, March 22, 1967, in U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *Creative Federalism: Hearings, Part 2-B, The State-Local-Regional Level*, 90th Cong., 1st sess., February 7, 9; March 21 and 22, 1967, p. 910....

⁵⁸Advisory Commission on Intergovernmental Relations, *Impact of Federal Urban Development Programs*, p. 32.

concurrently with such action, policy control, coordinative and other aspects of the usual state-local relationships. (This concept accords with customary state practice in that state prescriptions governing federally aided local programs generally stem from a legislative desire to safeguard the expenditure of state funds.) In this manner, the state becomes able to exercise its influence with regard to the scope and type of projects undertaken and to assure the coordination of such projects with other aspects of overall state policy.⁵⁹

The Commission also believed that channeling federal financial aid to localities through the states would encourage a more meaningful and effective state role in urban affairs. In particular, provision of from one-fifth to one-half of the nonfederal share of grant-in-aid program costs by the states would ease local financial burdens and would reduce state-local conflict....

To summarize, the ACIR's position assumes that the alleged advantages of states "buying into" direct federal-local grant-in-aid programs for urban development are not limited only to individual programs. Instead, expanded state participation in a programmatic sense is expected to strengthen the overall role of state governments in the federal system. Furthermore, while the three conditions justifying the channeling of federal grants for urban development through the states are important, the critical factor is state financial involvement beyond the token level....

The Views of Other Observers. For comparative purposes, literature in the field of American intergovernmental relations was surveyed to determine the reasons why observers other than the ACIR believe states should "buy into" direct federal-local grant-in-aid programs. Only a few studies, however, have attempted to answer the question "why buy in?" Those considering this issue usually have done so within the context of an examination of specific federal grant programs, such as airport development, urban renewal, and housing. In this section, the various answers to the question posed above are presented.

Most of the studies indicated that "buying into" selected direct federal-local grant programs by state governments was of primary significance as a means of strengthening the general position of the states in the federal system through avoiding "bypassing," reducing municipal demands on the federal government, and promoting closer state-local relationships. The impact of state financial participation on program administration was of secondary importance. This tendency is reflected clearly in the following observation by Lester S. Hyman, a former HUD consultant, in regard to housing and urban renewal programs:

There is near-unanimous agreement among the states that they can expect to be assigned a major share of responsibility in the development and execution of federal programs assisting the localities only if they are willing to 'buy into' those programs, in the form of supplemental financial assistance....If the states are unwilling or unable to meet the need, they will be ignored and bypassed in favor of Washington....state participation will, to some degree, stem the one-way tide from Washington to the cities.⁶⁰

The final report of the Kestnbaum Commission⁶¹ contained similar statements concerning the need for an expanded state role in urban development. While the Commission did not undertake an extensive analysis of the effects of "direct federalism," it maintained the general position that even though necessary in some cases the multiplication of direct federal-local relations tended "to weaken the state's proper control over its own policies and its authority over its own political subdivisions."⁶² It called for aggressive state action, including both reform of governmental machinery and provision of increased assistance to localities, in order to reverse this trend. In particular, the Commission asserted a critical need existed for increased state responsiveness in meeting pressing problems in the fields of housing and urban renewal. It observed that many states had failed to take vigorous steps to meet local housing and slum clearance needs, and expressed its belief that in the absence of positive state action "the present pattern of direct national-local relationships is clearly justified."⁶³ In order to increase the effectiveness of these programs

⁵⁹U.S., Advisory Commission on Intergovernmental Relations, *1968 State Legislative Program* (Washington, D.C.: United States Government Printing Office, 1967), p. 236.

⁶⁰Lester S. Hyman, "A Report and Recommendations on the Posture of the Department of Housing and Urban Development Toward the States," mimeographed (Washington, D.C.: United States Department of Housing and Urban Development, 1967), p. 21.

⁶¹The (Kestnbaum) Commission on Intergovernmental Relations was established by Congress in 1953 to conduct an intensive study of the role of the federal government in relation to the states and their political subdivisions. The Commission's findings and recommendations were submitted to President Dwight D. Eisenhower on June 20, 1955 by its Chairman, Meyer Kestnbaum. The final report, as well as the fifteen other reports which were prepared by the Commission's staff members, its study and advisory committees, and management consulting and research organizations, subsequently were published. At that time, they comprised the most comprehensive body of information that had ever been assembled focusing on the theoretical and practical problems and issues arising from the division of powers and responsibilities in the American federal system.

⁶²Commission on Intergovernmental Relations, *A Report to the President*, p. 40.

⁶³*Ibid.*, p. 229.

and to facilitate joint federal-state-local action, the Commission recommended that "Congress provide that national technical and financial assistance be administered on a state basis where the state establishes by law comprehensive programs of public housing and slum clearance including significant state financial aid."⁶⁴ In support of this prescription, the Commission argued that "a positive program at the state level would reduce municipal demands upon the national government,"⁶⁵ and that where both state-local and federal-local programs were in operation in a given state, the result was "less than full utilization of combined national-state-local initiative and resources."⁶⁶

A closely related dimension of the effects of state financial involvement on state-local relations was revealed in the following statement by the staff of the National Governors' Conference (NGC) Committee on State-Urban Relations: "Certainly, one way to bring a closer working relationship between local governments and the states is for the states to buy into local urban renewal programs."⁶⁷ Similarly, based on his observations of State-local relationships in North Carolina, Hyman concluded that "where the state 'buys in' to local programs, there is a distinct lessening of state-local friction."⁶⁸

With reference to the impact of state financial participation on program operation, most studies indicated that "buying in" would increase local participation in grant-in-aid programs since with the addition of state funds localities could more readily meet the nonfederal share of costs. As the staff of the NGC Committee on State-Urban Relations recommended:

Recognizing the financial limitations placed upon local communities, it is recommended that the states contribute financially toward the nonfederal share of urban renewal programs, thereby broadening participation by the localities. States should also sponsor and finance programs which can fill gaps in federal renewal programs and meet special local or regional needs.⁶⁹

Furthermore, in a recent report the Task Force on Housing, Reconstruction and Investment of the national Urban Coalition pointed out with respect to federally aided community development programs that "increasingly, the ability of many localities to utilize these programs is dependent upon their ability to finance the nonfederal share of a project,"⁷⁰ and that when states assume part of the nonfederal portion, "in some instances this kind of help has spelled the difference between federal funding and no local program at all."⁷¹ Citing Connecticut's experience with urban renewal as an example, the Task Force also indicated that "buying in" would increase the amount of federal

financial assistance generated by local funds:

The state contribution to the nonfederal share of urban renewal projects actually began in 1955 and has contributed materially to the flow of federal urban renewal funds to cities in that state ever since. A Connecticut city need supply only one-sixth instead of one-third of net project cost. As a result, one dollar of city funds (supplemented by one state dollar) generates four federal dollars instead of only two.⁷²

Most studies agreed that state financial aid was important particularly to smaller communities, since it would enable them to undertake programs they could not otherwise afford. The Council of State Governments, however, deemphasized the factor of community size as it affects the importance of "buying in" by asserting that "political subdivisions, large or small, cannot finance essential public services without state financial participation."⁷³ Some pointed out that state "buying in" also would encourage larger local units having relatively extensive financial resources to assume more substantial program responsibilities than would be undertaken in the absence of state funds. As NGC's staff report concluded in regard to states "buying into" urban renewal:

Fifty percent sharing of nonfederal funds allows some communities to undertake urban renewal that previously could not afford it and enables others to undertake twice as much urban renewal at no greater cost to themselves. The federal program is thus broadened through wider participation while, through special state programs, new directions can be pursued

⁶⁴*Ibid.*, p. 228.

⁶⁵*Ibid.*, p. 227.

⁶⁶*Ibid.*, p. 229.

⁶⁷Committee on State-Urban Relations, *The States and Urban Problems: A Staff Study for the Committee on State-Urban Relations of the National Governors' Conference* (Washington, D.C. National Governors' Conference, 1967), p. 44.

⁶⁸Hyman, "Posture of the Department of Housing and Urban Development," p. 15.

⁶⁹National Governors' Conference, *The States and Urban Problems*, p. 45.

⁷⁰Task Force on Housing, Reconstruction and Investment, *An Agenda for Positive Action: State Programs in Housing & Community Development* (Washington, D.C.: Urban Coalition, 1968), p. 15.

⁷¹*Ibid.*

⁷²*Ibid.*

⁷³*Federal Grants-in-Aid: Report of the Committee on Federal Grants-in-Aid* (Chicago: Council of State Governments, 1949), p. 240.

independent of federal funding guidelines and red tape.⁷⁴

Similar to NGC, the Urban Coalition's Task Force indicated that as a result of "buying in" it would be both desirable and feasible to use state funds to cover two-thirds of the cost of undertaking local projects which had not received allocations of federal aid: "A state which participates in the funding of federally assisted projects should retain this flexibility. Some deserving applications will not receive federal funding for a variety of reasons. The state may wish to help localities that have sought federal funding but have not been able to obtain it for reasons unconnected with the merits of the project."⁷⁵

State "buying in" also was viewed as a means of achieving an equitable distribution of project costs, especially in grant programs having an impact of a regional or state-wide rather than purely local nature. The staff of the Kestnbaum Commission, for example, contended that the benefits of aviation services and facilities were not limited only to residents of the community in which an airport was located. As a result, state financial involvement would produce more equitable cost-sharing arrangements:

A system of contributions to airport development costs which imposes through taxation upon persons outside the state a one-payment burden (for the federal share), upon state residents two-payment burdens (for the federal and state shares), and upon residents of the sponsoring local government three-payment burdens (for the federal, the state, and the local shares) probably distributes airport development costs among the beneficiaries of the airport location in as reasonably equitable a fashion as may be found in a system of public financing of airport costs.⁷⁶

Another effect of "buying in" on federal grant-in-aid program operations involves the reduction of delays in project completion. With reference to state financial assistance for local airport development, Professor John H. Frederick has contended: "where such aid has been forthcoming, there has been no delay in planning and in early completion of airports programed by the Civil Aeronautics Administration in even the smallest communities. On the other hand, in many states which have so far assumed no responsibility for any portion of the cost involved in airport development, a serious delay is apparent."⁷⁷ Similarly, the staff of the Kestnbaum Commission asserted that state aid would expedite the completion and reduce the costs of airport projects since "to the extent that funds are available...states may make final payments from state funds without requiring the contractors to await completion of the federal audit

before receiving final payment. In such states contractors aware of this practice do not hike their construction bids as in other states to cover payment waiting costs."⁷⁸

Finally, it was indicated that "buying in" would obviate the complex intergovernmental administrative problems involved when the federal government dealt directly with a large number of local units rather than with fifty state agencies acting on behalf of their political subdivisions. In a May 3, 1967 White House meeting with representatives of the National Governors' Conference Advisory Committee on Federal-State-Local Relations, President Lyndon B. Johnson offered the following suggestions as one way to improve federal-state relations:

While the states complain of being bypassed when the federal government deals directly with local governments, they often forget that this occurs because of lack of action on their part. Only a few states contribute to the construction of housing, sewage treatment, or water systems. Yet for some time federal aid has been provided for such projects. Furthermore, Congressional authorization for federal-local programs has been increasing because of the failure of the states. We will welcome your 'buying in' to these federal-local programs, for it would simplify administrative problems both for us and for local governments if we worked through the state instead of dealing directly with numerous local officials.⁷⁹

In the next chapter, we will...summarize major intergovernmental responsibilities in administering and financing the Federal-Aid Airport Program, and examine the nature and extent of current state activities in the program.

⁷⁴National Governors' Conference, *The States and Urban Problems*, p. 45.

⁷⁵Urban Coalition, *Agenda for Positive Action*, p. 16.

⁷⁶U.S., Commission on Intergovernmental Relations, *Federal Aid to Airports* (Washington, D.C.: United States Government Printing Office, 1955), p. 88.

⁷⁷John H. Frederick, *Airport Management* (Chicago: Richard D. Irwin, Inc., 1949), pp. 127-128.

⁷⁸Commission on Intergovernmental Relations, *Federal Aid to Airports*, p. 87.

⁷⁹Informal talking points for President Lyndon B. Johnson at White House meeting with the National Governors' Conference Advisory Committee on Federal-State-Local Relations, Washington, D.C., May 3, 1967. (Mimeographed.)

Chapter III

INTERGOVERNMENTAL RESPONSIBILITIES IN THE FEDERAL-AID AIRPORT PROGRAM

....The Federal Airport Act of 1946 was one of the most controversial pieces of legislation enacted by Congress in the immediate post-war decade. The substance of this controversy did not concern the question of whether the federal government should furnish funds for the construction and improvement of civil aviation facilities. Instead, the principal issue involved in the congressional consideration of bills providing for a federal aid to airport development program was whether federal funds should be channeled through the states or whether direct federal-local relationships should be established. Determination of the procedures for administering federal airport aid, then, generated considerable controversy over the substantive political issues of "states' rights" and "states' responsibilities"....¹

Although the Federal Airport Act as approved by President Harry S. Truman on May 13, 1946² contained no mandatory channeling requirement, it precluded direct federal-local relationships if states enacted laws requiring local project sponsors to submit their requests and applications for federal airport aid to a state aviation agency for approval. Unless otherwise stipulated by state laws, sponsors could make initial requests for federal airport development funds and, once a tentative allocation had been made, could submit the grant application and supporting project documents directly to the federal government....

Financing Airport Development

Administrative responsibility for the Federal-Aid Airport Program has been assigned to the Federal Aviation Agency (FAA) which, under the Federal Aviation Act of 1958,³ succeeded the CAA [Civil Aeronautics Authority.] Under the Department of Transportation Act of 1966,⁴ the Federal Aviation Agency was transferred from the Department of Commerce to the newly established Department of Transportation and was renamed the Federal Aviation Administration. The Federal Airport Act is administered by FAA's Airports Service through seven regional and eighteen area offices.⁵

The authorization for federal airport funds includes annual appropriations for projects in the states and separate allocations for those in Hawaii, Puerto Rico, and the Virgin Islands. The 1961 amendments to the Act authorized federal funds for general aviation facilities to relieve traffic congestion at high-density airports. During the 1962-1970 fiscal year period, the annual authorizations under the Federal Airport Act for airport development were \$66,500,000 for projects in the United States, \$7,000,000 for general aviation facilities, and \$1,500,000 for airports in Hawaii, Puerto Rico, and the Virgin Islands.

Federal airport funds are apportioned on a project basis among the States each fiscal year. Seventy-five percent of these funds are allotted on a one-half population and one-half (land-water) area formula. The remaining twenty-five percent constitutes a discretionary fund which the FAA Administrator may use to finance advance planning and engineering or facility construction and improvement at locations which he considers most necessary to the development of a national airport system....

Federal aid under the program is available to public agencies--or sponsors--for land acquisition and for

¹See U.S., Department of Commerce, Civil Aeronautics Administration, *Legislative History of the Federal Airport Act*, 2 vols. (Washington, D.C.: United States Government Printing Office, 1948). A summary of the growth of a national interest in airport development and of the controversy surrounding congressional consideration of bills providing for federal aid to airports is contained in Roscoe C. Martin, *The Cities and the Federal System* (New York: Atherton Press, 1965), pp. 83-108, 115-21.

²*Federal Airport Act of 1946*, 60 STAT. 170, 49 U.S.C. 1101 (1946).

³*Federal Aviation Act of 1958*, 72 STAT. 731, 49 U.S.C. 1301 (1958).

⁴*Department of Transportation Act of 1966*, 80 STAT. 931, 49 U.S.C. 1651 (1966).

⁵U.S., Department of Transportation, *Twenty-Third Annual Report of Operations Under the Federal Airport Act* (Washington, D.C.: Federal Aviation Administration, 1968), p. 1.

construction and improvement of such operational facilities and safety-related items as runways, taxiways, and aprons; airfield markers and lighting equipment; entrance and service roads; utilities; and certain airport buildings. Other types of eligible airport development include preparation of project sites; installation of landing aids; relocation of structures, roads, and utilities; and removal of airport hazards.⁶ Another significant 1961 amendment provided that facilities not related directly to aviation safety--such as hangars, passenger terminal and certain field maintenance buildings, and parking lots--are ineligible for federal funds.⁷ Under the 1964 amendments to the Act, grants also are authorized for preparation of advance planning and engineering proposals.⁸

The amount of the federal share usually may not exceed fifty percent of allowable project costs, including acquiring land or easements; undertaking field surveys; preparing plans and specifications; procuring labor, materials, and equipment; supervising and inspecting construction work; and providing administrative services and other incidental items. The remaining fifty percent is contributed by the sponsoring agency....

A marked rise has occurred in the expenditures for airport development by all three levels of government in the last decade. This trend may be generally attributed to such factors as growth in the volume of air traffic, development of larger and faster airplanes, and increased efficiency in handling passengers and air freight.⁹ Financing the construction or improvement of airport facilities, however, mainly is a local burden. With respect to all airport development accomplished from 1960 to 1964, for example, sixty-eight percent was financed by local funds, twenty-four percent by federal funds, and eight percent by state funds.¹⁰

Local airport development projects are financed usually through bond issues. A particularly acute problem, however, is that most public airports cannot be operated on a self-sustaining financial basis since communities often directly subsidize airport operating expenses as a means of attracting commerce, and because user charges are based on their comparability with those of other airports rather than on actual operating costs....¹¹

The State Role

The Federal Airport Act neither prohibits nor encourages state participation in the construction and improvement of airport facilities in their political subdivisions. While prior to the passage of the Act the states generally were disinterested in providing financial or technical assistance to local project sponsors, action taken since that time has revealed somewhat increased

responsiveness on the part of most states to civil aviation needs.

Aviation agencies have been established by forty-eight states as well as Puerto Rico since 1946. Twenty-three states, including Hawaii and Rhode Island which own and operate all airports in their States, have enacted laws requiring both submission of local project applications to the state aviation agency for approval and channeling of federal airport development funds through the state to localities. Fifteen states permit their aviation agency to act as the local project sponsor's agent in handling disbursements of federal aid. Seven states require only submission of local project applications for state agency approval; three of these limit such approval to projects involving state funds. Five states have no laws concerning channeling of either local applications or federal airport aid.¹²

In 1964, thirty-three States provided either funds or technical assistance for local airport development, although only thirteen had regular cost-sharing programs geared to the Federal Airport Act.¹³ Data gathered by the United States Bureau of the Census show that in 1967 thirty states made payments to their local governments amounting to over \$26.7 million for airport development and related purposes. Seven of these states only channeled federal funds to local sponsors, while six others distributed aviation fuel tax proceeds to localities. In the remainder, combined federal and state aid for

⁶U.S., Department of Commerce, Federal Aviation Agency, *Federal Aviation Regulations: Part 151--Federal Aid to Airports* (Washington, D.C.: United States Government Printing Office, 1965), p. 9.

⁷*Ibid.*, p. 8.

⁸*Ibid.*, pp. 23 - 23-3.

⁹U.S., Department of Commerce, Federal Aviation Agency, Airports Service, System Planning Division, "Airport Facilities," in U.S., Congress, Joint Economic Committee, Subcommittee on Economic Progress, *State and Local Public Facility Needs and Financing: Public Facility Needs*, 2 vols., 89th Cong., 2d sess., December 1966, I:318.

¹⁰*Ibid.*, p. 320.

¹¹*Ibid.*, pp. 316-17.

¹²"State Channeling of Federal Airport Funds Act," State Aviation Law Report No. 2, mimeographed (Washington, D.C.: National Association of State Aviation Officials, n.d.).

¹³U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *Impact of Federal Urban Development Programs on Local Government Organization and Planning*, by the Advisory Commission on Intergovernmental Relations, 88th Cong., 2d sess., 1964, p. 196.

airport construction and improvement totaled nearly \$14.5 million....¹⁴

The National Airport Plan. Two major areas of state interaction with the federal government in the Federal-Aid Airport Program are the formulation and revision of the *National Airport Plan* (NAP) and the Annual Program. The *National Airport Plan* is an annually revised statement which specifies by location and type the civilian and military projects required during the forthcoming five years if an adequate national system of airports is to be established. Two principal types of airport locations are listed in the NAP, as determined by the nature of the air transportation affecting them: (1) air carrier airports which have scheduled airline services, and (2) general aviation airports which are used solely for business, commercial, and personal flying other than air carrier.¹⁵

The scope of the Plan is not limited by either the amounts of congressional appropriations for airport development or the capacity of sponsors to finance project construction and improvement.¹⁶ In order to qualify for federal aid, a proposed airport must be contained in the NAP, although inclusion of a proposal does not constitute a commitment on the part of the federal government to provide financial assistance. The only project items eligible to receive available federal funds are those described in the current Plan. Even though a project is listed in the NAP, however, its sponsor is not required to proceed with the recommended planning or development.¹⁷

While general criteria and standards for inclusion of projects in the *National Airport Plan* are formulated at the national level, specific proposals are developed by FAA field officials who prepare a plan for each State located within the jurisdiction of their area office.¹⁸ The state plans are revised officially once each calendar year by federal field personnel in consultation with state aviation officials, project sponsors, and local planning commissions, although it should be recognized that these parties are engaged in airport planning on a year-round basis.¹⁹ The proposals are reviewed and revised by FAA regional officials and become part of a tentative regional plan subject to subsequent examination by FAA central office personnel and, following this review, the completed revisions of the Plan are issued.²⁰

Although the Federal Airport Act requires the FAA, to the extent feasible, to submit its proposals pertaining to NAP revisions to the states for their views, it is not required to utilize their recommendations. In its final report concerning the revisions, however, the FAA must indicate the reasons for any action or inaction on the state recommendations.

Formulation of state airport plans is not required by the Act. If such plans have been developed, their contents may be brought to the FAA's attention during preparation of the revised NAP....

The Annual Program. The Annual Program contains the proposed airport projects which have been selected from the *National Airport Plan* to receive federal funds during a given fiscal year. The number of projects included in the Annual Program is determined by the

¹⁴U.S., Department of Commerce, Bureau of the Census, *1967 Census of Governments, State Payments to Local Governments*, vol. 6, no. 4 (Washington, D.C.: United States Government Printing Office, 1968), pp. 18-109.

¹⁵U.S. Department of Transportation, Federal Aviation Administration, *1968 National Airport Plan: FY 1969-1973* (Washington, D.C.: United States Government Printing Office, 1968), pp. 1-3, 13-14.

¹⁶The *National Airport Plan* for fiscal years 1969 to 1973, as amended in 1968, lists approximately 4,146 airports, heliports, and seaplane bases. Airports comprise nearly ninety-seven percent of this total; seventy-eight percent of all landing facilities in the NAP are general aviation airports while nineteen percent are airline airports. The estimated cost of eligible airport development projects during this period is \$2.16 billion; sixty-four percent of this figure, or \$1.38 billion, represents projects needed during fiscal 1969-70. See Federal Aviation Administration, *1968 National Airport Plan*, pp. 18-19.

¹⁷Federal Aviation Agency, *Federal Aviation Regulations: Part 151*, p. 1.

¹⁸See U.S., Congress, House, Committee on Government Operations, Intergovernmental Relations Subcommittee, *Staff Report on Replies from Federal Agencies to Questionnaire on Intergovernmental Relations*, 84th Cong., 2d sess., 1956, p. 291.

¹⁹The Act provides: "In formulating and revising such plan, the Administrator shall take into account the needs of both air commerce and private flying, the probable technological developments in the science of aeronautics, the probable growth and requirements of civil aeronautics, and such other considerations as he may deem appropriate, and shall, to the extent feasible, consult, and give consideration to the views and recommendations of, the Civil Aeronautics Board, the states, and Puerto Rico and the Virgin Islands, and their political subdivisions...." (emphasis supplied). See *Federal Airport Act of 1946*, 60 STAT. 170, 49 U.S.C. 1101, Section 3(a) (1946). In addition, the Act provides that the Administrator must consult with the Federal Communications Commission, Department of Defense, and Secretary of the Interior concerning revisions in the *National Airport Plan*, and to consider their recommendations. Other federal agencies usually involved in coordination of airport planning at the federal level include the Department of Housing and Urban Development, Federal Highway Administration, Economic Development Administration, and Appalachian Regional Development Commission. See also Federal Aviation Administration, *1968 National Airport Plan*, pp. 22-23.

²⁰See Commission on Intergovernmental Relations, *Federal Aid to Airports* (Washington, D.C.: United States Government Printing Office, 1955), p. 12.

amount of annual congressional appropriations for airport development.²¹

Standards and criteria are determined by national FAA officials. These data are forwarded to FAA area offices which, on the basis of their priority system and sponsor requests for federal financial aid, prepare tentative programs for each state. These proposals are coordinated by regional FAA officials and are developed into a tentative regional program. The regional officials then confer with the national FAA personnel, and occasionally with the states, to determine the nationwide Annual Program.²²

The formal role of the states relative to the federal government in the formulation of the Annual Program is more limited than in the revision of the NAP. After an FAA regional office has made a preliminary finding through its priority system, state suggestions concerning projects to be funded may be considered. The Federal Airport Act, however, does not provide either for collaboration between federal and state aviation officials in this area, even if only "to the extent feasible," or for reporting by the FAA of its action or inaction on state recommendations....

The wide variance in performance precludes formulation on a nationwide scale of accurate

evaluations of state participation in the Federal-Aid Airport Program. This interstate diversity also limits the extent to which the impact of "buying in" can be analyzed and compared. In the next two chapters, the experience of one State--New York--will be examined. The first will present an overview of the State's role in airport development prior to late 1967, and the reasons for expansion of its efforts in this area through establishment of a Department of Transportation and approval of a transportation capital facilities bond issue. The second will analyze the impact of the State "buying into" the program.

²¹The Annual Program for fiscal 1969 contains allocations totaling \$74.7 million for construction and improvement of 397 civil airports, including \$67.7 million for facility improvements at 356 existing airports, and \$7.0 million for construction of forty-one new civil airports. The Annual Program was developed by FAA officials from 773 requests submitted by public agencies for federal aid amounting to over \$392 million. See U.S., Department of Transportation, "1969 Federal-Aid Airport Program," mimeographed (Washington, D.C.: Federal Aviation Administration, 1968).

²²Commission on Intergovernmental Relations, *Federal Aid to Airports*, p. 13. See also U.S., Congress, House, Committee on Government Operations, Intergovernmental Relations Subcommittee, *Staff Report on Replies from Federal Agencies*, p. 291.

Chapter IV

THE ROLE OF NEW YORK STATE IN THE FEDERAL-AID AIRPORT PROGRAM: 1945-1967

On March 2, 1945--fourteen months before approval of the Federal Airport Act--the New York State Legislature amended the Commerce Law¹ to expand the powers and responsibilities of the Department of Commerce in the field of aviation. Later that year, by administrative action a Bureau of Aviation (BOA) was established in its Division of Economic Development. Three broad powers with respect to aviation were conferred upon the Department by these amendments:

to advise and cooperate with municipal, county, regional and other local agencies and officials within the state to plan and otherwise coordinate the development of a system of air routes, airports, and landing fields within the state and to protect their approaches; ... to cooperate with other state departments, and with boards, commissions, and other state agencies and with appropriate federal agencies, and with interested private individuals and groups in the coordination of plans and policies for the development of air commerce and air facilities; [and] ... to act as the official agency of the state in all matters affecting aviation under any federal laws now or hereafter to be enacted, and as the official agency of a county, town, city, village, or authority in connection with the grant or advance of any federal or other funds or credits to the state or through the state to its local governing bodies for airports and other air facilities, complying with the provisions of such grants or advances.²

State legislation was enacted in 1947 requiring applications for federal airport development grants to be submitted to the Commissioner of Commerce for approval. The measure also provided for channeling payments of federal funds through the Department which acted as the sponsor's agent.³ Despite these provisions, communities still could make initial requests for federal aid directly to the Federal Aviation Administration (FAA) since the Commissioner's approval authority did not include such requests.

The Bureau of Aviation

Although the Office of Transportation in the Executive Department prior to September 1, 1967 was responsible for the overall transportation policy of New York State, the Bureau of Aviation was "the only State agency interested in statewide airport development and planning."⁴ Other broad functional responsibilities of the BOA included airport management, air routes development, and aviation education and safety. By mid-1967, it had a seven-member staff consisting mainly of civil engineers.⁵ The Bureau's role in airport development from 1945 to September 1967 may be classified into four areas: promotion, technical assistance, coordination, and review and approval.⁶

Promotion. The promotional role of the BOA involved stimulating communities to apply for federal airport funds. The Bureau disseminated information to localities concerning the availability of federal aid, priorities which might be attached to proposed projects, and federal and State requirements for submission of grant applications and supporting documents. The BOA also participated in determining the need for an airport project through conducting local surveys and distributing questionnaires.

Technical Assistance. Once a community decided to apply for federal airport development funds, the

¹State of New York, Chapter 60, Laws of 1945.

²State of New York, Commerce Law, Section 100 (McKinney 1950), as amended, Chapter 717, Laws of 1967, Title 7, Section 39.

³State of New York, General Municipal Law, Section 357 (McKinney 1965), as amended, Chapter 717, Laws of 1967, Title 7, Section 39.

⁴State of New York, "Aviation Program," mimeographed (Albany: Department of Commerce, 1966), p. IV-1.

⁵State of New York, "Organization of the Development Division," mimeographed (Albany: Department of Transportation, 1968), p. 61.

⁶This classification does not include the involvement of the Bureau of Aviation in the formulation and revision of the *National Airport Plan (NAP)* and the Annual Program.

Bureau's technical assistance role became significant. Included in this function were the following activities undertaken by the BOA in cooperation with local project sponsors, their consulting engineers, and occasionally the FAA: studying, selecting, and surveying suitable sites; preparing cost estimates; developing plans and specifications; and assisting sponsors with applications for federal aid.⁷ These activities usually were of a general nature. The Bureau encouraged sponsors to employ consulting engineers to perform detailed project work and cooperated with these consultants. Following the tentative allocation of federal funds, however, the BOA would become involved increasingly in technical and engineering matters due to its role in the review and approval of all project documents prior to their submission to the FAA.⁸

Technical assistance also was provided by the Bureau in airport planning and zoning. In cooperation with the New York State Office of Planning Coordination (OPC)--formerly with the Bureau of Planning of the Department of Commerce--and the FAA, a BOA engineer attended meetings of local planning boards to explain the need for zoning and proper use of land surrounding airports; assisted planning consultants in developing land use zoning for approach zones and height restriction zoning around airports; and reviewed preliminary planning proposals and recommended methods to incorporate aviation interests into planning projects.⁹ The Bureau occasionally provided technical expertise to a planning consultant through preparing an aviation study, containing site selection and runway orientation analyses and preliminary cost estimates, for inclusion in a community's comprehensive plan.¹⁰

The Bureau of Aviation furnished technical assistance to privately-owned commercially-operated airports located in areas where it believed a public airport should be established. Since these projects were ineligible for federal airport funds, any construction or improvement had to be financed with private capital. When owners of private airports could not afford to furnish adequate engineering services, the BOA assisted in making site selection, runway orientation, and pavement design studies, and in estimating project costs. The Bureau occasionally conducted a complete field survey and prepared reports and plans on behalf of the owner.¹¹

Coordination. The BOA cooperated with the FAA in such areas as selection and approval of project sites, supervision and inspection of construction work, and promulgation and enforcement of planning and zoning requirements. Other federal agencies with which the Bureau coordinated its airport development activities included the United States Department of Housing and Urban Development (formerly the Housing and Home Finance Agency) and the Federal Highway

Administration (formerly the United States Bureau of Public Roads).¹² Coordination at the State level involved relationships between the BOA and the Department of Public Works, OPC, the Office of Transportation, and the Department of Education (with respect to the location of schools in relation to airport approach zones), as well as with the Tri-State Transportation Commission (formerly the Tri-State Transportation Committee) and such transportation authorities as the Metropolitan Commuter Transportation Authority and the Port of New York Authority (PNYA).¹³ Furthermore, since under the Appalachian Regional Development Act of 1965¹⁴ and the Public Works and Economic Development Act of 1965,¹⁵ federal funds were made available for airport development projects in qualified areas of the State, the Bureau assisted communities by coordinating their relationships with the FAA and the State representatives under these programs.¹⁶

Review and Approval. The BOA was responsible for examining airport master plans, construction plans, technical specifications, sponsor applications for federal aid, and requests for grant payment before their submission to the Commissioner of Commerce for approval.¹⁷ Its review was "based on the overall scope of the project and how it relates to the airport master plan,"¹⁸ and usually did not include such construction details as drainage systems, paving specifications, grading quantities, and material testing results.¹⁹ The importance of the Bureau's role in this area has been summarized as follows by its staff: "Although we are not financially involved, we are able to protect our communities from unreasonable demands by the federal

⁷Department of Commerce, "Aviation Program," p. V-3.

⁸*Ibid.*, p. V-1.

⁹*Ibid.*, p. V-2.

¹⁰*Ibid.*

¹¹*Ibid.*, p. V-3.

¹²*Ibid.*, pp. V-1-2.

¹³*Ibid.*, p. IV-1.

¹⁴*Appalachian Regional Development Act of 1965*, 79 STAT. 5, 40 U.S.C. Appendix A 101-08, 201-06, 211-14, 221-24, 301-04, 401-05 (1965).

¹⁵*Public Works and Economic Development Act of 1965*, 79 STAT. 552, 42 U.S.C. 3121 (1965).

¹⁶Department of Commerce, "Aviation Program," pp. III-1-2, IV-1.

¹⁷*Ibid.*, p. V-1.

¹⁸*Ibid.*,

¹⁹*Ibid.*,

government and from consulting engineers who might over-design airport projects. This applies particularly to the smaller general aviation airports where few at the local level have an aviation background.”²⁰

Intergovernmental Administrative and Fiscal Problems

Prior to September 1967, the BOA encountered a number of problems in carrying out its airport development responsibilities. The principal areas of difficulty in intergovernmental administrative and fiscal relations in the Federal-Aid Airport Program were the *National Airport Plan* (NAP) and the Annual Program, the discretionary fund, congressional appropriations, and coordination.

The National Airport Plan and the Annual Program. The Bureau of Aviation was involved in the initial formulation of the NAP in 1946-47, and subsequently it made annual recommendations to the FAA relating to proposed revisions in this document. A close relationship existed between the FAA and the Bureau in updating the Plan, as federal airport officials consulted both formally and informally with their functional counterparts in the BOA concerning projects recommended for inclusion.

Most of the disagreements which occurred--such as over FAA decisions to include projects which the Bureau believed should not be contained in the NAP, the most desirable and feasible types of airport construction and improvement, and technical and engineering matters--were products mainly of changing federal standards and criteria. Despite occasional differences in point of view, however, the informal nature of federal-State relationships resulted in FAA accepting most of the BOA's recommendations....

The informal nature of the communications network existing between federal and State aviation officials in the revision of the NAP also characterized the formulation of the Annual Program. The Bureau, however, was somewhat less successful in securing FAA agreement with its views in this area than it was with respect to those dealing with the Plan.

After making a preliminary determination through its priority system, the appropriate FAA field office occasionally submitted its Annual Program recommendations to the Bureau of Aviation for review and comment. The Bureau's proposals concerning projects which should receive federal airport development funds reflected priorities that, in the absence of legal power authorizing such assignments, had been established on an informal basis.

The BOA was able to obtain FAA's acceptance of some of its recommendations as a result of informal cooperative mechanisms, particularly such information channels as conferences, telephone conversations, and written communications which supplemented the formal grant-in-aid reporting system linking relevant program officials at the federal and State levels....

While in their discussions of the Bureau's recommendations federal and State officials were able to resolve differences of opinion and to further substantiate their respective positions, in the final analysis the FAA was responsible legally for determining the airport projects to be contained in the Plan and the Annual Program. BOA had to rely on informal persuasion rather than on formal power to secure acceptance of its views by federal officials.

The Discretionary Fund. Chiefly because New York State has received more discretionary funds than most other states, its aggregate share of Federal airport aid since the inception of the program in 1947 exceeds that of any other state, with the exception of California.²¹ Discretionary funds generally comprise about one-half of the annual airport appropriation for the State....

Although most federal and State aviation officials interviewed contended that the discretionary fund basically was a feasible device for distributing federal airport aid, they also indicated that the State and local sponsors have encountered major administrative and financial difficulties as a result of its flexibility and the unclear distinction between statutory and discretionary funds. The effect of the discretionary fund on advance planning and on the BOA's inability to assign official project priorities was described as follows by a former Bureau Director:

The problem which makes it difficult from the point of view of State control is that we sign more applications for funds than there are funds available. Then we must set priorities. We can never find out where we stand financially; whether a project is covered by statutory or discretionary funds. We found out that whenever a project was rejected, it came out of discretionary funds. If the State approved a program, rather than separate projects, the Bureau could have control over priorities. Funds from rejected projects can be

²⁰*Ibid.*

²¹See U.S., Department of Transportation, "Federal Aid to Airports Program, 1947-1969: Status as of March 31, 1969," mimeographed (Washington, D.C.: Federal Aviation Administration, 1969).

given to other states, although this works both ways. We have received discretionary funds from other states. The discretionary fund is a political lever. It seriously hinders advance planning. There is no State role in establishing project priorities except arguing with FAA officials.

Bureau of Aviation officials also contended that the discretionary fund eroded the powers of the Commissioner of Commerce with respect to the approval of local applications for federal airport funds and related project materials. One of these officials asserted....

We might feel that a development at another location should have higher priority than some of the projects included in the program and, of course, we could refuse to approve a project until the higher priority project was included. Such an act would be self-defeating, however, as the FAA could, and probably would, reclaim the funds. As we always have discretionary funds allocated to this State, we understand these funds would be put in that category and returned to Washington. The net result would be that we would have a good chance of losing both the project and the funds.

The Commissioner never rejected a local project application prior to September 1967, although on occasion the BOA completely revised plans and technical specifications to conform to its viewpoint. The Commissioner's weakened position was a product of both the detrimental impact of the discretionary fund and the ability of localities to bypass the State in requesting financial assistance from the FAA. Political considerations made it difficult for him to reject a local project which had received a tentative allocation of federal aid through inclusion in the Annual Program. The Bureau's technical assistance role, however, was significant in minimizing this problem. According to a former BOA official:

We start working with communities on their project documents at an early date so there will be no doubt about approving their proposal. We try to build up good will and to convince local governments that we are on their side. We try to sell their viewpoint to the federal officials. We try to persuade federal airport officials to include projects we needⁿ in the Annual Program. Channeling project applications through the State has not really been an effective control device. The lack of State funds has not left us with much leverage. We shape local plans to what we think is

needed and best. This contributes to coordination at the State level. We have made some communities cut down their grandiose plans, and through restricting them we have made the plans more realistic and acceptable to federal officials....

Congressional Appropriations. The timing and amounts of congressional appropriations for airport development have contributed to the budgetary and planning problems at the state and local levels created by the discretionary fund. In general, local sponsors and those states which provide funds to cover part of the nonfederal share of project costs must plan their airport financing long before the amount of available federal aid can be determined. Moreover, most observers concur that appropriations have been insufficient to establish and maintain a national system of airports to the extent anticipated by the Federal Airport Act.

In the absence of New York State financial assistance to local sponsors in matching the federal share of airport project costs, problems at the State level resulting from the timing and amounts of congressional appropriations involved planning rather than budgeting. According to a former BOA Director: "Congressional appropriation irregularities have necessitated hasty planning, in the sense of which projects are ready to go rather than which are the most important." Another State aviation official asserted: "Airport program funds are held up by Congress each year. We never know how much money will be appropriated or for what purposes. This inhibits planning."

A related difficulty involves the scheduling of the Federal-Aid Airport Program. An FAA New York Area Office official pointed out: "The Federal Airport Act states that we shall announce the annual airport program and project approvals as soon after the beginning of the calendar year as possible. Congress usually makes this difficult if not impossible to do." This time lag is significant in New York State because of the limited duration of its construction season. If, as a result of a lag in congressional appropriations, an airport development project in the State is not underway by Labor Day, work could not commence until the following spring, producing delays in its completion.

Coordination. Most aviation officials interviewed indicated that serious problems in coordinating federal and State airport development activities had not arisen mainly due to informal cooperative mechanisms and to the generally close working relationship that existed between federal and State aviation officials. An official of the FAA's New York Area Office indicated some of

the formal and informal devices used to coordinate contacts between the BOA and FAA field officials: "The relationship was and is oriented to airport planning and engineering, with several contacts per month. A formal mechanism is the airport layout plan, endorsed with federal and state approval. An informal mechanism is communication, in any form, including on-site meetings and inspections...."

Some problems in meshing federal-State airport development activities occurred subsequent to a 1965 FAA reorganization, as a result of which the Bureau had to deal with two FAA field offices: (1) the Boston Area Office, having jurisdiction over upstate New York; and (2) the New York Area Office, having jurisdiction over the territory from Long Island to Poughkeepsie. Some BOA officials contended that the Boston Area Office often was unfamiliar with local airport conditions in the State, particularly as they affected pleasure and commuter travel and industrial location. It also was suggested that this represented only a temporary situation.... On the other hand, only minor difficulties occasionally were involved in coordinating relationships between the Bureau and FAA's New York Area Office....

The fragmented organization of the FAA area offices serving New York State and the Boston office's unfamiliarity with local airport needs and problems contributed to unnecessary delays in the total amount of time involved from the inception to the completion of some projects, and made it difficult for federal field officials to examine present and future airport requirements in the State in a comprehensive, integrated manner. Another factor responsible for processing lags was lack of authority on the part of the FAA area offices to approve sponsor applications for Federal aid and supporting project documents....

State aviation officials interviewed indicated that no major difficulties were encountered in their cooperative relationships with such federal agencies as the Department of Housing and Urban Development and the Federal Highway Administration. At the State level, no real problems were involved in coordinating the BOA's role in airport development with the related activities of such agencies as the Department of Public Works, Office of Transportation, OPC, Department of Education, and State representatives under the Appalachian Regional Development and the Public Works and Economic Development Acts.

Coordination with local sponsors was achieved to some extent through the requirement for submission of all applications for federal airport funds and related

materials to the Commissioner of Commerce for approval. His approval power, however, was weakened by the ability of sponsors to bypass the State in requesting tentative allotments of federal aid. The BOA's technical assistance role ensured effective State supervision of local airport project development. State technical expertise was available to sponsors throughout the process of preparing the grant application and detailed plans and specifications. Through its close interaction with local sponsors, the Bureau was able to keep well informed concerning the contents of their project documents, and was in a position to require revision of those which did not conform adequately to its point of view. These modifications occurred not only after the sponsor submitted the proposed project to the Commissioner of Commerce for approval, but throughout the entire planning and application process.

Expansion of New York State's Role

Although the Federal Airport Act of 1946 established one of the earliest major grant-in-aid programs in which the federal government bypassed the states and dealt directly with localities, the Act did not preclude state involvement in administering and financing airport development. In New York State, the emergence of State level interest in the construction and improvement of civil aviation facilities occurred at a relatively early period, and was reflected in the establishment of a Bureau of Aviation. This interest was accompanied by State level control in the form of approval power with respect to local grant applications and supporting project documents. This control was incomplete, however, as sponsors could bypass the State in making initial requests for aid to the federal government.

From 1945 to late 1967, New York State participated only administratively in the Federal-Aid Airport Program. Most of the BOA's activities during that period were focused primarily on promoting local airport development and secondarily on furnishing technical assistance to project sponsors. The extent of the State's role in the program did not include providing financial aid. Instead, the State served as a conduit for federal funds to localities.

Why Did New York State Fail to "Buy In?" Three reasons may be advanced to explain the lack of State financial participation in airport development prior to 1967. First, the parent agency of the BOA--the Department of Commerce--was concerned predominantly with the construction and improvement of airport facilities as a means of stimulating economic

growth and encouraging industrial relocation in the State. Secondary attention was given to planning and developing a transportation network which would serve as a component of the nationwide airport system outlined in the *National Airport Plan* designed to meet present and future aeronautical demand. Chiefly as a result of this orientation, the State relied largely on the initiative and financial resources of local governments and private enterprise to construct, improve, and maintain general aviation facilities for business purposes and private flying and, with the addition of federal funds, intermediate airports serving commercial carriers and private and business aircraft to relieve congestion at major air terminals. Air carrier facilities for use mainly by commercial airlines were developed by PNYA or by county and city sponsors with federal financial assistance.

Absence of organized citizen support was a second factor responsible for the State's failure to provide funds for airport development. No significant efforts were made by citizens' groups to mobilize public opinion to promote a State airport aid program, probably since the most important activity in terms of scope and cost was concentrated in the projects located in the New York City metropolitan area sponsored by the Port Authority.

A third key factor involves the possible adverse political implications of "buying into" direct federal-local grant-in-aid programs. Despite the various arguments which can be forwarded to justify state financial participation--ranging from the principle of "states' responsibilities" as members of the federal system to the impact on certain aspects of grant program operation--political pragmatism may preclude gubernatorial backing. It is quite possible that the governors of New York State holding office since the mid-1940's might have believed that the advantages of the State "buying into" the federal airport program were not commensurate with the political risks accompanying the tax increase or the bond issue proposal that might have been necessary in order to raise sufficient revenues to permit such financial involvement. The following statement by the BOA's Director in 1954 was applicable generally for over a decade afterwards:

Both state and local governments are already beset with heavy demands upon the various tax sources. Requests for airport funds from either of these sources would have to meet the competition from projects which in many cases have greater general public appeal than do airports. For instance, schools, water systems, streets, sewerage

disposal systems and hospitals have far greater public appeal than do airports. It is, therefore, probable that any effort to secure appropriations for airport development at the state and local level would encounter serious opposition unless the necessary funds were derived directly from the air transportation industry itself.²²

Furthermore, "buying into" the Federal-Aid Airport Program by the State probably was inhibited by the facts that the federal government previously had exerted much of the initiative, assumed the major responsibility, and received most of the credit for developing civil aviation facilities.

The Transportation Capital Facilities Bond Act. In his Special Message to the Legislature on January 30, 1967, Governor Nelson A. Rockefeller proposed a \$2.5 billion transportation capital facilities bond issue, to be placed before the voters at the November 7, 1967 general election. This bond issue included \$1.25 billion for capital expenditures for highways, \$1.0 billion for mass transit, and \$250 million for aviation. Governor Rockefeller advanced the following reasons for his recommendation with respect to airports:

The growth in recent years of both commercial and general aviation has been tremendous. In the immediate years ahead, it will be even greater and the State must be thoroughly prepared to meet these unprecedented demands. Increasingly, the economic viability of a region depends on the adequacy of its airport facilities. This is true in all metropolitan areas of the State. Although most of the State is served at present with adequate airport facilities, we cannot stand still for the demands of the air age are already taxing the capacity and abilities of many of our airports. The advent of larger and faster commercial planes and more general aviation planes means larger airports, more complex air traffic control systems, bigger terminals and better airport access facilities. These needs must be met throughout the State.²³

²²Director, Bureau of Aviation, New York State Department of Commerce, to Commission on Intergovernmental Relations, September 10, 1954, quoted in U.S., Commission on Intergovernmental Relations, *Federal Aid to Airports* (Washington, D.C.: United States Government Printing Office, 1955), p. 93.

²³Nelson A. Rockefeller, "A Transportation Program: The Proposed Bond Issue for Better Highways, Better Mass Transportation and Better Airports," Special Message to the Legislature, mimeographed (Albany: Executive Chamber, January 30, 1967), p. 5.

The Governor's conclusion that an airport aid program was essential paralleled the results of a study completed by the Tri-State Transportation Committee in 1965 which evaluated the capability of certain aviation facilities in the State to meet future demand forecasts. The Committee recommended that a system comprising thirty-two publicly-owned airports would be needed to accommodate the projected growth over a twenty-year period of general aviation needs in the New York-New Jersey-Connecticut metropolitan region.²⁴ Moreover, it recommended that the federal share of airport project costs should be increased from one-half to two-thirds, and that "the three states ... should in their respective areas participate in up to one-half of the local public investment costs not covered by federal aid. The other half would be contributed by the municipal or county government that owns the airport."²⁵

In view of the factors responsible for the lack of State financial participation in airport development prior to 1967, the decision of Governor Rockefeller to propose the largest state bond issue in the Nation's history also may be interpreted as a tangible expression of his basic philosophical position concerning the role of state governments in the federal system:

In concrete terms: if a state government lacks the political courage to meet the needs of its people by using its own taxing power--if it prefers to escape by letting the national government do the taxing and then return the money to the state--the leadership of this state puts itself in an exceedingly poor position to weep over the growth of federal power. The preservation of states' *rights*--in short--depends upon the exercise of states' *responsibilities*.²⁶

After receiving practically unanimous approval by the Legislature, the bond issue proposal was placed on the ballot for the November 7, 1967 general election. Governor Rockefeller campaigned actively in support of adoption of the proposition in order to focus attention on its purposes and to counter what some observers consider to be the public's "natural" opposition to change. His campaign probably was responsible for the three-to-two favorable vote (2,795,577 to 2,006,318) on the bond issue, even though a companion measure proposing adoption of a new State constitution was rejected by a two-and-one-half-to-one margin.

Before early 1967, most people were unaware of the airport problems confronting the State outlined in the Governor's Special Message to the Legislature; a survey conducted after legislative approval of the bond issue,

for example, revealed that only about thirty percent of the States' residents were informed concerning its intent.²⁷ These findings to some extent substantiate the contention of one State official interviewed that, in view of the lack of general public awareness of aviation needs and problems and the inability of airports to compete successfully with other programs for popular support, the aviation portion of the bond issue would have been defeated if it had been presented as a separate proposal rather than as part of a package focusing predominantly on highways and mass transit, program areas having far greater public appeal than airports.

The Transportation Capital Facilities Bond Act²⁸ earmarked \$250 million for use in improving aviation capital facilities in the State, and it is anticipated that this financial aid will produce an average federal-State-local investment in New York State amounting to \$36 million annually during the five- to ten-year period following 1967. This investment is over two-and-one-half times greater than the amount of federal and local funds allocated for airport development projects in the State during the five-year period immediately preceding the bond issue proposal.²⁹

Under the State aid program, for airport projects eligible to receive federal funds the cost-sharing formula is federal--fifty percent; New York State--thirty-seven and one-half percent; and sponsor--twelve and one-half percent. If federal aid is not involved, the State may provide funds to cover seventy-five percent of project

²⁴*General Aviation Airports for the Future*, p. 15.

²⁵*Ibid.*, p. 16.

²⁶Nelson A. Rockefeller, *The Future of Federalism* (Cambridge: Harvard University Press, 1962), p. 24. A recent elaboration of this position is contained in an address by Governor Rockefeller to a Tax Institute of America symposium on intergovernmental fiscal relations. See Nelson A. Rockefeller, "Revitalizing the States," in *Federal-State-Local Fiscal Relationships* (Princeton: Tax Institute of America, 1968), pp. 343-62.

²⁷Rockefeller, "Revitalizing the States," p. 359. On January 24, 1968, the New York State Joint Legislative Committee on Mass Transportation distributed questionnaires to approximately 1,700 county, city, town, and village officials in New York State to ascertain their views concerning transportation problems and possible remedial measures. Only five percent of the 225 respondents indicated that air transportation was their most important problem. See its *First Annual Report* (Albany: Joint Legislative Committee on Mass Transportation, 1968), p. 83.

²⁸State of New York, Chapter 715, Laws of 1967.

²⁹Department of Transportation, "Organization of the Development Division," p. 57.

costs, with the remaining twenty-five percent representing the sponsor's share. This State-local formula is important especially in regard to the use of State aid to finance the construction, improvement, or acquisition of airport facilities and equipment which are ineligible for federal financial assistance. If federal consent was forthcoming, State funds also would be available to "pre-finance" the federal share of eligible costs. It is noteworthy that the Governor must recommend in a budget bill and the legislature subsequently must approve individual airport project proposals prior to allocation of transportation bond funds.

The Transportation Capital Facilities Development Act. Closely related to the bond issue proposal in terms of the expanded State role in the construction and improvement of civil aviation facilities was the approval on May 2, 1967 of the Transportation Capital Facilities Development Act,³⁰ which provided for establishment of a New York State Department of Transportation (DOT). Under the Act, effective September 1, 1967, the Bureau of Aviation was transferred to the Project Development Bureau of the Department's Development Division and was renamed the Air Technical Assistance Section (ATAS).³¹

The Transportation Capital Facilities Development Act provided for closer State supervision of airport planning within the overall framework of a long-range State-wide comprehensive transportation master plan which DOT was required to prepare and submit to the Governor and OPC prior to September 1, 1968.³² According to the Act, all grant applications must be approved by the Commissioner of Transportation,

as being a part of or consistent with a statewide comprehensive master plan for transportation promulgated by him and approved by the Governor on the recommendation of the Office of Planning Coordination or, in the absence of any such statewide plan, any other recognized long-range regional transportation plan approved by the Commissioner or, in the absence of any such regional plan, sound transportation development policy and planning concepts.³³

This provision has been interpreted by DOT officials as including review and approval of all requests for federal airport development funds before their submission to the FAA.

Following its transfer, the functional responsibilities assigned to the BOA continued to involve promotion and technical assistance, while its previous role in the review and evaluation of local airport project proposals

was expanded and strengthened. Specific current duties of the ATAS include: providing technical assistance to sponsors or, where necessary, obtaining and supervising consultants in the preparation of preliminary plans, specifications, and cost estimates, and in the completion of applications for federal and State funds, studying such components of proposed airport facility site selection as size, location, design, and orientation relative to community needs, and recommending appropriate modifications in applications; reviewing all project plans, specifications, and estimates, or providing for the review of such documents by other State agencies; assisting DOT's Project Planning and Evaluation Section in establishing standards, criteria, and evaluation procedures for airport development assistance programs, and coordinating proposed projects with this Section to ensure conformance with the State-wide comprehensive plan for balanced transportation; conducting on-site inspections of construction work in conjunction with other units of the Department; and evaluating completed airport projects in terms of such factors as air facility use, costs, and benefits to the community in order to ascertain whether their objectives have been realized.³⁴

Objectives of New York State "Buying in"

A number of different explanations for New York State "buying into" the Federal-Aid Airport Program may be advanced. The rationale underlying the recommendation by the Advisory Commission on Intergovernmental Relations that states should "buy into" direct federal-local grant programs as one of three critical conditions affecting the channeling of federal aid through state administrative agencies suggests that financial participation by New York State generally was indicative of its desire to play a more positive role in

³⁰State of New York, Chapter 717, Laws of 1967.

³¹The organization and functions of the Air Technical Assistance Section are elaborated in Department of Transportation, "Organization of the Development Division," pp. 56-62.

³²See State of New York, *Policies and Plans for Transportation in New York State* (Albany: Department of Transportation, 1968).

³³State of New York, Chapter 717, Laws of 1967, Title 2, Section 119-s(3).

³⁴Department of Transportation, "Organization of the Development Division," pp. 57-60.

assisting and facilitating urban development, to promote closer State-local relationships, to improve intergovernmental program administration and coordination, and to reduce local financial burdens. Governor Rockefeller's Special Message to the Legislature concerning the transportation bond issue reflected some of these objectives. His statement pertinent to airport development indicated that after twenty years of involvement in a promotional and technical assistance capacity, the State planned to assume its financial responsibilities in this area due to challenges to its economic leadership posed by the rapidly accelerating growth in commercial and general aviation during the 1960's. This sharp rise in aviation activity was placing stringent demands on the capacity of existing airports in the State and on the ability of local sponsors to finance necessary facility improvements or new construction. Finally, interviews conducted with New York State aviation officials during June-July 1967 revealed other objectives anticipated as a result of State financial participation.

These officials agreed that New York State should play a greater role in administering and financing the Federal-Aid Airport Program, and viewed DOT's establishment and the transportation bond issue proposal as significant steps toward increasing State airport development responsibilities in relation to those of the federal government and local project sponsors. While it was contended that for the most part the FAA had performed satisfactorily despite constraints imposed by the paucity of federal funds, the basic justification for expanded State involvement was that due to their knowledge of local conditions State officials were in a better position than the FAA to determine the need for airport facilities, location of new projects, and priorities which should be assigned to proposals.

With reference to the general effects of such increased State participation, one BOA official observed: "A greater State role could eliminate duplication, delay, and confusion in paperwork. We also could set specifications and standards. We could formally establish priorities and determine which projects would request federal funds and which would receive State funds." A former Director of the Bureau of Aviation asserted: "The State's position should be expanded since we can implement the program better than the federal government. Due to our recognition of local needs, we should have a greater role in determining where federal funds should go in each area of the State." Similarly,... [it was] stated: "Due to our knowledge of local

conditions, we are better equipped than the FAA to determine the location of new airports. With more money and a larger organization, we would keep on top of things better than the FAA."

All State officials interviewed contended that "buying in" would improve the capacity of local sponsors to finance necessary airport project development. ...since availability of State aid to supplement federal funds would reduce the amount of the local matching share, this would increase a community's interest in assuming project sponsorship. Further, State-local funding and "pre-financing" would "give us flexibility when localities need immediate action and the federal government delays in allocating funds for a project."

These officials supported expansion of the State's role in such areas as establishment of criteria, standards, and evaluation procedures pertinent to airport project proposals, review and approval of local grant applications and supporting detailed plans and specifications for conformance with State-wide comprehensive or regional transportation plans, and determination of official priorities. They agreed that coupled with the possible availability of grants to finance airport projects independent of federal funds, these increased functional responsibilities would strengthen considerably the State's position in the intergovernmental administration and financing of the Federal-Aid Airport Program. As a consequence, certain problems which previously had confronted the Bureau, including the flexibility of the discretionary fund, timing delays and inadequate amounts of congressional appropriations, and inability to formally establish priorities relating to inclusion of projects in the Annual Program, would be eliminated or minimized.

Only one major possible adverse effect of the State "buying into" airport development was mentioned in the first round of interviews. One BOA official suggested that delays in completing projects might be created by the requirement for their approval by the Commissioner of Transportation and OPC and, upon recommendation by the Governor in a budget bill, the need for subsequent approval of each proposed project by the Legislature prior to allocation of bond issue funds.

In summary, while State aviation officials interviewed agreed that New York State financial involvement would improve various aspects of program operation, they also were quite concerned with fostering closer State-local ties in airport development through such participation. This strengthened interlevel cooperation, however, was

viewed mainly in terms of State direction, supervision, and control of localities. In other words, these officials believed generally that "buying in" would be a significant device for achieving greater State level oversight of local airport project planning and development and additional State "leverage" in its relationships with sponsors.

In the next chapter, the impact of this expanded role of New York State in the Federal-Aid Airport Program

will be analyzed in terms of the criteria presented in the first chapter of this study. The views of federal and State middle management officials and local project sponsors concerning the effects of the Transportation Capital Facilities Bond Act and the Transportation Capital Facilities Development Act on the program's operation in general and on the intergovernmental problems and issues which have arisen in its administration and financing in particular will be emphasized.

Chapter V

THE IMPACT OF NEW YORK STATE "BUYING INTO" THE FEDERAL-AID AIRPORT PROGRAM

Our discussion of the reasons underlying the lack of New York State financial participation in airport development and the nature and anticipated consequences of the expanded State role in this area leads appropriately to a consideration of the actual effects of "buying in." The principal purpose of this chapter is to discern, through analysis of interview and questionnaire data and selected local project documents, the impact of New York State "buying into" the Federal-Aid Airport Program. Our findings will be presented and evaluated in terms of the criteria which have been posited to test the central hypothesis of this study: through the states "buying into" direct federal-local grant-in-aid programs for urban development, substantial contributions will be made to the improvement of the administration and financing of such programs. No attempt will be made in this chapter to weight these criteria, however, and the order of presentation does not necessarily reflect their relative importance.

Local Project Costs

The criterion of the extent to which the amount of matching funds provided by local governments is reduced focuses on the role of "buying in" as reliever of local financial burdens. Prior to the transportation bond issue some airport sponsors, particularly smaller jurisdictions, lacked sufficient funds to cover the nonfederal share of costs for all needed project items. Public demands for improvements in education, health and welfare, police and fire protection, streets and roads, and other services often limited severely the amounts of local funds available for expenditure on airport development.

Since New York State under its airport aid program covers thirty-seven and one-half percent of the total project cost, sponsors must furnish only twelve and one-half rather than fifty percent of this figure. This substitutive effect of "buying in" should decrease total

local costs for an airport capital project relative to the amount of sponsor funds required to finance facility construction and improvement on a federal-local basis.

Table 1 lists the capital projects included in the 1968-1969 State airport aid program and shows the amount of the sponsor portion under both federal-State-local and federal-local cost-sharing arrangements. Using the estimated total cost of the project as the base figure, in each case the local contribution under the State aid program is significantly less than it would have been prior to "buying in." The total local cost for the twenty projects contained in the schedule before State financial assistance became available is four times the amount with State assumption of part of the nonfederal share.

Cost-Sharing Arrangements

Table 1 represents an accurate intergovernmental breakdown of capital project costs only as long as the total cost estimate contained in the applicant's request and the projected federal financial aid remain constant. Due to limitations on the amounts of congressional appropriations for airport development, however, the estimated federal share usually cannot be met. The table indicates that in the Annual Programs for fiscal years 1968-1969, for example, only five sponsors received tentative allocations of federal funds equivalent to their requests, while seven were not allotted any federal financial assistance. For the eight remaining projects, allocations ranged from less than one-fourth to over three-fourths of the amounts of federal aid requested by sponsors.

Federal Aviation Administration (FAA) officials surveyed believed generally that financial participation by the states was an important factor affecting the development of a nationwide airport system. A major reason underlying their view was the inadequacy of federal aid in meeting burgeoning demands for new or improved aviation facilities....

TABLE 1
NEW YORK STATE AIRPORT OR AVIATION CAPITAL PROJECTS
1968-1969
(in thousands)

Capital project	Type of project*	Estimated total cost	Estimated federal share	Federal share FAAP**	Project cost		Local share before state aid program
					State share	Local share	
Albany	AC	\$ 895	\$ 447	\$ 108	\$ 336	\$ 112	\$ 447
Broome County	AC	190	95	....	71	24	95
Canastota	GA	250	125	52	94	31	125
Dunkirk	GA	519	260	248	194	65	260
Endicott	GA	170	85	46	64	21	85
Hornell	GA	353	176	176	13	44	176
Islip	AC	754	380	380	283	91	380
Jamestown	AC	977	489	350	366	122	489
Metropolitan Transportation Authority	GA	25,000	5,500	3,150	14,625	4,875	19,500
Monticello	AC	68	34	34	26	8	34
Niagara Falls	GA	275	137	....	103	35	137
	GA	300	150	....	112	38	150
Niagara Frontier Port Authority (A)	AC	339	170	170	127	42	170
	(B)	4,136	1,808	....	1,746	582	2,328
Oneida County	AC	70	35	32	2	9	35
Oneonta	AC	237	118	....	8	30	118
Potsdam	GA	315	157	100	118	40	157
Rochester (A)	AC	774	387	....	97	290	387
	(B)	3,857	1,928	1,180	482	1,447	1,928
Syracuse	AC	93	47	20	3	12	47
Watertown	AC	838	419	....	314	105	419
Wellsville	GA	685	343	290	256	86	343
White Plains	AC	787	394	394	295	98	394
Total of Schedule	12AC 8GA	\$41,882	\$13,684	\$ 6,726	\$21,149	\$ 7,049	\$28,204

*AC = air carrier project; GA = general aviation project. **Tentative allocation of federal aid in Annual Programs for FY 1968 and 1969.

Source: Adapted from State of New York, Chapter 342, Laws of 1968, Section 15. Column on type of project derived from U.S., Department of Transportation, Federal Aviation Administration, *1968 National Airport Plan: FY 1969-1973* (Washington, D.C.: United States Government Printing Office, 1968), pp. 152-56. Column on federal share derived from U.S., Department of Transportation, "Federal Aid-Airport Program," mimeographed (Washington, D.C.: Federal Aviation Administration, 1967, 1968).

The gap between aviation needs and available federal funds was revealed clearly in the Annual Program for fiscal 1969, in which federal assistance totaling \$67.7 million was allocated to sponsors of 397 public civil airports even though 773 requests for funds amounting to \$392 million had been received....¹

According to ... [an official] of the Airports Branch of FAA's New York Area Office: "The principal problem is the gap between the total amount of aid requested by public airport owners and the funds appropriated by the Congress. In cases where federal funds are insufficient to program eligible projects, such projects can be accomplished by utilizing state funding."

Prior to the New York State airport aid program, a disparity between the estimated federal share and the tentative allocation would require generally a downward revision of the total cost figure. This decrease would be achieved through redesigning the project to include only items of highest priority for which federal funds were available. Other components which the sponsor would have to finance completely would be either deferred until the next fiscal year or eliminated. As a consequence, the overall scope of the project being undertaken would be reduced.

The criterion of the extent to which the flexibility of intergovernmental cost-sharing arrangements is increased involves whether State financial participation is limited to matching only part of the costs of federally-funded projects or whether project-related items can be financed on a State-local basis. In other words, the criterion discriminates the role of the State airport aid program as a reactor to federal funding decisions--whether a reduction in the federal allocation produces a corresponding decrease in the total amount of State aid available to the sponsor--from that as an initiator of State-local action beyond federal aid determinations--whether State funds may be used to offset the cost of components which either receive only part of the requested federal aid or are ineligible for federal funds yet essential to the project.

Within this context, New York State's airport aid program may be viewed primarily as an "initiator." As indicated in Table 1, for the capital projects recommended in Governor Nelson A. Rockefeller's supplemental budget it was assumed that federal funds would be available to cover fifty percent of the costs of eligible items. The Legislature, however, appropriated \$5,219,000 in contingency funds to supplement the State share in the event that a project was declared ineligible for federal aid, federal funds apportioned or

allocated to the State were less than the amount estimated for a project, or the lowest acceptable bid received exceeded the estimated cost of a project considered urgent and necessary by the Commissioner of Transportation.² Under the above circumstances, it would be possible to finance projects wholly on a State-local basis or to provide sponsors with increased amounts of State aid for facility construction and improvement.

Contingency funds have been earmarked for capital projects in the 1968-1969 State airport aid program which failed to receive tentative allocations of federal financial assistance equivalent to the estimated federal share. Up to seventy-five percent of the cost of closing this gap will be assumed by the State. These funds will be allocated following receipt of the construction bids and preparation of the final total cost estimate and budget.

Contingency funds also will be provided to finance three-fourths of the cost of certain project components ineligible for federal aid, particularly those included as a result of State-imposed conditions. During the early operation of the State's airport aid program the Department of Transportation (DOT) relied extensively on FAA minimum eligibility standards and criteria....

By Spring 1968, however, DOT had developed certain standards and criteria which, while compatible with those of the FAA, were geared to the provision of adequate facilities in anticipation of future State-wide aeronautical demand. In consequence, for certain items--such as runway length and pavement design--the State requirements exceeded FAA's minimum national standards. The objectives of this action have been explained as follows:

We try to plan beyond the FAA criteria and standards. We are enforcing our planning criteria, which are more restrictive in some respects than those of the FAA, so our airports will not be out of date so soon. We are going one step further than the federal government by insisting that if a runway extension should be a certain length, we will build it regardless of federal funding. We will give communities seventy-five percent of the project costs not covered by federal aid so they will not have to pay all of these costs. Sponsors then

¹U.S., Department of Transportation, "1969 Federal-Aid Airport Program," mimeographed (Washington, D.C.: Federal Aviation Administration, 1968).

²State of New York, Chapter 342, Laws of 1968, Section 15.

would be more willing and able to provide these facilities. Better projects can be developed by having a two-pronged approach back to the community through federal and State criteria and standards. We can go beyond the federal criteria and standards, but we must have State funds to back this up.

Most of the project components required by these additional State criteria are ineligible for federal aid. State aviation officials indicated that availability of contingency funds to finance seventy-five percent of their cost would improve significantly the quality and scope of local airport development activities and would strengthen and promote the Department's "build-in-advance" position.

As of May 14, 1969, DOT had allotted contingency funds totaling \$380,897.65 to the following six projects listed in Table 1 to cover the State's share of the difference between estimated federal aid and actual construction costs, including expenditures for ineligible items: Endicott--\$29,003; Monticello--\$8,629; Niagara Frontier Port Authority (Project A)--\$9,394.65; Oneida County--\$512; Rochester (Project B)--\$294,541; and Wellsville--\$38,818. Furthermore, contingency funds have been approved to finance on a State-local basis five projects which received no tentative allocation of federal aid in the Annual Programs for fiscal years 1968 and 1969. These projects--Broome County, Niagara Falls, Niagara Frontier Port Authority (Project B), Oneonta, and Rochester (Project A)--currently are in various stages of design and construction.

A third dimension of the increased flexibility in program operation resulting from "buying in" involves the availability of State aid to finance up to seventy-five percent of the costs of emergency or special projects of high priority which must be undertaken in a relatively short time period. Since plans, technical specifications, and applications could be reviewed, approved, and subsequently funded independent of the federal airport program, considerable reductions in the total amount of elapsed time between project inception and completion would be possible. This approach would avoid delays arising from the various procedural stages involved in the review and approval of local applications and supporting documents by FAA field and central offices.

The principal legal obstacle to funding projects in this manner is Title I of the Transportation Capital Facilities Development Act which requires municipal corporations undertaking transportation projects eligible for State bond issue funds "to apply for and make

reasonable efforts to secure federal assistance for the project, subject to such conditions as the commissioner may require in order to maximize the amounts of such assistance received or to be received for all projects in New York State"...³ The impact of these provisions on the flexibility of the State airport aid program has been described by a former BOA Director: "While the State is putting in money for airport development our funds will probably be closely tied to federal aid, due to the requirement that project sponsors must request the maximum amount of federal assistance. We will try to keep to a minimum the funding of projects on a State-local basis since we are committed to getting as much federal money as possible."

Local Participation

The criterion of the extent to which the number of local units participating in a grant program increases focuses on the stimulative role of "buying in." Availability of New York State financial assistance for airport development should motivate localities which previously lacked sufficient financial resources to cover fifty percent of the costs to express their intent to assume project sponsorship by requesting federal and State funds. As a result, the number of requests for financial aid following approval of the transportation bond issue should show a marked rise relative to the period during which State funds were unavailable to sponsors.

All State aviation officials questioned in the first [June-July 1967] and second [February-March 1968] rounds of interviews indicated that one of the most significant consequences of the State "buying into" the Federal-Aid Airport Program would be to increase substantially the number of communities interested in sponsoring airport projects. They contended that before the transportation bond issue it was difficult for the BOA to promote the development of general aviation facilities and to some extent that of small air carrier airports. Local governments frequently were unwilling to request available federal aid earmarked for general aviation since they could not afford to provide matching funds to cover fifty percent of eligible project costs. This reluctance was characteristic particularly of smaller political subdivisions--villages, towns, municipalities, and rural counties--of the State. Since due to the transportation bond issue sponsors were required to

³State of New York, Chapter 717, Laws of 1967, Title I, Section 3.

furnish only twelve and one-half percent of the cost of federally-aided airport development activities or twenty-five percent of the cost of projects undertaken on a State-local basis, a strong incentive would be provided for localities to assume sponsorship of general aviation facility construction and improvement. As one interviewee pointed out: "Having State money in the airport program will stimulate the availability of good general aviation facilities. These projects have been coming up through the federal program, although not fast enough."

On the other hand, it was asserted that the impact of the State aid program on large air carrier airports probably would not be as great as its effects on general aviation projects because sponsors of the former type--such as public transportation authorities, urban counties, and big cities--usually had sufficient revenues to finance needed facility development regardless of the availability of State financial assistance. ... [An official] of DOT's Air Technical Assistance Section (ATAS) made the following distinction between the impact of the State aid program on general aviation and air carrier airports:

Medium-size and large air carrier airports in New York State are going ahead with project improvements whether or not we will give them funds. These airports must improve facilities required to keep commercial aircraft moving regardless of the availability of State aid. Our State aid program will speed up smaller air carrier airport development, as well as that of general aviation airports. This has been the main benefit of 'buying in' so far. The sponsors who applied for federal funds for general aviation projects did so with the idea of receiving State aid. Even if these communities received federal airport development funds, they would be unable or unwilling to go fifty-fifty on the costs with the federal government and would withdraw from the project. Therefore, sponsors of smaller air carrier and general aviation airports usually decide to wait to try for State aid rather than to go it alone or with federal funds. However, we need an adequate system of general aviation airports in the State. If these sponsors delay, this sets us back in our general aviation program by at least one year.

FAA officials surveyed also contended that the role of state aid in augmenting federal airport funds was crucial, particularly in constructing new general aviation airports or improving facilities at existing sites. Almost

all of these officials stated that the most significant effect of states "buying into" the Federal-Aid Airport Program was the stimulation of community interest in sponsoring projects. Furthermore...[a member of the New York Area Office] asserted that since many smaller areas could not afford to participate in the program without state assumption of part of the nonfederal share, "in states financially supporting airport development, the number of projects and the accumulated dollar amounts are greater"... Similarly, an FAA central office official stated: "'Buying in' may mean that communities would not be able to get an airport if they did not have state funds. Communities are more eager to participate in airport development if state funds are in the program."

The opinions of State officials in the first and second rounds of interviews were based largely on the projects Governor Rockefeller had recommended to the Legislature for approval and subsequent funding. The State aid program proposed in the executive, supplemental, and deficiency budgets for fiscal 1968-69 consisted of twenty-five projects, almost one-half of which involved general aviation facilities. As shown in Table 1, two-fifths of the capital projects approved by the Legislature were of the general aviation type. Sponsors of many of these projects had requested previously federal aid, and some were involved in preparing their grant application and supporting detailed plans and specifications before State financial assistance became available. Projects listed in Table 1 which had received tentative allocations of federal funds prior to establishment of the State's airport aid program include Canastota, Dunkirk, Endicott, Hornell, Islip, Monticello, Niagara Frontier Port Authority (Project A), Potsdam, Rochester (Project B), Wellsville, and White Plains.

Some interviewees also reported that a few communities had requested State aid for unnecessary projects. These requests were generated by the sponsor's impression that bond issue funds were "free money" which should be obtained even through the exercise of political pressure. One DOT official contended that this undesirable byproduct of the advent of State financial aid for airport development was attributable mainly to the fact that sponsors had to provide only twelve and one-half percent of the total costs. He asserted that "the local share should not be less than twenty-five percent; otherwise, without a substantial financial investment sponsors would be inclined to accept State funds regardless of whether the project was worthwhile and needed."

This initial upsurge in local requests for State and federal aid did not persist. By the time the third round of interviews was conducted [October 1968] it had become apparent to State aviation officials that the transportation bond issue had stimulated only a moderate rise in interest in project sponsorship among those communities which previously had not requested federal funds. According to one interviewee: "...[this was] due mainly to the tremendous competition at the local level for available funds, even if the sponsor only has to put up one-eighth of the project costs."

Table 2 lists the number of requests for federal aid submitted by sponsors of general aviation and air carrier airports during the federal fiscal year period from 1964 to 1970. On the surface it would appear that the State aid program, which went into effect in fiscal 1969, did not produce an overall growth in local interest in sponsoring airport projects as evidenced by the total number of requests for federal funds. Instead, while the table indicates a slight rise during 1968-1970 in the amount of requests received from sponsors of air carrier airports, it reveals a gradual decline over the same fiscal year period in the number submitted by sponsors of general aviation projects. Certain important factors, however, are obscured in this table which support the contention that the transportation bond issue stimulated a moderate increase in local interest, particularly in the development of general aviation airports.

The marked expansion in the number of requests for federal aid between fiscal 1965 and 1966 by

sponsors of general aviation projects was attributable mainly to the realization on the part of some communities that availability of aviation facilities was becoming increasingly a major consideration affecting industrial location. The BOA promoted vigorously development of these airports, and conducted various technical studies to determine the need for and feasibility of proposed projects. During fiscal years 1969 and 1970, however, DOT's Air Technical Assistance Section did not devote much attention to its promotional responsibilities due to the time required for preparation of State criteria and standards, and the desirability of not promoting general aviation projects until completion and approval of the comprehensive State-wide transportation master plan. A second possible explanation for this sponsor reluctance to request financial aid was that in some localities airports lacked general popular appeal, and consequently appropriations to match available federal and State funds for airport development purposes were difficult to obtain. It has been contended, however, that in the absence of both the State aid program and ATAS promotional efforts, the number of requests submitted by sponsors of general aviation projects would have declined further between fiscal 1969 and 1970.

Another factor pertinent to the number of requests for federal aid involves the eligibility of airports located in the Appalachian Region for funds under the Appalachian Regional Development Act of 1965. In fiscal 1967, when aid for airport development first

TABLE 2
REQUESTS FOR FEDERAL AID FOR GENERAL AVIATION
AND AIR CARRIER PROJECTS IN NEW YORK STATE
FISCAL YEARS 1964-1970

Federal fiscal year	Total number of project requests for federal aid	Number of requests for general aviation projects	Number of requests for air carrier projects
1970	26	11	15
1969	25	12	13
1968	26	13	13
1967	23	12	11
1966	23	10	13
1965	14	3	11
1964	17	5	12

became available under this Act, four of the general aviation requests included in Table 2 were submitted by sponsors of projects in Appalachia.⁴ It has been pointed out that if funds had not been forthcoming under the Appalachian program these projects probably would have been dropped, reducing the total number of general aviation requests for that year to eight.

Finally, during fiscal 1970 sponsors of seven general aviation projects⁵ did not request federal airport development funds since they had not completed their advance planning and feasibility studies. If requests had been submitted by these sponsors, the number for that year would have increased to eighteen.

Additional data concerning local participation in airport development were obtained through a follow-up questionnaire sent in March 1969 to the thirty-one local project sponsors who responded to our earlier [April 1968] survey. They were asked the following question: "If New York State funds were not available to cover part of the nonfederal share of costs, would your municipal corporation have; (1) proposed an airport capital project for inclusion in the Federal-Aid Airport Program? and (2) been willing to undertake a capital project that had received a tentative allocation of federal financial aid?" The replies of twenty-five of these sponsors are shown in Table 3.⁶

Because of the limited sample size, the data are somewhat inconclusive. Responses from counties, however, support the views of State aviation officials that "buying in" would not be as great a stimulus to participation in airport development by larger political subdivisions as it would be for smaller local units. A majority of the county sponsors indicated that even if State financial assistance were unavailable, they would have proposed an airport capital project for inclusion in the Federal-Aid Airport Program and, subsequent to a tentative allocation of federal funds, would have been willing to undertake the project. The minority responding in the negative represented mainly smaller and economically underdeveloped counties. One such sponsor explained the importance of State aid in his county's airport development activities as follows:

...Many projects can be completed with State aid even if federal aid is not approved. The cost to the community will be less than a project with only FAAP funds for assistance. If both State and

⁴Bath, Cooperstown, Cortland, and Dunkirk.

⁵Buffalo, East Hampton, Metropolitan Transportation Authority, Ontario County, Rochester, Spring Valley, and Westchester County.

⁶Sponsors who had not responded as of May 1969 included: Villages--Canastota and Sidney; Cities--Niagara Falls and Syracuse; Counties--Broome.

TABLE 3
SPONSOR VIEWS ON PARTICIPATION IN FEDERAL-AID AIRPORT PROGRAM
IN THE ABSENCE OF NEW YORK STATE "BUYING IN"
MARCH 1969

Unit	Number of replies				
	Total	Type of participation			
		Would have proposed capital project	Would not have proposed capital project	Would have undertaken capital project	Would not have undertaken capital project
Village	1	0	1	0	1
Town	6	2	3	2	2
City	5	2	3	3	2
County	10	7	3	8	1
Authority	3	1	1	2	0
TOTAL	25	12	11	15	6

federal aid are approved for a particular project, local funds should become available for other projects not eligible for aid. ...the County Board would not be able to attempt any improvements at this airport with local resources. The County is an economically depressed area and, without State and federal aid to cut the local cost, even a bond issue could not raise the kind of money this airport needs to remain useful in these times.

City and town sponsors were far less inclined than counties to assume project sponsorship in the absence of State provision of part of the nonfederal share of costs. One possible reason for their reluctance is revealed in the following statement by a sponsor qualifying his response that his city would propose and undertake a project regardless of the availability of State funds: "If State aid had not been available we still would have applied for federal aid. However, the scope of the projects would have been so restricted that this would have made capital development a piecemeal proposition, raising a large question about its feasibility and making a federal grant doubtful."

Local Program Scope

The criterion of the extent to which the scope of projects is expanded relates to the role of "buying in" as generator of broader responsibilities relative to previous local efforts. Since availability of State financial assistance should reduce the amount of the local share of costs for airport projects having a scope similar to those financed previously on a federal-local basis, sponsors should be encouraged to propose aviation facility construction and improvements of greater magnitude. State aid should free local funds for use in financing additional project-related items which are either eligible or ineligible for federal and State financial assistance.

Another dimension of this issue involves the undertaking of larger projects as a consequence of State level decisions rather than local discretion. Regardless of whether State aid actually frees local funds, standards and conditions attached to State financial assistance may mandate expansion of the scope of a project beyond that proposed originally by the sponsor in order to ensure conformance with State developmental plans. The capacity to withhold or to withdraw its funds from a project should serve as a powerful State lever to achieve sponsor compliance with these requirements.

DOT officials interviewed observed that availability of State financial assistance had resulted in sponsors proposing larger projects. This expansion was attributed

to both local discretion and State aid conditions. With respect to the latter, for example, ...[one official] contended: "We are in a position to force the revision of local project plans and applications due to the presence of State funds. Local...[sponsors] who need State aid must make these changes. State funds are a club or lever behind the review and approval provision of the Transportation Capital Facilities Development Act."

The interviewees also asserted that the State's airport aid program would operate indirectly to facilitate financing project items which, although necessary, probably would not otherwise have been proposed. It was argued that since as a result of State financial participation sponsors had to provide only twelve and one-half or twenty-five percent rather than fifty percent of the total costs, this would free local funds for use in undertaking project-related activities ineligible for federal and State airport aid.... A similar view is reflected in the following statement contained in DOT's information manual for aviation and mass transportation capital project applicants: "Since financial assistance under this program is limited, it will be necessary to continue to rely on individual municipalities to provide those complementary facilities for which there is a strong local interest and potential benefit."⁷

State officials also pointed out that while most sponsors of large air carrier airports would continue to undertake necessary facility construction and improvement regardless of the availability of State aid, some were trying to obtain State funds to assist in providing capital facilities well in advance of projected aeronautical needs....'

The full impact of the State airport program on our counties and large cities has not yet been evidenced because many of our comprehensive studies have not been completed. However, sponsors of some large air carrier airports have begun to expand their programs in order to have three-eighths of their projects funded with State money, or to be eligible for seventy-five percent State aid.... [They] are thinking long range rather than 'after the horse is out of the barn.' They are planning in advance and undertaking some project work now in order to meet future needs and to avoid problems. This is mainly a result of the availability of State funds.

⁷State of New York, "Aviation and Mass Transportation Capital Projects: An Informational Manual for Applicants," mimeographed (Albany: Department of Transportation, 1968), p. 7.

Another interviewee noted increases in the coverage of items contained in proposals submitted by sponsors of other types of airport projects: "We are now getting projects of larger scope in both general aviation and small air carrier airports. This is to some extent a result of the bond issue."

Aside from these statements, however, little evidence is available to either support or refute

propositions relating to the role of "buying in" as initiator of larger local airport development responsibilities. A comparison of the projects listed in Table I with those contained in the Annual Programs for fiscal 1965-1969 provides inconclusive data. From Table 4 it might be inferred that as measured by the amounts of tentative allocations of federal aid during this fiscal year period, availability of State financial assistance in

TABLE 4
TENTATIVE ALLOCATIONS OF FEDERAL AID TO
NEW YORK STATE AIRPORT PROJECTS
Fiscal Years 1965-69

Capital project*	FAAP Fiscal Year				
	1965	1966	1967	1968	1969
Broome County	\$ 57,500	....	\$ 937,600	....	....
Niagara Frontier Port Authority	1,476,900	\$1,550,000	467,000	....	\$ 169,590
Islip	72,500	724,500	235,550	\$ 144,500	....
Niagara Falls	28,000	....	339,550	....	....
Oneonta	87,500	....	....	....	....
Rochester	55,500	191,825	....	1,176,645	....
Shirley	375,000	45,000	....	6,300	....
Syracuse	66,000	95,000	....	....	19,500
Oneida County	60,000	....	156,700	....	32,160
Watertown	68,280	....	....	....	....
White Plains	42,750	....	52,000	....	393,648
Albany	....	723,850	....	....	107,700
Elmira	....	45,000	....	209,350	....
Hudson	....	127,500	....	....	....
Ithaca	....	164,750	....	....	....
Lake Placid	....	45,000	....	....	....
Piseco	....	35,180	....	....	....
Riverhead	....	21,000	....	....	....
Saranac Lake	....	50,000	....	....	....
Cortland	....	....	153,724	33,000	....
Dunkirk	....	....	65,288	....	248,375
Farmingdale	....	....	3,150,000	....	....
Jamestown	....	....	60,750	....	350,000
Monticello	....	....	1,241,850	34,000	....
Canastota	....	....	....	51,600	....
Endicott	....	....	....	46,500	....
Hornell	....	....	....	176,035	....
Potsdam	....	....	....	88,308	....
Wellsville	....	....	....	....	290,400

*Excludes capital projects at J.F.K. International and LaGuardia Airports sponsored by the Port of New York Authority since the State's airport aid program does not include the Port Authority.

Source: U.S., Department of Transportation, "Federal-Aid Airport Program," mimeographed (Washington, D.C.: Federal Aviation Administration, 1964, 1965, 1966, 1967, and 1968).

1968-1969 had some impact on sponsor decisions concerning the scope of five projects--Dunkirk, Elmira, Jamestown, Rochester, and White Plains--which previously had been allotted federal funds. From this table alone, however, it is impossible to determine the extent to which State aid was the variable controlling these decisions.

A somewhat more reliable indicator is our follow-up survey in which local airport development project sponsors were questioned: "Because of the availability of State financial aid to cover part of the nonfederal share of costs; (1) was the number or scope of eligible items included in your capital project larger than it would have been if State funds were unavailable? and (2) did this free local financial resources to be used in providing project items which were not eligible for federal and/or State funds?" Their replies are presented in Table 5.

The small size of the questionnaire sample precludes firm conclusions from being drawn concerning the overall impact of the State "buying into" airport development on the number or scope of eligible items included in a project and on releasing local funds to finance ineligible facility construction and improvements. While the data suggest that to some extent State aid was responsible for increasing project scope and for freeing local funds, considerable diversity is shown among those responding to this question.

With respect to scope, most county sponsors indicated they had not expanded the number of eligible items contained in their capital projects due to the availability of State financial assistance. At the same time, city and town sponsors were divided closely on this question. The replies from counties contrast with the views of DOT officials that sponsors of some air carrier projects--particularly counties and big cities--had requested State funds to provide facilities in anticipation of future needs as well as to meet present demand, and that consequently the scope of their proposals had been enlarged. With reference to the local funding question, nearly all of the cities and one-half of the counties responding pointed out that State financial participation had freed local funds for use in financing ineligible project-related items.

Replies to the follow-up survey were received from each of the five sponsors--Dunkirk, Elmira, Jamestown, Rochester, and White Plains--shown in Table 4 as possibly having increased the scope of their projects as a result of the State's airport aid program. Four responded that the program had produced such an expansion, while the fifth responded in the negative. The same proportion indicated that State assumption of part of the nonfederal share of costs had released local financial resources for use in providing ineligible facilities. These answers lead to the conclusion that for four of the above airports and for one-third to one-half of the remaining

TABLE 5
SPONSOR VIEWS ON EFFECTS OF NEW YORK STATE "BUYING INTO"
THE FEDERAL-AID AIRPORT PROGRAM ON PROJECT SCOPE
MARCH 1969

Unit	Number of replies				
	Total	Type of effect			
		Increased scope	Did not increase scope	Freed local financial resources	Did not free local financial resources
Village	1	0	1	0	1
Town	6	2	3	2	3
City	5	3	2	4	1
County	10	3	7	5	5
Authority	3	2	0	2	0
TOTAL	25	10	13	13	10

respondents, availability of State financial assistance coupled with the effect of State aid on freeing local funds encouraged sponsors to propose larger capital projects than would have been the case in the absence of the State “buying into” airport development.

The data contained in Table 5, however, are not sufficient to support or refute clearly the proposition that expanded project scope has resulted directly from the provision of State funds to cover part of the nonfederal share of eligible costs or indirectly from the effect of State aid on freeing local financial resources to fund ineligible facilities. Furthermore, the impact, if any, of a third variable--requirements attached to State aid--on the number of items included in capital projects is uncertain. The survey data reveal that to varying degrees all of these factors are responsible for enlarged scope; however, their relative significance can be assessed only through an extensive review and analysis of each capital project in the State airport aid program, which was beyond the range of the present study....

State Supervision of Local Projects

The criterion of the extent to which overall State supervision of local projects is increased focuses on the role of “buying in” as an instrument of control. For about twenty years prior to the transportation bond issue, New York State supervised local airport project development through mandating the channeling of applications for federal aid and supporting detailed plans and specifications through the Department of Commerce for review and approval.... State financial assistance has been accompanied by more extensive DOT review of components of individual local projects in order to ensure their conformance with standards and conditions attached to State aid as well as with federal requirements.

In a broader sense, financial participation also should strengthen the State’s position in supervising and controlling the overall development of a State-wide airport system through the approval of local projects for federal and State funding. In other words, by meshing the federal and State airport aid programs in addition to financing projects on a State-local basis, the State should guide effectively local airport development activities in accordance with the contents of State plans and its decisions concerning funding priorities.

Some State aviation officials interviewed asserted that increases in State direction, supervision, and control

of local airport development activities were attributable more to the Transportation Capital Facilities Development Act than to the transportation bond issue. This Act provides for approval of all airport project applications by the Commissioner of Transportation as being consistent with the State-wide comprehensive transportation master plan, long-range regional transportation plans, or sound transportation development policy and planning concepts. Previously, the aviation responsibilities of the Commissioner of Commerce were limited to approval of all applications for federal aid. Local requests were not subject to approval since they were viewed as merely expressions of interest in project sponsorship. Pertinent provisions of the Act, however, have been interpreted by DOT officials as including approval of sponsor requests for federal funds before their submission to the FAA. This implies that local requests now are viewed more as actual applications for financial aid than as only indications of interest in undertaking an airport capital project.

The principal implication of this new position is that a considerable amount of State control over local airport development has been achieved through administrative interpretation of statutory provisions. A major objective of this increased State supervisory role has been pointed out by a former BOA Director: “Our concern is with the development of a coordinated airport system on a State-wide basis timed to meet aviation demand. Reliance on local initiative can only by accident result in a system which meets aeronautical requirements.”

One consequence of interpreting the approval powers of the Commissioner of Transportation as including both sponsor requests and applications for federal aid has been a reduction of the political pressures which in the past had prevented the Commissioner of Commerce from enforcing his veto power and from exercising meaningful State level control over local applications except through the BOA’s technical assistance function. The root of this problem was the ability of localities to bypass the Commissioner in submitting requests for tentative allotments of federal funds to the FAA. The significance of the relationship between State financial aid and DOT’s expanded authority in approving local project proposals has been explained as follows by ... [an] ATAS [official]: “We now control absolutely any requests for federal funds. If we turn down a local request, due to our large financial share sponsors probably would not apply for federal aid.”

While the foregoing suggests that DOT has assumed a significantly improved role with respect to the control of local airport development projects, the transportation bond issue in effect has not strengthened considerably its position. During the early operation of the State aid program, the section of the Transportation Capital Facilities Development Act providing for State level review and approval of local project applications and, by interpretation, requests for federal airport funds was further construed to preclude their approval by the Commissioner of Transportation unless they also could be approved for inclusion in the State airport aid program. In other words, the Commissioner's approval of a local request for federal funds would constitute a commitment to provide State financial assistance for the project. The purpose of this procedure was "to make the best use of State funds and to facilitate the orderly development of our State aviation program. This would stretch State funds as far as possible by ensuring that the most would be gotten out of federal discretionary funds and applied to State projects"....

This position was subjected to serious reconsideration in early 1968. Since discretionary funds comprised over one-half of the State's annual allotment of federal airport aid, some DOT officials argued that, on pragmatic grounds, the Commissioner should approve as many reasonable local requests for federal financial assistance as possible because "the fewer projects approved at the State level, the fewer federal discretionary funds we will receive." Another State official contended that "if we went into the federal program only with proposals which we intended to fund, we would lose too many local projects"....

Another argument advanced in support of this modified position involved the possible adverse political implications of the disapproval of sponsor requests for federal aid. It was asserted that even if localities received a tentative allocation of federal airport funds, without State aid many of these sponsors probably would be unwilling or unable to provide fifty percent of the project costs and consequently would drop their proposal. This approach would achieve indirectly the same result as intended in the strict interpretation of the Commissioner's approval powers, and would avoid many of the political problems associated with vetoing local requests.

In the absence of a final determination of which, if either, position should be followed, DOT since early 1968 has maintained a compromise posture that somewhat reflects the proposed alternative outlined in

the two immediately preceding paragraphs. Accordingly, the Commissioner of Transportation reviews and approves local requests for federal airport funds independent from decisions concerning their inclusion in the State aid program. As a result, approval of a request for federal financial assistance does not necessarily commit State aid for the project.

This distinction indicates that State funding priorities may differ from those of the FAA. Following approval of a local request, DOT assigns an official priority to the project. One result could be to eliminate in effect some locations from the *National Airport Plan* through the assignment of such low ratings that there would be little or no possibility for State aid to be allocated. Due to the hesitancy or inability of many localities to provide fifty percent of the matching costs, sponsors of low State priority projects probably would drop their proposals regardless of the federal ranking. On the other hand, DOT's assignment of a high priority very likely would stimulate a community's interest in undertaking airport project development.

The foregoing indicates that the State's overall supervisory position has been strengthened mainly through the planning requirements mandated by the Transportation Capital Facilities Development Act and enforced by the channeling of local project proposals through DOT for approval. This would have been achieved even if the transportation bond issue had been defeated. Availability of financial aid has not improved significantly the State's control over the orderly development of a statewide airport system within the framework of the comprehensive long-range transportation master plan which currently is being prepared. Most of this control has been accomplished through administrative interpretation of statutory provisions pertinent to the powers of the Commissioner of Transportation in the review and approval of local requests for federal funds as well as sponsor applications and supporting plans and specifications.

The State's financial role could create certain problems in the supervision and control of local airport activities. The compromise over the Commissioner's approval powers with respect to local requests dictated by the requirement that the maximum amount of federal funds available for State projects must be obtained raises the possibility that sponsors may receive only federal funds for constructing and improving aviation facilities. It remains to be seen whether this decision will affect adversely State control over the development of a State-wide balanced airport system

which is well coordinated with the federal airport program. A corollary problem involves the question of whether sponsors will accept DOT's position that approval of their requests for federal funds does not constitute a commitment of State aid for the project. As a practical matter, it is questionable whether the Department's policy of considering the eligibility of a proposal for federal financial aid independent from State funding decisions will be acceptable to sponsors who rely heavily on the availability of State funds in order to undertake a project. It is quite likely, however, that this determination will make it more difficult to integrate effectively the federal and State airport aid programs.

State-Local Planning Coordination

The criterion of the extent to which the coordination of local project plans with State long-range functional development plans is increased focuses on the integrative role of "buying in." State financial participation should give positive direction to capital improvements programming within the framework of the comprehensive State-wide transportation master plan through the financing of local planning studies. The functional development plan for transportation should identify needed capital projects and guide State decisions relating to funding priorities for facility improvements. As a result of the availability of State financial aid, local sponsors should be encouraged to mesh closely their airport planning with State intermediate plans. Through the planning process coupled with the allocation of State funds to capital projects, State control over the coordinated development of aviation facilities should expand relative to when financial assistance was not provided to sponsors.

Prior to DOT's establishment, the State's role in the coordination of individual airport project plans was somewhat limited. A State-wide functional development plan for transportation did not exist. The only significant airport planning on a regional basis had been conducted in the New York City metropolitan area under the auspices of the Tri-State Transportation Commission and the Metropolitan Commuter Transportation Authority. The BOA coordinated pertinent local airport development activities with these regional plans as part of its responsibilities in reviewing grant applications and supporting detailed plans and specifications. The Bureau's technical assistance functions strengthened its supervision of local airport project planning since throughout the entire application

process prior to approval of these project documents by the Commissioner of Commerce, the BOA was in a position to require their revision and to supply technical expertise to assist sponsors in making necessary changes.

The Transportation Capital Facilities Development Act was a strong stimulus to State airport planning because it mandated preparation of a comprehensive State-wide transportation plan "for the balanced development and coordination of adequate, safe, and efficient commuter and general transportation facilities and services in the state at reasonable cost to the people" to serve "as a guide to the public and publicly assisted development of transportation facilities and services in the state."⁸ Under the Act, the Commissioner of Transportation is charged with approval of all project applications for consistency with this plan. Until its completion by December 1972, however, his decisions relating to requests for federal aid will be based on their compatibility with the two other criteria specified in the Act: (1) long-range regional transportation plans or (2) sound transportation development policy and planning concepts. By the end of 1968, the Commissioner had rejected requests submitted by sponsors of five projects--Niagara Falls, Ontario County, Rensselaer County, Rochester-Monroe County, and Westchester County--due to their various planning deficiencies.

Local airport project plans and specifications also are coordinated with the comprehensive development plans of metropolitan areas pursuant to the Demonstration Cities and Metropolitan Development Act of 1966.⁹ Section 204 of this Act provides that all applications for federal loans or grants for open-space land projects or for the planning and construction of certain types of public works projects in any metropolitan area must be submitted to an areawide planning agency or the government bodies of affected general local government units for review, comment, and recommendation concerning consistency with their comprehensive planning.

The foregoing indicates that planning coordination would have increased even if the transportation bond issue had not been approved. This does not necessarily mean, however, that the State airport aid program has not had an integrative effect on State-local planning. The

⁸For a policy statement concerning the comprehensive plan, see State of New York, *Policies and Plans for Transportation in New York State* (Albany: Department of Transportation, 1968).

⁹*Demonstration Cities and Metropolitan Development Act of 1966*, 80 STAT. 1255, 42 U.S.C. 3301 (1966).

availability of State financial assistance has played a significant stimulative role in local airport planning efforts, especially through the appropriation of \$6,700,000 to cover seventy-five percent of the cost of studies to determine the feasibility of and the need for airport or aviation capital projects, preparation of applications for State financial aid, fees to consultants for assistance rendered in conducting feasibility studies and reviewing plans and applications, and studies to ascertain the need for creation of public authorities or other public benefit corporations to furnish transportation services.¹⁰ Municipal corporations still are required to “make every attempt to obtain advance planning grants from the federal government for those projects which are eligible for such grants.”¹¹ As of early 1969, seven advance planning and feasibility studies were underway in the State.¹²

DOT officials interviewed believed that State funding of advance planning and feasibility studies would improve interlevel coordination of airport project development. According to one interviewee, they “will help to coordinate our activities with those of the FAA, and should increase our chances of receiving federal funds.” In particular, these studies would reinforce the normally high degree of similarity between the views of federal and State aviation officials concerning the listing of locations needing facility construction and improvement in the *National Airport Plan*. It also was stated that this close State-local coordination would increase the State’s bargaining position in regard to the inclusion of local projects in the Annual Program since they would be well-integrated into the broader framework of State-wide and regional transportation plans prior to their submission to the FAA. As ... [an] ATAS [official] pointed out:

The FAA has insufficient knowledge of the local situation in New York State. We will have the answers to all relevant questions to be asked by the FAA before the applications are submitted, so we can forward our justification for the project along with the final application to the FAA. We will eventually have a program which is highly coordinated with the FAA’s Annual Program. Our position in this matter is improved due to the presence of State funds....

State officials believed that “buying in” also would increase the leverage which DOT could exert to ensure State-local planning coordination. When coupled with the establishment of standards and criteria supplementing those of the FAA, provision of State

technical assistance, and mandating of project review and approval by the Commissioner of Transportation, the advance planning and feasibility studies would further encourage formulation of projects well-integrated with the comprehensive State-wide transportation master plan and regional transportation plans. High priority local projects would be undertaken through inclusion in the State’s airport program for financing on a federal-State-local or State-local basis. As one DOT official stated:

Through “buying in” a higher quality of local projects will be possible. Our Department will shape, develop, and promote programs. It should not be just a ‘responding agency.’ Our State money in the airport program can be used to shape local projects. The legislature has given us a mandate that projects have to be meaningful with respect to areawide and State-wide planning. We will go out and assist with local plans and provide technical assistance to sponsors.

Project Processing Time

The criterion of the extent to which delays in processing local project applications are reduced deals with the facilitative role of “buying in.” Some local officials have contended that when channeling grant applications and supporting detailed plans and specifications through a State aviation agency is mandated, this intermediate layer of review produces delays in the review and approval of these documents relative to the time required for airport projects to be processed on a direct federal-local basis. In the absence of State financial aid, channeling might appear to sponsors as not only unnecessary, but also as a source of potential problems if revisions must be made in accordance with State requirements. These changes might increase both local costs and the time involved in processing project documents.

Conversely, State officials often argue that even if “buying in” has not occurred, a State aviation agency can make important contributions to improving local projects through the review and approval of applications,

¹⁰State of New York, Chapter 1, Laws of 1968, Section 9, as amended Chapter 342, Laws of 1968.

¹¹Department of Transportation, “Aviation and Mass Transportation Capital Projects,” p. 9.

¹²Studies in advance of application for capital assistance included four airports—East Hampton, Republic, Rockland County, and Westchester County--and three regional locations—Erie-Niagara (two counties), Mohawk Valley (five counties), and Rochester-Buffalo (seven counties).

plans, and specifications. The principal rationale underlying their view is the State agency possesses a greater knowledge of "local conditions" than the FAA. This implies State aviation officials are in a better position than their federal counterparts to determine whether proposed facility construction and improvements are really necessary, contribute to meeting State and national airport needs and objectives, and conform to federal requirements. In this sense, State review and approval of a local airport development project should reduce the time required for FAA processing.

This outcome is based on the assumptions that criteria used by the State in its review of project documents are similar to FAA's, and that federal field offices would not wish to duplicate State efforts. If these assumptions are correct, then channeling should expedite the processing of projects and decrease the overall time required for completion of the various procedural stages prior to final FAA approval. Whether this effect in fact occurs is problematical, particularly in view of the likelihood that State and federal criteria will differ since the State's interest is confined usually to the role of airports in facilitating economic development within its borders while the FAA's concern is with developing a national airport system to meet present and future aeronautical demand.

As a result of "buying in," a State aviation agency should perform more than a clerical role in the review and approval of local project documents, and federal and State criteria should be quite similar. The State's knowledge of "local conditions" coupled with performance standards and other conditions attached to State financial aid, should increase both the amount of State supervision of local airport project development and the degree to which sponsors must cooperate with State officials. Since the State airport aid program very likely would be geared to the federal program, FAA should be more willing to accept State recommendations concerning project conformity with federal technical requirements and items eligible for funds. One practical reason for avoiding duplication of the State review function is lack of sufficient personnel in some FAA field offices. In light of the foregoing, State financial participation should reduce, relative to when "buying in" had not occurred, the average number of days required for processing grant applications, plans, and specifications by FAA field offices, the overall time period between submission and final approval of such documents, and the total number of local projects

affected by processing delays.

Before DOT's establishment and approval of the transportation bond issue, the elapsed time for State level review and approval of all local airport project documents ranged usually from one to seven work days, depending on the scope of the proposed facility construction and improvements. This review was not of a detailed nature, chiefly because BOA officials worked closely with sponsors and provided technical assistance throughout development of the project.

In our April 1968 survey local airport project sponsors were questioned whether unnecessary delays were involved in approval at the State level of completed applications for federal funds. A review of the returns reveals that most of their answers pertained to the period before expansion of the State's role in airport development. Of the twenty-two respondents only one reported experiencing delays, indicating clearly that any lags which might have occurred in processing project documents were not attributable to State inaction.

At the federal level, prior to March 1968 an average of 189 work days--approximately nine months--were involved from the announcement of the Annual Program allocating tentatively federal funds for a project to the signing of the grant agreement.¹³ In accordance with President Lyndon B. Johnson's memorandum of October 31, 1967, the "FAAP Processing Time Study" concluded that the elapsed time between the tentative allocation and execution of the grant agreement could be reduced to sixty-three days.¹⁴

According to State aviation officials interviewed, following DOT's establishment delays occurred in processing local airport projects because of the need to coordinate proposals among various constituent units of the Department. These delays were related to internal

¹³Data on processing times for the Federal-Aid Airport Program were obtained from an unpublished study dated March 5, 1968 conducted by the FAA pursuant to an October 31, 1967 memorandum from President Lyndon B. Johnson to federal agencies establishing the goal that the time required for them to process applications should be reduced by at least fifty percent. This report--hereafter cited as "FAAP Processing Time Study"--was based on the time needed by the FAA's Southern Regional Headquarters and its Atlanta Area Office in order to process projects both prior and subsequent to the tentative allocation of federal funds. The time figures were derived by combining workload analysis (number of man hours) with the actual number of calendar days consumed in processing project documents. According to the report, these offices "were selected as being representative, if not completely typical, of other field offices. The kind of finding and potential savings would be similar regardless of location." (p. 2).

¹⁴Federal Aviation Administration, "FAAP Processing Time Study," p. 2.

management problems, particularly those involved in translating organizational charts, guidelines, and other working procedures into effective and smoothly-operating formal and informal communications channels; integrating and redirecting the functions of previously separate agencies into the "mission" of the Department; and providing sufficient personnel. While most interviewees agreed that few difficulties had arisen in the relationships between DOT, the Office of Planning Coordination (OPC), and the Division of the Budget mandated by the Transportation Capital Facilities Development Act, some asserted that postponements in undertaking projects had resulted due to the requirement for detailed review and approval of individual proposals by the State Legislature before allocation of bond issue funds. According to ... [an] ATAS [official]:

We will be lucky to hold to our previous timetable due to the number of State agencies which must review local project applications.... Presently, the need to coordinate has slowed up getting out the work. You reach a point where you must ask how much time you can give other sections and agencies to review airport projects....

Table 6 provides ... [an] illustration of processing delays resulting from the State airport aid program. This table shows the time required for both State and FAA approval of the plans for two facility improvement projects at the Rochester-Monroe County Airport. For the one undertaken prior to the transportation bond issue only seven work days were consumed by State review and approval, while an equal amount of time was

required for FAA's approval. With reference to the project involving State aid, however, it took seventy work days from the submission of plans for State approval of the taxiway portion and eighty-one days for similar action on the runway component. Yet, FAA approval required only four days for the taxiway and ten days for the runway.

An important qualification of this finding is the scope of the facility improvements. The federal grant offer for the project undertaken before approval of the transportation bond issue was \$440,000, while that for the project under the State aid program was \$1,176,645. In view of the considerable difference in these amounts it could be argued that because of its scope, the latter normally would require more time to complete State level review prior to approval by the Commissioner of Transportation. If this line of reasoning is correct, however, then it also should have taken the FAA longer to process the larger project. The fact that the time involved at the Federal level in approving plans did not vary greatly regardless of their scope suggests that the expanded State supervisory and financial role in airport development reduced the amount of time required for FAA processing.

In order to further explore this possibility, "FAAP Project Status Reports" submitted periodically to the FAA's headquarters in Washington, D.C. by its field offices were reviewed. In Table 7 the results of this survey are presented in terms of the amount of elapsed time from tentative allocation of federal funds to execution of the grant agreement and, within this context, the time consumed by FAA area office review subsequent to sponsor completion and submission of

TABLE 6
PROCESSING TIMES FOR AIRPORT PROJECT PLANS
ROCHESTER-MONROE COUNTY, NEW YORK
1967-1968

Processing stage	Prior to bond issue		After bond issue	
	Runway		Taxiway	Runway
Consultant submitted advance				
final plans to State	2/2/67	} 7 days	2/1/68	} 70 days
N.Y.S. D.O.T. approval	2/10/67		5/9/68		2/8/68
FAA approval	2/20/67	} 7 days	5/14/68	} 4 days
			6/13/68	
				} 81 days
				} 10 days

TABLE 7
FAA AREA OFFICE PROCESSING TIMES FOR NEW YORK STATE PROJECTS, 1966-1969

Capital project*	Amount of grant offer	Date of tentative allocation (TA)	Date of grant agreement (GA)	Number of working days between TA & GA	Date of sponsor completion and submission of plans and specifications	Date of FAA area office approval of plans and specifications	Number of working days between submission and approval of plans and specifications
Monticello (A)	\$1,448,566	12/19/66	12/11/67	250	8/16/67	8/30/67	11
Rochester	1,176,645	8/26/67	8/6/68	239	5/9/68	5/14/68	4
					5/31/68	6/13/68	10
Broome County	892,100	12/19/66	12/5/67	246	9/5/67	9/14/67	8
Niagara Frontier Port Authority (A)	467,000	12/19/66	9/13/67	188	6/23/67	6/26/67	2
					7/19/67	7/26/67	6
White Plains	393,648	4/24/68	1/28/69	193	9/23/68	10/7/68	11
Wellsville	342,018	4/25/68	3/28/69	234	1/13/69	1/31/69	15
Niagara Falls	339,500	12/19/66	8/9/67	164	6/9/67	6/13/67	3
Elmira	238,200	8/26/67	10/2/67	25	9/7/67	9/12/67	4
Islip	235,550	12/19/66	12/5/68	499	8/8/67	10/19/67	52
Cortland (A)	211,466	12/19/66	8/25/67	176	5/22/67	5/25/67	4
Hornell	176,035	8/26/67	4/22/69	418	2/12/68	6/21/68	93
Niagara Frontier Port Authority (B)	169,590	4/25/68	7/15/68	56	7/8/68	7/30/68	17
Oneida County (A)	156,700	12/19/66	11/16/67	234	7/26/67	8/7/67	9
Albany	107,700	4/25/68	5/28/69	277	10/11/68	11/14/68	25
Dunkirk	94,000	12/19/66	10/9/67	206	6/30/67	7/12/67	8
Endicott	46,500	8/26/67	6/9/69	451	1/16/69	1/24/69	7
Monticello (B)	34,000	8/26/67	1/27/69	358	9/25/68	11/25/68	44
Cortland (B)	33,000	8/26/67	9/4/68	259	12/11/67	6/10/68	126
Oneida County (B)	32,160	4/25/68	2/14/69	205	9/18/68	11/6/68	36
Syracuse	30,500	4/25/68	6/12/69	287	8/30/68	9/13/68	10
Shirley	6,300	8/26/67	2/27/68	126	10/11/67	11/14/67	25

*Excludes projects at JFK International and LaGuardia Airports sponsored by the Port of New York Authority since the State's airport aid program does not include the Port Authority.

Source: U.S., Department of Transportation, "FAAP Project Status Report," mimeographed (Washington, D.C.: Federal Aviation Administration, n.d.), selected New York State projects.

plans and specifications. Only New York State projects which received tentative allotments from December 1966 to April 1968 were considered since both FAA area and regional offices were involved previously in the review and approval of project documents. As a result of a November 2, 1966 FAA reorganization, area offices assumed regional responsibilities in this aspect of processing. It also should be noted that the table does not include processing times for the project application and master plan since these data generally were unavailable.

Table 7 shows that increases in the time involved in State level review and approval of local airport development projects did not result in very significant reductions either in the number of work days needed by FAA area offices to process plans and specifications or in the overall period between tentative allocation of federal funds and execution of the grant agreement. Three capital projects which received tentative allocations in April 1968--Syracuse, Oneida County (Project B), and Niagara Frontier Port Authority (Project B)--required less time for FAA review and approval and involved fewer work days between the tentative allocation and the grant agreement than those having grant offers of roughly similar amounts processed during 1966-1967 before expansion of the State's role in the program. Conversely, for three other 1968 projects--Albany, Wellsville, and White Plains--the number of work days between submission and approval of plans and specifications and between the tentative allocation and the grant agreement were relatively greater.

Five major qualifications must be made to this finding. First, these figures do not reflect the interaction between the sponsor and the FAA during preparation of preliminary drafts of plans and specifications or as a result of other preapplication assistance provided by FAA area offices which could expedite the processing of projects. Second, the table does not take into account the experience of each sponsor in formulating project documents, in interpreting guidelines, regulations, and other requirements, and in dealing with State and federal officials. This factor is particularly significant since "the elapsed time between tentative allocation and signing the grant agreement is almost entirely under the control of the sponsor."¹⁵ Third, these time periods represent calendar days rather than actual man hours. After final project plans and specifications are submitted to an FAA area office, for various reasons they may not receive attention until several days later. This dimension is not

reflected in timetables developed on a calendar day basis. Fourth, the comparability of these projects is limited by the fact that some were processed by the FAA's Boston Area Office and others were reviewed and approved by its New York Area Office. While the BOA encountered a number of problems in coordinating its airport development activities with those of the Boston field office, few difficulties were involved in its relationship with the New York office. Finally, the time required to process projects varies widely in accordance with their location and the type of work to be performed. ... [According to an official of FAA's New York Area Office,] "in some cases, the projects include separate plans and specifications for each contract, which could amount to up to five contracts. In other cases, the work is done in stages, thereby taking months between each contract involved."

In view of these factors, it would be necessary to trace in detail the various procedural stages for each of the projects listed in Table 7, an examination beyond the scope of the present study, if more conclusive data concerning the relationship between State and FAA processing times is to be obtained. Such a timetable, however, is presented in Appendix B for only one airport in order to give some indication of the various types of interaction between the sponsor, the State, and the FAA which may occur during development of a project. State officials pointed out that all of the processing of the Wellsville Municipal Airport was completed subsequent to the establishment of DOT and the approval of the transportation bond issue and that no extraordinary problems were encountered during these stages. Consequently, the time periods may be considered as representative or typical for medium-sized airport projects.

FAA officials interviewed and surveyed generally agreed that the increased supervision accompanying a state having a financial stake in the Federal-Aid Airport Program would lead to improvements in the quality of local projects. An official of the FAA's central office stated: "If a state is providing funds to sponsors, it will give their project plans and technical specifications a more critical review than if it does not have money in the program. The state also will tend to exercise closer supervision and inspection of projects." Most interviewees, however, did not believe that state financial involvement would decrease significantly the amount of time required for FAA area offices to process

¹⁵ *Ibid.*

project documents. ...[An official] of FAA's New York Area Office, for example, pointed out that "the expansion of the New York State role in airport development through financial aid has had little, if any, effect upon the processing of projects or requests for aid." On the other hand, [an official] ... of the FAA Boston Area Office indicated that after experiencing some initial delays, processing times have been reduced as the State airport aid program has matured:

Our experience has been that delays are inevitable when a state initiates a new program or expands its role in airport development. There must be a period of transition and organization; procedures must be developed; adjustment must take place. We found this to be true during the expansion of the New York State role in airport development. Some initial delays were encountered and some adjustment was necessary. The New York State program has smoothed out, however, and acceleration in the time required to process plans, specifications, and correspondence has taken place. We have found that the overall effect of a state's participation in airport development has been an improved and expanded federal/State airport development program.

The previously stated problems involved in interpreting statistical data on processing times limit severely the extent to which firm conclusions can be drawn concerning this dimension of "buying in." From the ... Wellsville case it is clear that the enlarged State supervisory role coupled with the availability of financial aid has increased considerably the relative time required for State level review and approval of grant applications and supporting detailed plans and specifications. Yet, most of the other data suggest that expansion of State airport development activities has not had a very significant effect on reducing either FAA area office processing times or the overall period between tentative allocation of federal funds and execution of the grant agreement. The table dealing with the Rochester-Monroe County Airport and the views of ... [an official] of FAA's Boston Area Office, however, indicate that the amount of time required to review and approve projects at the federal level has decreased as the State's airport aid program has become more firmly established.

State Inter-Agency Coordination

The criterion of the extent to which State inter-agency coordination is increased relates to the role of "buying in" as a mechanism of intragovernmental

collaboration. The presence of a substantial State financial commitment should serve as a powerful stimulus to increase interdepartmental coordination of the review and approval of local airport project applications and supporting plans and specifications relative to when State agencies performed largely clerical responsibilities in processing these documents. In particular, effective coordination would be necessary in order to ensure local compliance with standards and conditions attached to State financial aid.

All State aviation officials interviewed, however, asserted that the transportation bond issue had little or no impact on horizontal relationships among constituent units of DOT as well as between the Department and other State agencies and the Legislature. They believed that improvements as well as problems in coordinating airport activities at the State level were attributable to provisions of the Transportation Capital Facilities Development Act rather than to the State "buying into" airport development.

In addition to the Bureau of Aviation, the agencies transferred under the Act to the newly established DOT included the Department of Public Works, with the exception of its functions in the areas of public building construction and beach erosion, shore, and flood control; the Office of Transportation in the Executive Department; and the State Traffic Commission. DOT also has developed close working relationships with such transportation authorities as the Port of New York Authority, the Metropolitan Transportation Authority, and the Niagara Frontier Transportation Authority. As the Joint Legislative Committee on Mass Transportation commented: "For the first time, New York State has a Department with authority to study all modes of transportation and prepare a state-wide comprehensive transportation plan; fragmented planning and development of transportation facilities will be ended."¹⁶

Prior to DOT's creation, the BOA encountered relatively few serious problems in coordinating inter-agency airport development activities. In response to interview questions, State aviation officials indicated that placement of State agencies having functional responsibilities relating to aviation within an "umbrella" Department had facilitated intradepartmental cooperation, eliminated duplication, and focused responsibility. Closer relationships between the

¹⁶*First Annual Report* (Albany: Joint Legislative Committee on Mass Transportation. 1968), p. 21.

Department and various transportation authorities in the State also have been promoted by this reorganization.

On the other hand, while these officials stated that greater interaction among units within the department has been achieved, most also contended that the need to coordinate airport planning and review of components of sponsor plans, specifications, and applications with these agencies had impeded the processing of projects. Other delays resulted from requirements contained in the Act pertaining to coordination with OPC and the Division of the Budget, and mandating detailed review and approval of individual airport project proposals by the State legislature before allocation of bond issue funds.

Funding Local Projects

The criterion of the extent to which delays in funding local projects are reduced focuses on the role of "buying in" as expediter. Although the most time-consuming stages usually are the review and approval of grant applications and other pertinent documents at the State and federal levels, delays also may occur as a result of the overall scheduling of the Federal-Aid Airport Program.

The Federal Airport Act provides that the FAA must announce the Annual Program as soon after the beginning of the calendar year as possible, yet Congress usually thwarts this requirement. After Congress has appropriated funds authorized by the Act for the next fiscal year, the FAA must select through its priority system projects described in the *National Airport Plan* which should be included in the Annual Program. Since this selection process is contingent upon congressional action, delays in appropriating federal airport development funds retard issuance of the Annual Program. Following release of the Program, additional time is consumed in the review, revision, and approval of detailed plans, specifications, and the grant application at the State and federal levels prior to issuance of the grant offer, execution of the grant agreement, and obligation of federal funds. As a consequence, work on airport projects in New York State often cannot commence until the construction season following completion of these procedural stages, a postponement of six to eight months.

Processing delays at the federal level could be eliminated through funding projects on a State-local basis. Due to the requirement in the Transportation Capital Facilities Development Act that sponsors must request the maximum amounts of available federal aid

and that DOT must obtain as much federal funds as possible for airport projects in the State, however, it is unlikely that complete State-local financing will be possible under normal circumstances, or even for special or emergency projects requiring action within a relatively short time period. Such cost-sharing arrangements probably will continue to be limited to using contingency funds to cover seventy-five percent of the difference between the estimated federal share of a project in the State airport aid program and the actual allocation of federal funds. This amount cannot be determined accurately until processing of the grant application and supporting plans and specifications by DOT and FAA field and central offices has been completed, construction bids have been received, and the final cost estimate and budget have been prepared. Only those projects in the State aid program which received no tentative allotment of federal funds in the Annual Program and consequently must be financed completely on a State-local basis with available contingency funds could avoid processing delays at the federal level.

State officials interviewed contended that some of these lags also could be reduced through "pre-financing" of the federal share of costs with State funds in lieu of eventual repayment of the federal portion following execution of the grant agreement. "Pre-financing" is a relatively new and as yet largely unproven concept. In New York State, before passage of the Transportation Capital Facilities Development Act this device had been authorized in only one program area--water pollution abatement. The 1967 act creating the New York State Pure Waters Authority provided for "pre-financing" of the thirty percent federal share of costs for the construction of municipal sewage treatment systems. This approach was proposed subsequently for the Model Cities Program as well as for mass transit and airport development.¹⁷ A major reason underlying the recent popularity of "pre-financing" in the State has been explained as follows by Governor Rockefeller: "Very frankly, interest in this question [of whether Congress

¹⁷The Transportation Capital Facilities Development Act authorized municipal corporations to apply for, accept, and spend financial aid: "From the state of New York for one or more mass transportation capital projects or for one or more airport or aviation capital projects pursuant to the transportation capital facilities bond act and the transportation capital facilities development act, whether by way of direct financial assistance or by way of pre-financing of any financial assistance from the United States." [Emphasis supplied.] See State of New York, Chapter 717, Laws of 1967, Section 119-s(a).

will approve 'pre-financing'] is increasing, because there is no doubt that by doing the pre-financing the state, rather than the federal government, is able to lead the action with the local community."¹⁸

Some State officials believed that through "pre-financing" the federal share of local airport development project costs on a reimbursable basis, substantial contributions would be made to decreasing the total amount of time involved in funding projects relative to when these arrangements did not exist. By reducing the time period between project approval and the receipt of funds, limitations imposed by the duration of the construction season in the State could be minimized. According to one interviewee: "We should have a pre-financing arrangement in aviation in order to resolve delays in project funding. Pre-financing would add consistency to the 'hills and valleys' of the funding process."¹⁹

Despite their preference for this arrangement, however, State officials were somewhat uncertain concerning its implementation. The principal problem is that adoption of "pre-financing" would require both congressional and FAA approval since certain modifications in Federal procedures would be necessary. In particular, the State would have to receive a commitment from the FAA prior to release of the Annual Program--preferably following assignment of its priorities or, for projects requiring immediate action, even before announcement of congressional appropriations--that it intended to allocate federal funds for a particular airport included in a proposed State aid program which would be submitted to the legislature for approval. Federal consent to this device has not been forthcoming. In consequence, State officials interviewed were doubtful that "buying into" airport development would lead to a reduction in funding delays and the total time involved in project completion through the vehicle of "pre-financing."

State-Local Cooperation

The criterion of the extent to which local officials react more favorably to the State's supervisory role deals with "buying in" as an instrument of interlevel cooperation. Even when the State did not participate financially in the Federal-Aid Airport Program, channeling grant applications and supporting detailed plans and specifications through the Department of Commerce was mandated. Officials of some local governments probably strongly opposed this State

intermediary position as being unnecessary since it precluded establishment of direct contacts with the FAA, the source of decisions concerning allocation of airport development funds. Due to the BOA's technical assistance functions, other sponsors might have viewed the State's supervisory role as necessary even without its financial involvement in the program. In general, however, when channeling requirements are accompanied by the provision of State financial aid, local officials should respond more favorably to the State's supervisory role in airport development relative to when such funds were unavailable. In this way, "buying in" should result in increased State-local cooperation.

State aviation officials interviewed contended that the major impact of the transportation bond issue would be on relationships between DOT and local airport project sponsors. While State financial participation was viewed as having certain positive effects on the overall administration and financing of the federal airport program, it also was believed that "buying in" would foster closer State-local ties, chiefly in the form of strengthening State direction, supervision, and control over local airport development activities. This greater State supervisory role also resulted from expansion of ATAS functional responsibilities in the provision of technical assistance, establishment of standards and criteria, and review and evaluation of project proposals. State officials indicated, however, that availability of State financial aid to cover most of the non-federal share of costs would make standards and conditions pertinent to local project documents more acceptable to sponsors. As ... [one interviewee] asserted: "When we put up seventy-five percent of the project costs, localities will put up with a lot of State-imposed conditions and requirements."

¹⁸Nelson A. Rockefeller, "Revitalizing the States," in *Federal-State-Local Fiscal Relationships* (Princeton: Tax Institute of America, 1968), p. 347.

¹⁹With reference to the funding of local projects, State officials interviewed indicated that some problems will probably arise in the timing of appropriations under the federal and State airport programs. These difficulties are attributable basically to the fact that the federal fiscal year runs from July 1 through June 30, while that of New York State runs from April 1 through March 31. As a result of these differences, the annual formulation of the federal and State airport programs has not been well coordinated. Although DOT was aware of the amounts of congressional appropriations for the nationwide airport development program, for example, it was not informed concerning the contents of the federal Annual Program when preparation of the proposed State airport aid program for fiscal 1970 was completed in November 1968.

In the April 1968 questionnaire survey sponsors were requested to evaluate the various types of technical assistance which had been provided by the Bureau of Aviation of the Department of Commerce or by the Air Technical Assistance Section of the Department of Transportation. The technical assistance responsibilities of each of these units were defined broadly to include such functions as review and approval of applications, establishment of standards and criteria, and supervision and inspection of construction work. These were in addition to the regular State technical aid furnished to sponsors in the formulation of preliminary plans and estimates, preparation of technical specifications and final plans, and inter-agency coordination. Most of the responses came from sponsors which had undertaken projects prior to approval of the transportation bond issue. ...these replies clustered heavily in the "about adequate" category, indicating general satisfaction with the State's role in airport development before an effort was made to "buy into" the Federal-Aid Airport Program. There were no significant deviations from this pattern either in terms of the total number of responses or the comparative answers by unit of local government.

In order to determine the importance of the State technical role in airport development relative to the provision of financial aid, sponsors were asked the following hypothetical question: "Prior to the November 1967 Transportation Capital Facilities Bond Issue, in the absence of State financial assistance to local airport project sponsors, would it have been desirable if the entire Federal-Aid Airport Program were of a direct

federal-local nature, with no New York State role in airport development?" Replies are contained in Table 8. From this table, it is apparent that while local project sponsors as a whole indicated by almost a two-to-one margin the desirability of a State role in airport development, four of the seven cities and four of the ten counties responding preferred establishment of direct federal-local relations in the absence of State financial aid.

To explore further the relationship between the State technical and financial role in airport development, local sponsors were questioned: "During the period of time that New York State did not provide part of the non-federal matching share of local airport development project costs, do you believe that in the following stages of the application procedure and local work program operation the role of the Bureau of Aviation was necessary or unnecessary?" in only three areas--assisting in State inter-agency coordination, reviewing project documents, and recommending modifications in applications--did a majority of the [twenty-nine] respondents who indicated a position believe that the State's technical role was necessary even if it was not accompanied by financial aid. It is noteworthy that counties sponsoring projects divided evenly on the desirability of the last two types of State involvement.

On the other hand, in two areas--preparing plans, specifications, and estimates, and supervising physical facilities construction--a majority of the sponsors expressed the view that State participation was

TABLE 8

**SPONSOR VIEWS ON DESIRABILITY OF DIRECT FEDERAL-LOCAL RELATIONS IN THE ABSENCE OF NEW YORK STATE FINANCIAL PARTICIPATION IN FEDERAL-AID AIRPORT PROGRAM
APRIL 1968**

Unit	Number of replies			
	Total	Desirable	Undesirable	No comment
Village	3	0	2	1
Town	6	1	4	1
City	7	4	3	0
County	10	4	6	0
Authority	3	0	1	2
TOTAL	29	9	16	4

unnecessary in the absence of financial assistance. In a third area--inspecting and evaluating construction work--the respondents indicated the undesirability of the State's activities by a somewhat lesser margin. In each case, cities and counties were most opposed to the State role.

In the three remaining areas--conducting site location, size, design, and orientation studies, approving project applications, and channeling federal funds--sponsors as a whole divided about evenly on the desirability of State involvement. It is significant, however, that a majority of the cities sponsoring projects were opposed to the State's role in each of these areas if it was not accompanied by financial aid, while counties were split equally on the desirability of the last type of State participation.

From the preceding patterns of response, it is clear that cities were the units of local government most critical of New York State involvement in the Federal-Aid Airport Program if it was unaccompanied by financial aid. This attitude reflects certain dimensions of the "states' rights-states' responsibilities" debate over the channeling of federal aid that occurred in the congressional hearings on the proposed Federal Airport Act in 1945-1946, in which municipalities generally supported establishment of direct federal-local relationships due mainly to the lack of previous state concern as evidenced by the failure of most state governments to provide funds for local airport development. Many city officials were adamant in their position that a close relationship should exist between state administrative and financial participation in the program.

This line of reasoning also may explain in part the fairly evenly divided views of county airport sponsors concerning the necessity of State technical involvement in the absence of financial assistance. Possibly, county officials responding to this question balanced the desirability of direct federal-local relations with the traditional role of the county as an "arm of the State government" in certain service areas as well as the need for State technical and financial assistance in the performance of other functions.

A closely related factor is availability of local personnel trained to deal with the numerous and complex problems which occur during the various stages from inception to completion of an airport development project. It is quite likely that smaller jurisdictions--such as villages, towns, and municipalities--often lack the personnel or the funds necessary to hire consultants to

perform these tasks, and therefore are more receptive to State technical assistance even in the absence of financial aid. A majority of the respondents sponsoring town airports, for example, indicated the State role was necessary in all except two ... areas ... --supervising physical facilities construction, on which views were equally split; and conducting site location, size, design, and orientation studies, a function believed unnecessary by a margin of one reply. It should be noted, however, that in three other areas--preparing plans, specifications, and estimates, approving project applications, and channeling federal funds--the State role was determined as necessary by a margin of only one reply.

On the other hand, larger jurisdictions--such as big cities, urban counties, and public authorities--frequently possess sufficient trained personnel and financial resources to develop an airport project. As a result, they may not have to request technical assistance and, in some instances, financial aid from the State. As one of the public authority sponsors pointed out:

The New York State Bureau of Aviation has been most cooperative with the Authority in reviewing our program and project applications for federal aid and our final plans and specifications for these programs, and in processing the disbursement of funds paid by the FAA. However, the Bureau's direct technical assistance has been limited since the Authority has the size, scope, and technical staff to accomplish its programs with a minimum of such assistance. As long as we conform to federal requirements the State continues to recognize our technical capabilities to plan airport development.

In summary, the survey data lead to the conclusion that, with the exception of cities and some counties, State-local cooperation has not increased significantly as a result of the State "buying in." The principal explanation for this finding is the general satisfaction of most sponsors with State technical assistance functions prior to approval of the transportation bond issue, as well as the dependence of some jurisdictions--particularly villages, towns, and small municipalities--on the State to provide technical aid and to supervise airport project development.

With respect to large cities and counties, availability of State funds to accompany its technical and supervisory role in the program--especially the approval of project applications and the channeling of federal funds to sponsors--should result in increased State-local cooperation. Yet, the extent to which

improvements in cooperative relationships between city and county sponsors and State aviation officials will accompany "buying in" is unclear.

In order to ascertain local perspectives concerning the effects of the State "buying into" airport development, sponsors were asked the following two-part open-ended question: "What differences, if any, in the operation of the Federal-Aid Airport Program do you anticipate as a result of the State providing part of the nonfederal matching share of airport development project costs, rather than those which may be due to the provisions of the Transportation Capital Facilities Development Act? Please comment concerning the impact, if any, that these differences will probably have upon your

airport development program." Since most respondents did not distinguish between these general and specific aspects of the transportation bond issue, their replies to both of these questions have been combined in Table 9.

As a result of the small number of sponsors surveyed, it is not possible to draw many firm conclusions from this table concerning the impact of the State "buying into" airport development. What is perhaps most clear is the heavy clustering of replies indicating the State aid program would not produce any differences in the operation of the federal airport program or have any impact on local airport development activities. Furthermore, the high incidence of "no comment" replies in regard to these

TABLE 9

**SPONSOR VIEWS ON IMPACT OF NEW YORK STATE FINANCIAL PARTICIPATION ON OPERATION OF FEDERAL-AID AIRPORT PROGRAM AND ON LOCAL AIRPORT DEVELOPMENT ACTIVITIES
APRIL 1968**

Anticipated impact	Number of times mentioned by unit					
	Total	Village	Town	City	County	Authority
Stimulate community interest in project sponsorship and produce larger projects . .	12	0	6	2	3	1
Incur more delays due to need to coordinate federal and State airport programs and added layer of supervision as a result of State financial interest	9	1	2	5	1	0
Expand State involvement in all phases of airport development, particularly its interest in and technical assistance and advice to project sponsors	4	1	0	0	3	0
Lead to earlier project completion	4	1	0	2	1	5
Reduce FAA willingness to fund project items	3	0	0	0	3	0
Increase total project cost due to differences in federal and State design criteria	2	2	0	0	0	0
Improve efficiency of project development and operation	1	0	1	0	0	0
No impact anticipated	11	0	3	3	2	3
No comment	14	0	2	4	6	2

questions--particularly from city and county sponsors--raises the possibility that many respondents were both unaware of and, coupled with the "no impact" answers, unconcerned with the effects of State financial participation.

On the other hand, a relatively strong pattern of responses is evident in three categories: stimulating community interest in project sponsorship, increasing processing delays due to the added supervision accompanying the State's financial interest, and reducing FAA's willingness to fund project items. While the first area may be regarded generally as a positive impact of State financial participation, from a State and local standpoint the other two aspects are mainly negative in character. The lack of conclusiveness of the data is highlighted by the sharply contrasting views of the respondents in regard to certain dimensions of the impact of State aid. While some sponsors believed that availability of State funds to cover part of the nonfederal matching share would lead to earlier project completion and to increased efficiency in its development and operation, others contended that State financial involvement would create additional delays, encourage the FAA to anticipate State funds in allocating federal aid, and increase total project costs.

A possible adverse impact of "buying in" indicated in the preceding paragraph deserves further elaboration. Three county sponsors asserted that State financial participation in airport development would result in the FAA becoming less inclined to allocate funds for project items which could be covered by State aid. According to one of these respondents:

It appears that with the advent of State aid, the federal people are becoming more careful with their funds. They are now eliminating certain items from federal funding that in the past would have qualified; and it is not clear whether this is due to the great demand for federal aid and the resulting lack of available funds or whether it is the feeling by the FAA that now that the County can obtain State aid, let us handle the funding of certain items through the State. On our present project, we have found that the FAA has eliminated certain items that are necessary to the project, which they state they cannot or will not fund in the full amount. In past projects they supported similar items to the full amount.

State officials interviewed expressed similar attitudes concerning the possible FAA reaction to the advent of the State airport aid program. It was their opinion that due to the availability of State funds, the FAA might well be inclined to reduce both the number of projects and the scope of eligible items which would receive federal aid. Some State aviation officials interviewed in October 1968 believed their previous views with respect to this adverse effect of New York State "buying into" the Federal-Aid Airport Program had been confirmed by the substantial decrease in the amount of funds allocated in the Annual Program for projects in the State during fiscal 1969.

In the next chapter, our major findings will be summarized under the ten roles "buying in" should play in improving federal grant-in-aid program operation. The central hypothesis will be tested, and the various reasons for "buying in" presented in Chapter II will be evaluated. Finally, suggestions for further research will be made.

Chapter VI

CONCLUSIONS

The preceding chapter indicates that the impact of New York State "buying into" the Federal-Aid Airport Program has varied in accordance with such factors as project size and type, the financial and technical resources of the sponsoring unit of government, and provisions of channeling legislation. In light of this diversity, it is appropriate to summarize our principal findings before turning to a testing of the central hypothesis, an evaluation of the reasons for "buying in," and an examination of the implications for further research flowing from this study.

Roles of "Buying in"

The effects of New York State financial participation in airport development have been presented under ten criteria posited to test the hypothesis that through the states "buying into" direct federal-local grant-in-aid programs for urban development, substantial contributions will be made to the improvement of the administration and financing of such programs. These criteria reflect roles "buying in" should play in bettering the intergovernmental operation of federal grant programs, including: relieving local financial burdens, initiating state-local action beyond federal aid determinations, stimulating local participation, generating broader local program responsibilities, strengthening state control over localities, coordinating state and local planning efforts, reducing federal processing times, increasing state inter-departmental collaboration, expediting project funding, and encouraging state-local cooperation. Our principal findings and conclusions in regard to each of these areas are summarized briefly in this section.

Local Project Costs. At least in terms of the estimated cost breakdown, the substitutive effect of State assumption of a substantial part of the nonfederal share of airport project costs has reduced significantly the amount of the sponsor's contribution and consequently has relieved local financial burdens. Available data indicate that for only one capital project in the State's 1968-1969 airport aid program ... had processing at the

State and federal levels increased the amount of the total local share in excess of what would have been the sponsor's portion if the project had been funded on a federal-local basis.

Cost-Sharing Arrangements. The appropriation of over \$5.2 million in contingency funds has enabled the State to initiate State-local airport development activities beyond federal aid determinations. As a result, the State is no longer only a reactor to federal funding decisions. Instead, availability of contingency funds to cover seventy-five percent of the costs of needed local project items which fail to receive the full amount of requested federal financial assistance or, in some cases, any tentative allocation of federal aid, has increased the flexibility of the Department of Transportation (DOT) in assisting sponsors. Contingency funds also have been used to provide three-fourths of the costs of additional project components, mandated by State criteria supplementing Federal Aviation Administration (FAA) minimum standards, which are ineligible for financial aid under the Federal Airport Act. With respect to furnishing seventy-five percent of the costs of special or emergency projects having high priority, however, provisions of the Transportation Capital Facilities Development Act requiring sponsors to apply for the maximum amount of federal assistance have precluded the use of State aid to finance projects completely independent of the federal airport program.

Local Participation. "Buying into" airport development by New York State has stimulated a relatively moderate rise in community interest in assuming project sponsorship, as evidenced by the number of requests submitted for federal aid. These increases involved mainly general aviation facility construction and improvements sponsored by smaller units of local government, such as villages, towns, municipalities, and rural counties. Interest in sponsoring air carrier airports among big cities, urban counties, and public authorities did not grow markedly as a result of the State's airport aid program. Some of these larger

jurisdictions--especially counties--indicated even if State financial assistance were unavailable, they still would have proposed an airport capital project for inclusion in the Federal-Aid Airport Program and, subsequent to receiving a tentative allocation of federal funds, would have been willing to undertake the project. Dependence on state financial aid to commence project development, then, generally has increased inversely with the size of the sponsoring local unit.

Local Program Scope. Availability of State funds has encouraged airport sponsors to assume broader project responsibilities relative to their previous efforts, although the extent to which this conclusion applies to larger local governmental units is uncertain. State assumption of part of the nonfederal share of costs occasionally has released local financial resources for use in providing project items ineligible for federal funds. At least for ... [one project], however, the scope of facility construction and improvements expanded greatly as a result of standards and conditions attached to State aid rather than to local discretion or to any effect of "buying in" on freeing local funds.

State Supervision of Local Projects. New York State's role in supervising local airport development activities has not been strengthened by the availability of State financial aid. Interpretation of provisions of the Transportation Capital Facilities Development Act as including channeling of both sponsor requests and applications for federal funds through DOT for review and approval has improved significantly State level oversight of local projects. "Buying in" possibly will erode this position since, in light of the compromise decision that approval of requests for federal financial assistance by the Commissioner of Transportation does not necessarily constitute a commitment of State aid, sponsors may receive only federal funds to undertake airport capital projects. Not only will this make difficult meshing of the federal and State airport aid programs, but it also will create State-local friction since it is likely that sponsors heavily dependent on State financial assistance in order to commence project development will not accept DOT's position on the differing priorities and standards of approval for federal or State funds.

State-Local Planning Coordination. "Buying in" has facilitated integration of State and local airport planning. Formal planning and coordinating machinery was established by provisions of the Transportation Capital Facilities Development Act mandating preparation of a comprehensive State-wide transportation master plan and review and approval of

local project applications by the Commissioner of Transportation for consistency with the comprehensive plan. Appropriation of \$6.7 million in State funds to cover seventy-five percent of the costs of advance planning and feasibility studies, however, has provided the real impetus to local planning efforts. These studies will help to ensure that local projects are well integrated into the broader framework of State-wide and regional transportation plans, which will strengthen DOT's bargaining position in regard to inclusion of projects in the *National Airport Plan* and the Annual Program.

Project Processing Time. The ... Rochester and Wellsville case studies illustrate that establishment of the State's airport aid program has resulted in long delays at the State level in processing grant applications and supporting detailed plans and specifications relative to the amount of time required for their review and approval before "buying in" occurred. These lags have been due mainly to internal management problems involved in developing effective working relationships among the various agencies merged into DOT, difficulties in coordinating review of documents by the Department's constituent units, lack of experience in formulating criteria and standards pertinent to applications for State aid, and the requirement for detailed review and approval of individual projects by the Legislature before allocation of transportation bond issue funds. Most available data, however, indicate that increases at the State level have not reduced greatly FAA area office processing times. As a result, the number of work days at the federal level between submission and approval of plans and specifications and between the tentative allocation and execution of the grant agreement have not been decreased very significantly by State financial participation. FAA's action on one-half of the projects which received tentative allocations of federal funds in April 1968 actually consumed relatively more time than those processed prior to "buying in," although there are a few indications that federal review and approval will accelerate as the State's airport aid program matures.

State Inter-Agency Coordination. "Buying into" the Federal-Aid Airport Program has not increased State interdepartmental coordination of local project processing. The Transportation Capital Facilities Development Act has been responsible for achieving such coordination since it provided for placement of State agencies having functional responsibilities relating to aviation in an "umbrella" Department, and prescribed working relationships among these units and between

DOT, other State agencies, and the Legislature in the review and approval of capital projects.

Funding Local Projects. The extent to which delays at the federal level in funding local airport projects have been offset by State-local cost-sharing arrangements has been quite limited due to the requirement in the Transportation Capital Facilities Development Act that sponsors must request the maximum amounts of federal financial assistance. Use of contingency funds to finance completely on a State-local basis projects which received no tentative allocation of federal aid in the Annual Program has been the only way to avoid FAA funding lags. Since "pre-financing" the federal share of costs with State funds in lieu of eventual repayment of the federal portion following execution of the grant agreement has not received either congressional or FAA approval, this device has not been used to reduce funding times and to facilitate earlier project completion.

State-Local Cooperation. New York State "buying into" airport development has not increased greatly cooperation between the State and local project sponsors. The major factors inhibiting closer State-local relations include general sponsor satisfaction with the State's technical assistance functions prior to the transportation bond issue and dependence of smaller jurisdictions on State technical assistance in and supervision of their airport development efforts. Cities and to a lesser extent counties have been the units most critical of State technical and supervisory involvement--particularly in such areas as conducting site location, size, design, and orientation studies, approving project applications, and channeling federal funds--if it was not accompanied by financial aid. They also have been most inclined to favor establishment of direct federal-local relationships in the absence of "buying in." Increased State cooperation with cities and counties, then, to some extent has been a product of the State's financial participation in airport development.

In light of the foregoing, it may be concluded that while New York State "buying into" the Federal-Aid Airport Program has resulted in some important administrative and financial improvements, the weight of available evidence indicates its overall contribution to bettering program operation has not been substantial. Based on our findings, if each criterion or role of "buying in" were ranked in terms of "no improvement," "some improvement," or "substantial improvement," State supervision of local projects and State inter-agency coordination would appear in the first category; local

participation, State-local planning coordination, funding local projects, State-local cooperation, and project processing time in the second; and cost-sharing arrangements, local program scope, and local project costs in the third. Our central hypothesis, then, is only partially valid.

Three major qualifications should be made to the above conclusion. First, the impact of "buying in" probably would have been more significant in such areas as State supervision of local projects, State inter-agency coordination, and State-local planning coordination if the Transportation Capital Facilities Development Act had not contained provisions covering these items. Sections of the Act relating to preparation of comprehensive plans, integration of State-local planning efforts, procedures for review and approval of local projects, and working relationships among constituent units of DOT and between the Department, other State agencies, and the Legislature still would have been germane even in the absence of State financial participation. As a result, the role of "buying in" has been of secondary importance in these three areas.

A second qualifying factor is the generally close relations existing between the State and local sponsors before advent of the State's airport aid program, which were due to the technical assistance functions of the Bureau of Aviation. With the exception of cities and to a lesser extent counties, these ties resulted in few significant increases in State-local cooperation being shown as a result of State financial involvement.¹

¹Our findings uphold Professor Daniel J. Elazar's general observation that a local unit's desire and capacity to deal directly with the federal government are conditioned by its size and resources. In consequence, while big cities and large metropolitan centers prefer direct federal-local relationships, smaller units need to work with their states. On the other hand, certain conclusions reached by Professor Roscoe C. Martin concerning the attitude of community spokesmen regarding the state role in federal-city programs require qualification. Most available data, for example, do not support his following statements: "There is...almost unanimous approval of the direct relations that have sprung up between Washington and the cities. Virtually all city spokesmen, whether political leaders or administrators, find the direct channel from city hall to national capital agreeable; ... they would rather 'do business' with the Washington agencies than with their state governments." "There is a corollary conviction, widely held, that the states have no proper or useful part to play in the prosecution of the new urban programs. It is recognized, of course, that they must provide enabling legislation, but beyond that community spokesmen place little reliance on state contributions. Community leaders in general are convinced that the states have no active interest in their problems, and that they lack the leadership, administrative organization, technical competence, and resources to make state participation in urban affairs meaningful." See his *The Cities and the Federal System* (New York: Atherton Press, 1965), pp. 146-47.

Finally, as the State's airport aid program matures the impact of "buying in" should become more pronounced in certain areas. The time required by FAA area offices to process local projects, for example, eventually should be reduced because of the State's supervisory and financial role. In addition, federal consent to "pre-financing" arrangements should expedite the funding of projects and decrease the time period between their inception and completion.

Reasons for "Buying in"

The foregoing suggests that several reasons for States "buying into" direct federal-local grant-in-aid programs for urban development advanced in preceding chapters are not consistent with our findings and conclusions. In this section, the validity of the views of the Advisory Commission on Intergovernmental Relations (ACIR), other observers of federal-state-local relationships, and State aviation officials concerning the impact of such state financial participation will be assessed in light of New York State's experience with "buying into" the Federal-Aid Airport Program.

ACIR's Rationale. Our findings generally support the rationale underlying the ACIR's "buying in" recommendation. Assumptions made by the Commission relating to the results of state financial involvement in direct federal-local grant programs which to varying degrees have been proven valid in this study include: (1) improving intergovernmental program administration and coordination; (2) reducing the number of points of administrative contact; (3) easing local financial burdens; (4) decreasing state-local conflict; (5) preventing local problems from being considered as primarily a federal responsibility; and (6) making positive contributions to program objectives while avoiding useless intermediate reviews of a "rubber stamp" nature.

On the other hand, the Commission's views that "buying in" would reduce local demands for federal financial assistance and would stretch federal funds farther due to their augmentation by State aid are refuted by the data. Contrary to the ACIR's assumption, the evidence indicates that New York State's financial participation in airport development was accompanied by a moderate rise in the number of local requests for federal funds.

The above finding raises a question concerning ... the role of "buying in" in augmenting federal aid. If "buying in" involves state provision of from twenty to fifty percent of the nonfederal share of costs, then it should

have no real effect on the amount of federal funds in the sense that this figure should not fluctuate in accordance with the size of the state contribution. This would appear to be the thrust of the Commission's explanatory statement that "state legislation might also authorize state financial participation to the extent of the availability of federal grants so as to insure that the state involvement cannot act to reduce the eligibility of localities for federal aid."² Yet, this position is inconsistent with the assertion that state aid should augment and spread federal funds, and it also might be incompatible with other objectives of "buying in." If as a result of state financial participation, the federal government becomes less willing to allocate funds for project items which previously had received aid, then critical questions arise concerning the effects of this federal reluctance on the degree to which grant program operation--particularly in such areas as local costs and project scope--can be improved through "buying in."³

Views of Other Observers. Our findings uphold most of the reasons forwarded by observers other than the ACIR--the National Governors' Conference, Urban Coalition, Kestnbaum Commission, Council of State Governments, Lester S. Hyman, and John H. Frederick--as to why States should "buy into" direct federal-local grant-in-aid programs. These include the role of state financial involvement in: (1) increasing local participation; (2) filling gaps in federal programs and meeting special local or regional needs; (3) encouraging local units to assume broader responsibilities; (4) pursuing through special state programs new directions independent of federal funding guidelines and red tape; (5) undertaking local projects which fail to receive federal aid; and (6) achieving a more equitable distribution of costs.

²U.S., Congress, Senate, Committee on Government Operations, Subcommittee on Intergovernmental Relations, *Impact of Federal Urban Development Programs on Local Government Organization and Planning*, by the Advisory Commission on Intergovernmental Relations, 88th Cong., 2d sess., 1964, p. 32.

³As Selma J. Mushkin, John F. Cotton, and Gabrielle C. Lupo have pointed out: "Given that national standards for program service levels have been determined, the most efficient grant-in-aid system is the one that induces the states to achieve these standards at the least direct cost to the federal government." Yet, "the procedure of setting matching ratios on the basis of a state's responsiveness provides a disincentive for the state to develop programs--i.e., by holding back, the state could hope to obtain a larger federal share." See their *Functional Federalism: Grant-in-Aid and PPB Systems* (Washington, D.C.: State-Local Finances Project, George Washington University, 1968), pp. 42-43.

Available data, however, also disprove some of the consequences of "buying in" indicated by these observers. Contrary to the Kestnbaum Commission's view, local demands on the federal government for financial assistance were not decreased by New York State's financial involvement. The Urban Coalition's observation that "buying in" had increased the amount of federal aid generated by local funds also is not consistent with our findings. Furthermore, conclusions reached by Frederick and the Kestnbaum Commission that "buying in" reduces delays in project completion for the most part are not upheld by the data on processing times and funding local projects. Finally, the results of our study show that the generalization by the Council of State Governments that local jurisdictions, regardless of size, are unable to finance public services without state aid must be qualified; while small local units rely heavily on the availability of state funds in order to participate in federal grant programs, larger jurisdictions are far less dependent on state financial assistance.

Perspectives of State Officials. Most of the objectives anticipated by New York State aviation officials in the June-July 1967 interviews to result from State financial participation in airport development were realized by the Transportation Capital Facilities Development Act rather than by the transportation bond issue. Their view that "buying in" would reduce the local financial contribution, and consequently would increase community interest in project sponsorship was sustained, while their belief that it would give the State flexibility when sponsors needed immediate action and the federal government delayed in allocating funds was not confirmed by evidence gathered after the State's airport aid program commenced operation. The Transportation Capital Facilities Development Act, however, was responsible for realization of their other objectives, including improvement of the State's role in: (1) supervising, directing, and controlling local airport planning and project development; (2) setting specifications and standards; (3) establishing official priorities; (4) determining projects which would request federal funds; and (5) eliminating duplication, delay, and confusion in paperwork.

Both the Act and the bond issue played important parts in resolving some of the intergovernmental administrative and fiscal problems which State officials pointed out as having arisen in the operation of the Federal-Aid Airport Program prior to 1967. Provisions of the Transportation Capital Facilities Development

Act pertinent to preparation of a long-range comprehensive transportation master plan, establishment of standards and criteria supplementing those of the FAA, and assignment of official State priorities to projects, coupled with State financing of advance planning and feasibility studies, will increase the willingness of federal officials to accept State recommendations regarding inclusion of projects in the *National Airport Plan* and the Annual Program. State aid for advance planning and feasibility studies and availability of contingency funds to some extent have helped combat the deleterious effects of the discretionary fund on airport development planning. Furthermore, extension of the review and approval powers assigned to the Commissioner of Transportation to include local requests as well as applications for federal financial assistance has strengthened State-local coordination, although the mandate to obtain the maximum amounts of discretionary funds has eroded somewhat the State's supervisory role in establishing a balanced State-wide transportation system geared to the federal airport program. In the absence of "pre-financing," the impact of "buying in" on offsetting the delays in and inadequate amounts of congressional appropriations for airport development has been limited to the use of contingency funds to finance seventy-five percent of the costs of projects which receive no tentative allotments of federal aid or only part of the estimated federal share. Finally, the Act, and to a lesser extent the bond issue, have had a dysfunctional effect on the processing of project documents at the State level, as long delays have resulted from the need to coordinate the review of individual local grant applications and supporting plans and specifications by DOT's constituent units and subsequently by the Office of Planning Coordination, Division of the Budget, and Legislature before their submission to the FAA.

Implications for Further Research

This study has focused on the administrative and fiscal impact of one State "buying into" one federal grant-in-aid program for urban development. Our conceptual framework for analyzing the impact of such financial participation is relevant not only to the Federal-Aid Airport Program but also to other direct federal-local grants-in-aid, including such programs as model cities, urban renewal, open space, urban mass transportation, urban planning assistance, hospital construction, and water and sewer facilities. The criteria

identified in the introductory chapter generally are applicable to each of these programs, although some refinements might be necessary....

Moving beyond the range of the present study, our findings suggest other possibly fruitful lines of inquiry. A major unanswered question involves the most suitable circumstances for states to "buy in." Such financial participation might be viewed as unnecessary, for example, in states which make relatively substantial general support payments to their local governments. The structure of state tax systems, particularly as it affects decisions with respect to the sources of revenue needed to make "buying in" possible--including general fund appropriations, bond issues, and user charges--also appears to be an important consideration. Five other possible criteria pertinent to when States should "buy into" direct federal-local grant-in-aid programs for urban development have been specified by the ACIR's staff: (1) local services have substantial cost or benefit "spillovers;" (2) interstate action is required for effective performance of a function; (3) local administrative and technical competence is inadequate; (4) the size of the nonfederal share of costs is relatively large; and (5) federal grant legislation contains a special financial incentive for state involvement.⁴

On the other hand, the conditions under which establishment of direct federal-local grant programs completely bypassing the states is most appropriate should receive greater attention. The ACIR's recommendation specified three types of state action--"buying in," technical assistance, and administrative machinery--in the absence of which direct federal-local relationships presumably should be authorized.⁵ A second important factor is the nature of the aided program. Martin, for example, has observed that "the primary elements in the forging of direct programmatic relations between the federal government and the cities ... would seem to be centrality of urban impact, discontinuity, and absence of demonstrated state concern."⁶ Elazar's conclusion that the disruptive effects of the desire of big cities and great metropolitan centers for direct contacts with the federal government on the federal system's balance have been offset by the need for smaller localities to work with the states suggests type and resources of local government unit as a third variable that should be investigated.⁷

Another important question involves the enactment of comprehensive channeling legislation as an alternative to "buying in." As indicated earlier, New York State's Transportation Capital Facilities Development Act had a

more significant impact on State supervision of localities through the review and approval of projects, State inter-agency coordination, and integration of State and local planning efforts than the transportation bond act. Further research should be directed to examining and evaluating this and other non-financial options--such as technical assistance--in light of State and local objectives, needs, and resources.

Finally, the federal government's reaction to "buying in" deserves greater attention. Although the ACIR's recommendation assumes that the amount of federal aid will not be affected by state financial participation, New York State's experience with airport development suggests that the inclination to provide federal funds will decrease when a state becomes financially involved. Future studies should explore the willingness of federal agencies to finance project items which could be covered by state aid, and the response of state and local officials to this position.

In conclusion, our study proves that state policy-makers can expect certain important administrative and financial improvements to result from "buying into" direct federal-local grant-in-aid programs for urban development. These include more flexible cost-sharing arrangements, expanded local program scope, and reduced local costs. To a somewhat lesser extent, state financial involvement increases local participation, facilitates state-local planning coordination, decreases overall processing time, expedites funding local projects, and promotes state-local cooperation....

The sharp growth of "direct federalism" in recent years has been mainly a reflection of the unwillingness or inability of many state governments to take adequate remedial action. The emergence of local units as participants in the intergovernmental partnership has

⁴Memorandum from William G. Colman, Executive Director, Advisory Commission on Intergovernmental Relations, to Charles A. Byrley, Director, Office of Federal-State Relations, National Governors' Conference, August 22, 1967.

⁵Advisory Commission on Intergovernmental Relations, *Impact of Federal Urban Development Programs*, p. 30.

⁶Martin, *The Cities and the Federal System*, p. 108.

⁷Daniel J. Elazar, "Urban Problems and the Federal Government: A Historical Inquiry," *Political Science Quarterly* 82 (1967): 505-25. See also his *American Federalism: A View from the States* (New York: Thomas Y. Crowell Company, 1966), pp. 176-79; and "The Impact of Cooperative Financing Solutions," in *Perspectives on State and Local Finance* (Atlanta: Southern Regional Education Board, 1967), pp. 59-60.

been accompanied by challenges to the states to either demonstrate that they are strong, active, and concerned members of the federal system or stand aside and let the federal government assume the basic responsibility for meeting the needs and problems of urban America. "Buying into" direct federal-local grant-in-aid programs is one way in which state governments can show that

they are both responsive and responsible. Such state financial involvement will result in some major improvements in grant program operation, depending on the size and resources of local government units and on the provisions of channeling legislation. In a broader sense, "buying in" also will help to ensure a viable "tripartite federalism."

APPENDIX A

**RESULTS OF QUESTIONNAIRE SURVEY OF SELECTED LOCAL AIRPORT
PROJECT SPONSORS IN NEW YORK STATE ON INTERGOVERNMENTAL
RELATIONS IN THE FEDERAL-AID AIRPORT PROGRAM
DECEMBER 1968**

UNIT OF LOCAL GOVERNMENT SPONSORING PROJECT	TOTAL NUMBER OF SPONSORS SENT QUESTION- NAIRES*	TOTAL NUMBER OF QUESTION- NAIRES RETURNED
Village	4	3
Town	9	6
City	9	8**
County	14	10
Authority	4	4***
Total	40	31

*A list furnished by the Air Technical Assistance Section of the New York State Department of Transportation was used as the basis for determining the sponsors which were sent questionnaires. They included: Villages—Canastota, Endicott, Potsdam, Sidney; Towns—Arietta, Brookhaven, Harrietstown, Islip, Malone, Massena, Perry, Warsaw, Wellsville; Cities—Dunkirk, Hornell, Jamestown, Olean, Oneonta, Plattsburgh, Niagara Falls, Syracuse, Watertown; Counties—Albany, Broome, Chemung, Columbia, Cortland, Dutchess, Geneseo, Oneida, Rochester-Monroe, Schenectady, Sullivan, Tompkins, Warren, Westchester; Public Authorities—Metropolitan Transportation Authority, Niagara Frontier Port Authority, Ogdensburg Bridge and Port Authority, Port of New York Authority. Sponsors not responding by December 1968 included: Villages—Endicott; Towns—Massena, Perry, Warsaw; Cities—Olean; Counties—Albany, Columbia, Dutchess, Warren.

**One respondent—the City of Plattsburgh—was unable to answer the questions due to unavailability of personnel responsible for handling the project during the period in which federal aid was received.

***One respondent—the Metropolitan Transportation Authority—was unable to answer the questions due to lack of sufficient experience under the program.

APPENDIX B

PROCESSING OF THE WELLSVILLE MUNICIPAL AIRPORT: A CHRONOLOGY

Date	Processing Stage
12/1/67	Town of Wellsville submits request for federal financial aid (\$342,350) for development of the Wellsville Municipal Airport.
1/10/68	FAA Boston Area Office acknowledges receipt of request for aid.
3/18/68	Sponsor submits advance planning proposal to DOT. Requests State (\$22,500) and federal (\$30,000) aid to supplement local funds (\$7,500) for preparation of airport layout plan and construction plans and specifications.
4/4/68	ATAS (formerly BOA) acknowledges receipt of sponsor's advance planning proposal and indicates proposal is ineligible for State aid since engineering services contract had been made before legislative project approval and the Town's acceptance of an agreement with the Commissioner of Transportation.
4/24/68	Sponsor notified by FAA New York City Regional Office of allocation of \$290,400 in FAAP for fiscal 1969.
6/3/68	Sponsor notified by Commissioner of Transportation that the Legislature had approved a capital project at the Wellsville Municipal Airport.
6/26/68	Sponsor notified by Commissioner of Transportation that the Town was authorized to incur engineering costs for the project.
6/26/68	Sponsor notified by FAA Boston Area Office that documents necessary for project development should be submitted to Boston FAA for final approval not later than 10/15/68. FAA stated in part: "Since one of the major factors considered during the programming of the FY-1969 FAAP was your readiness to proceed with the project, it is imperative that all of the required documents be submitted to this office not later than October 15, 1968."
7/5/68	ATAS sends sponsor proposed Aviation Capital Project Agreement between the Town and New York State for signature.
7/12/68	Sponsor returns signed grant agreement to DOT.
7/17/68	ATAS sends grant agreement to Contracts & Claims Bureau, General Counsel's Office for approval.
7/19/68	Grant agreement sent by Contracts & Claims Bureau to Director of the Budget for approval.
7/29/68	Grant agreement sent by Contracts & Claims Bureau to State Comptroller.
8/14/68	Comptroller's office refuses to approve grant agreement.
8/28/68	Sponsor's consulting engineers send preliminary airport layout plan to ATAS for review.
8/30/68	ATAS sends comments on layout plan to consultants.
9/3/68	Meeting between sponsor's consultants and Boston FAA to review preliminary layout plan.
9/5/68	ATAS requests Contracts & Claims Bureau to resubmit revised grant agreement to State Comptroller.
9/27/68	Sponsor sends progress prints of project plans to ATAS for review.
10/1/68	Letter from Commissioner of Transportation to sponsor granting permission to proceed with land acquisition.
10/1/68	Preliminary pavement design submitted to ATAS and Boston FAA by consultants.
10/4/68	Review meeting between FAA, ATAS, and sponsor representatives.
10/7/68	ATAS requests DOT Soil Mechanics Bureau to determine if design weight is too high.

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- 10/15/68 Consultants transmit airport layout plan and report, FAA project application, plans, specifications, and cost estimate, and FAA pavement design to DOT for review, approval, and further submission to Boston FAA.
- 10/18/68 ATAS sends project documents to DOT Office of Legal Affairs for legal review and comment.
- 10/22/68 ATAS forwards project documents to DOT Highway Design & Construction Sub-Division for review, comment, and approval.
- 11/1/68 DOT Office of Legal Affairs sends comments on project to ATAS.
- 11/7/68 DOT Highway Design & Construction Sub-Division sends comments on projects to ATAS.
- 11/14/68 Conference held between ATAS, consultants, and Boston FAA to review plans.
- 11/22/68 ATAS transmits DOT comments on results of preliminary review of plans. Consultants send letters to other parties indicating their understanding of proposed revisions and that complete design package will be resubmitted as soon as possible.
- 12/4/68 Boston FAA notifies consultants of its concurrence with preliminary pavement design submitted in 11/22/68 letter and requests submission of five copies for approval.
- 12/6/68 FAA sends consultants its comments on the preliminary plans and specifications and airport layout plan.
- 12/23/68 DOT Bureau of Soil Mechanics sends its comments on plans and pavement design to ATAS.
- 12/31/68 FAA urges consultants to submit project documents by 1/6/69.
- 1/6/69 Copies of airport layout plan, FAA project application, project plans, specifications, cost estimate, and FAA pavement design submitted by consultants to DOT and FAA Boston Office.
- 1/10/69 Commissioner of Transportation approves project plans and specifications.
- 1/13/69 ATAS notifies consultants that several modifications in airport layout plan will be needed prior to approval.
- 1/13/69 ATAS sends copy of approved plans and specifications to DOT District Engineer who will supervise directly project construction.
- 1/13/69 Commissioner of Transportation authorizes sponsor to advertise for construction bids after completion of revision of project documents.
- 1/21/69 Boston FAA notifies sponsor that final plans and specifications have been reviewed and approved subject to modifications.

